

HOUSE BILL 310

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2000 Regular Session
0lr1817
CF 0lr1469

By: **Delegates Carlson, Hixson, Hurson, Bozman, Finifter, Patterson, Rosso,
Cryor, Phillips, Morhaim, and Zirkin**
Introduced and read first time: January 28, 2000
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Commuter Benefits Act of 2000**

3 FOR the purpose of allowing a credit against the State income tax, financial
4 institution franchise tax, and insurance premiums tax for certain employer
5 costs of providing employees a cash in lieu of parking program or a guaranteed
6 ride home; allowing certain tax-exempt organizations to apply certain tax
7 credits allowed for certain employer-provided commuter benefits as a credit
8 against the payment of certain taxes required to be withheld from the wages of
9 employees and required to be paid to the Comptroller; clarifying certain
10 language; defining certain terms; providing for the application of this Act; and
11 generally relating to certain tax credits for certain employer-provided
12 commuter benefits.

13 BY repealing and reenacting, with amendments,
14 Article - Environment
15 Section 2-901
16 Annotated Code of Maryland
17 (1996 Replacement Volume and 1999 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article - Tax - General
20 Section 10-715
21 Annotated Code of Maryland
22 (1997 Replacement Volume and 1999 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
24 MARYLAND, That the Laws of Maryland read as follows:

25 **Article - Environment**

26 2-901.

27 (a) In this section the following words have the meanings indicated.

1 (1) "Business entity" means:

2 (i) A person conducting or operating a trade or business in
3 Maryland; or

4 (ii) An organization operating in Maryland that is exempt from
5 taxation under § 501(c)(3) or (4) of the Internal Revenue Code.

6 (2) "CASH IN LIEU OF PARKING PROGRAM" MEANS AN
7 EMPLOYER-FUNDED PROGRAM UNDER WHICH AN EMPLOYER OFFERS TO PROVIDE A
8 CASH ALLOWANCE TO AN EMPLOYEE IN AN AMOUNT EQUAL TO THE PARKING
9 SUBSIDY THAT THE EMPLOYER WOULD OTHERWISE PAY OR INCUR TO PROVIDE THE
10 EMPLOYEE A PARKING SPACE.

11 (3) "GUARANTEED RIDE HOME" MEANS IMMEDIATE TRANSPORTATION
12 PROVIDED BY A BUSINESS ENTITY FOR AN EMPLOYEE WHO:

13 (I) RECEIVES ANY OF THE COMMUTER BENEFITS DESCRIBED IN
14 SUBSECTION (B)(1) OR (2) OF THIS SECTION; AND

15 (II) IS REQUIRED TO LEAVE WORK EARLY FOR ILLNESS OR OTHER
16 VERIFIABLE REASON.

17 [(2)] (4) "Instrument" means a pass, token, fare card, voucher, or similar
18 item.

19 (5) "PARKING SUBSIDY" MEANS:

20 (I) THE DIFFERENCE BETWEEN THE OUT-OF-POCKET AMOUNT
21 PAID BY AN EMPLOYER ON A REGULAR BASIS TO SECURE THE AVAILABILITY OF AN
22 EMPLOYEE PARKING SPACE NOT OWNED BY THE EMPLOYER AND THE PRICE
23 CHARGED TO THE EMPLOYEE FOR USE OF THAT SPACE; OR

24 (II) FOR PARKING OWNED OR LEASED BY THE EMPLOYER AS AN
25 INTEGRAL PART OF A LARGER FACILITY, THE FAIR MARKET VALUE OF A PARKING
26 SPACE PROVIDED BY THE EMPLOYER FOR PARKING COMMUTER VEHICLES, AS
27 DETERMINED:

28 1. BY CONSIDERING TYPICAL COSTS PAID OR INCURRED BY
29 USERS OF NEARBY EQUIVALENT PAID PARKING SPACES, BY EVALUATING THE
30 ANNUAL AMORTIZED COST OF CONSTRUCTING AND OPERATING THE PARKING SPACE
31 DIVIDED BY THE NUMBER OF WORK DAYS PER YEAR THE SPACE IS ORDINARILY
32 USED; OR

33 2. BY OTHER REASONABLE AND JUSTIFIABLE MEANS.

34 (b) A business entity may claim a tax credit in an amount equal to 50% of the
35 cost of providing the following commuter benefits to the business entity's employees:

1 (1) If provided for the purpose of travel between the employee's residence
 2 and place of employment, any portion of the cost of transportation TO OR FROM A
 3 LOCATION IN THE STATE in a vehicle or an instrument that is used to offset any
 4 portion of the cost of transportation TO OR FROM A LOCATION IN THE STATE in a
 5 vehicle:

6 (i) With a seating capacity of at least eight adult individuals; and

7 (ii) At least 80% of the annual mileage of which is incurred:

8 1. For the purpose of transporting individuals between their
 9 residences and their places of employment; and

10 2. On trips where the number of employees transported
 11 together is at least one-half of that vehicle's adult seating capacity; [or]

12 (2) An instrument that:

13 (i) Entitles an individual, at no additional cost or at a reduced fare,
 14 to transportation TO OR FROM A LOCATION IN THE STATE on a publicly or privately
 15 owned mass transit system other than a taxi service; or

16 (ii) Is redeemable at a transit pass sales outlet for the purpose
 17 stated in item (2)(i) of this subsection; OR

18 (3) FOR AN EMPLOYEE WHO RESIDES OR WORKS IN THE STATE:

19 (I) A CASH IN LIEU OF PARKING PROGRAM; OR

20 (II) A GUARANTEED RIDE HOME.

21 (c) The credit allowed under this section may not exceed \$30 per individual
 22 employee per month.

23 (d) (1) The credit allowed under this section may not exceed the total tax
 24 otherwise payable by the business entity for that taxable year, determined before the
 25 application of the credit under this section but after the application of any other
 26 credit.

27 (2) The unused amount of the credit under this section for any taxable
 28 year may not be carried over to any other taxable year.

29 **Article - Tax - General**

30 10-715.

31 (A) An individual or corporation may claim a credit against the State income
 32 tax for the cost of providing commuter benefits to the business entity's employees as
 33 provided under § 2-901 of the Environment Article.

1 (B) AN ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OR
2 (4) OF THE INTERNAL REVENUE CODE MAY APPLY THE CREDIT UNDER THIS SECTION
3 AS A CREDIT FOR THE PAYMENT TO THE COMPTROLLER OF TAXES THAT THE
4 ORGANIZATION:

5 (1) IS REQUIRED TO WITHHOLD FROM THE WAGES OF EMPLOYEES
6 UNDER § 10-908 OF THIS TITLE; AND

7 (2) IS REQUIRED TO PAY TO THE COMPTROLLER UNDER § 10-906(A) OF
8 THIS TITLE.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 July 1, 2000 and shall be applicable to all taxable years beginning after December 31,
11 2000.