

HOUSE BILL 1012

Q3, R2

(6lr0918)

ENROLLED BILL

— Ways and Means/Budget and Taxation —

Introduced by **Delegates McCray, Lierman, Barron, Beidle, Bromwell, Brooks, Busch, Cullison, Fennell, Frush, Gaines, Hettleman, Hixson, Korman, Krimm, Lafferty, Luedtke, Moon, Morhaim, Reznik, B. Robinson, Stein, A. Washington, and ~~M. Washington~~ M. Washington, Tarlau, Kaiser, Ebersole, Afzali, and Platt**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **~~Income~~ Tax Credit – Commuter Benefits – Eligibility and Credit Amount**

3 FOR the purpose of increasing the maximum allowable amount per employee of the income
4 and insurance premium tax credit for a business's cost of providing commuter
5 benefits for its employees; altering the minimum seating capacity of a vehicle that
6 may be used to provide qualifying commuter benefits for purposes of the income and
7 insurance premium tax credit; providing for the application of this Act; and generally
8 relating to the income and insurance premium tax credit for commuter benefits.

9 BY repealing and reenacting, with amendments,
10 Article – Environment

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



1 Section 2–901
2 Annotated Code of Maryland
3 (2013 Replacement Volume and 2015 Supplement)

4 BY repealing and reenacting, without amendments,
5 Article – Insurance
6 Section 6–120
7 Annotated Code of Maryland
8 (2011 Replacement Volume and 2015 Supplement)

9 BY repealing and reenacting, without amendments,
10 Article – Tax – General
11 Section 10–715
12 Annotated Code of Maryland
13 (2010 Replacement Volume and 2015 Supplement)

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

16 **Article – Environment**

17 2–901.

18 (a) (1) In this section the following words have the meanings indicated.

19 (2) “Business entity” means:

20 (i) A person conducting or operating a trade or business in
21 Maryland; or

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

24 (3) “Cash in lieu of parking program” means an employer–funded program
25 under which an employer offers to provide a cash allowance to an employee in an amount
26 equal to the parking subsidy that the employer would otherwise pay or incur to provide the
27 employee a parking space.

28 (4) “Guaranteed ride home” means immediate transportation provided by
29 a business entity for an employee who:

30 (i) Receives any of the commuter benefits described in subsection
31 (b)(1) or (2) of this section or commutes by way of a nonmotorized method of transportation;
32 and

33 (ii) Is required to leave work early for illness or other verifiable
34 reason.

1 (5) "Instrument" means a pass, token, fare card, voucher, or similar item.

2 (6) "Parking subsidy" means:

3 (i) The difference between the out-of-pocket amount paid by an
4 employer on a regular basis to secure the availability of an employee parking space not
5 owned by the employer and the price charged to the employee for use of that space; or

6 (ii) For parking owned or leased by the employer as an integral part
7 of a larger facility, the fair market value of a parking space provided by the employer for
8 parking commuter vehicles, as determined:

9 1. By considering typical costs paid or incurred by users of
10 nearby equivalent paid parking spaces, by evaluating the annual amortized cost of
11 constructing and operating the parking space divided by the number of work days per year
12 the space is ordinarily used; or

13 2. By other reasonable and justifiable means.

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

16 (1) If provided for the purpose of travel between the employee's residence
17 and place of employment, any portion of the cost of transportation to or from a location in
18 the State in a vehicle or an instrument that is used to offset any portion of the cost of
19 transportation to or from a location in the State in a vehicle:

20 (i) With a seating capacity of at least [eight] **SIX** adult individuals;
21 and

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

23 1. For the purpose of transporting individuals between their
24 residences and their places of employment; and

25 2. On trips where the number of employees transported
26 together is at least one-half of that vehicle's adult seating capacity;

27 (2) An instrument that:

28 (i) Entitles an individual, at no additional cost or at a reduced fare,
29 to transportation to or from a location in the State on a publicly or privately owned mass
30 transit system other than a taxi service; or

31 (ii) Is redeemable at a transit pass sales outlet for the purpose stated
32 in item (i) of this item; or

1 (3) For an employee who resides or works in the State:

2 (i) A cash in lieu of parking program; or

3 (ii) A guaranteed ride home.

4 (c) The credit allowed under this section may not exceed [~~\$50~~] **\$100** per
5 individual employee per month.

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

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

11 **Article – Insurance**

12 6–120.

13 An insurer may claim a credit against the premium tax for the cost of providing
14 commuter benefits to the business entity’s employees as provided under § 2–901 of the
15 Environment Article.

16 **Article – Tax – General**

17 10–715.

18 (a) An individual or corporation may claim a credit against the State income tax
19 for the cost of providing commuter benefits to the business entity’s employees as provided
20 under § 2–901 of the Environment Article.

21 (b) An organization that is exempt from taxation under § 501(c)(3) or (4) of the
22 Internal Revenue Code may apply the credit under this section as a credit for the payment
23 to the Comptroller of taxes that the organization:

24 (1) is required to withhold from the wages of employees under § 10–908 of
25 this title; and

26 (2) is required to pay to the Comptroller under § 10–906(a) of this title.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
28 1, 2016, and shall be applicable to all taxable years beginning after December 31, 2015.