

HOUSE BILL 1012

Q3, R2

6lr0918

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**

Introduced and read first time: February 10, 2016

Assigned to: Ways and Means

A BILL ENTITLED

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 tax credit for a business's cost of providing commuter benefits for its employees;
5 altering the minimum seating capacity of a vehicle that may be used to provide
6 qualifying commuter benefits for purposes of the income tax credit; providing for the
7 application of this Act; and generally relating to the income tax credit for commuter
8 benefits.

9 BY repealing and reenacting, with amendments,
10 Article – Environment
11 Section 2–901
12 Annotated Code of Maryland
13 (2013 Replacement Volume and 2015 Supplement)

14 BY repealing and reenacting, without amendments,
15 Article – Tax – General
16 Section 10–715
17 Annotated Code of Maryland
18 (2010 Replacement Volume and 2015 Supplement)

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

Article – Environment

21
22 2–901.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

2 (2) “Business entity” means:

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

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

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

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

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

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

18 (5) “Instrument” means a pass, token, fare card, voucher, or similar item.

19 (6) “Parking subsidy” means:

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

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

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

30 2. By other reasonable and justifiable means.

31 (b) A business entity may claim a tax credit in an amount equal to 50% of the cost
32 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 location in
3 the State in a vehicle or an instrument that is used to offset any portion of the cost of
4 transportation to or from a location in the State in a vehicle:

5 (i) With a seating capacity of at least [eight] **SIX** adult individuals;
6 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;

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 owned mass
15 transit system other than a taxi service; or

16 (ii) Is redeemable at a transit pass sales outlet for the purpose stated
17 in item (i) of this item; 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 [**\$50**] **\$100** per
22 individual 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 credit.

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

28 **Article – Tax – General**

29 10-715.

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

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

7 (1) is required to withhold from the wages of employees under § 10-908 of
8 this title; and

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

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
11 1, 2016, and shall be applicable to all taxable years beginning after December 31, 2015.