

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~~ M. Washington, Tarlau, Kaiser, Ebersole, Afzali, and Platt**

Introduced and read first time: February 10, 2016

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 14, 2016

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

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 – Insurance

16 Section 6–120

17 Annotated Code of Maryland

18 (2011 Replacement Volume and 2015 Supplement)

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.



1 BY repealing and reenacting, without amendments,
2 Article – Tax – General
3 Section 10–715
4 Annotated Code of Maryland
5 (2010 Replacement Volume and 2015 Supplement)

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

8 **Article – Environment**

9 2–901.

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

11 (2) “Business entity” means:

12 (i) A person conducting or operating a trade or business in
13 Maryland; or

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

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

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

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

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

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

28 (6) “Parking subsidy” means:

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

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

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

8 2. By other reasonable and justifiable means.

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

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

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

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

18 1. For the purpose of transporting individuals between their
19 residences and their places of employment; and

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

22 (2) An instrument that:

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

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

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

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

30 (ii) A guaranteed ride home.

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

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

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

6 Article – Insurance

7 6–120.

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

11 **Article – Tax – General**

12 10–715.

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

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

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

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

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
23 1, 2016, and shall be applicable to all taxable years beginning after December 31, 2015.