

HOUSE BILL 636

Unofficial Copy  
Q3

1999 Regular Session  
(9r1551)

ENROLLED BILL

-- Ways and Means/Budget and Taxation --

Introduced by **Delegates Carlson, Barkley, Bozman, Bronrott, Conroy, Cryor, C. Davis, Finifter, Frush, Giannetti, Healey, Hixson, Hurson, Marriott, McHale, Moe, Morhaim, Patterson, Phillips, Rosso, Rudolph, Rzepkowski, Sher, Swain, Shriver, Turner, Stern, and ~~Zirkin~~ Bartlett, Greenip, Linton, McKee, and Howard Howard, and Zirkin**

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~~ – Tax Credit for Cost of Providing Commuter Benefits to**  
3 **Employees**

4 FOR the purpose of allowing a certain credit against the State income tax, financial  
5 institution franchise tax, and insurance premiums tax for certain costs incurred  
6 by employers that provide certain commuter benefits to employees; providing for  
7 the maximum amount of the credit per year per employee; ~~providing for the~~  
8 ~~carryover of unused credit if the credit exceeds the total tax otherwise payable~~  
9 ~~for a taxable year; defining a certain term; expressing a certain intent of the~~  
10 General Assembly; providing for the application of this Act; and generally  
11 relating to a tax credit against ~~the State income tax~~ certain taxes for employer  
12 provided commuter benefits to employees.

13 BY adding to

1 Article - Environment  
 2 Section 2-901 to be under the new subtitle "Subtitle 9. Tax Credits for  
 3 Employer-Provided Commuter Benefits"  
 4 Annotated Code of Maryland  
 5 (1996 Replacement Volume and 1998 Supplement)

6 BY adding to  
 7 Article - Tax - General  
 8 Section ~~8-220~~ and 10-712  
 9 Annotated Code of Maryland  
 10 (1997 Replacement Volume and 1998 Supplement)

11 BY adding to  
 12 Article - Insurance  
 13 Section 6-119  
 14 Annotated Code of Maryland  
 15 (1997 Volume and 1998 Supplement)

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

18 ~~Article - Tax - General~~

19 Article - Environment

20 SUBTITLE 9. TAX CREDITS FOR EMPLOYER-PROVIDED COMMUTER BENEFITS.

21 ~~40-712; 2-901.~~

22 (A) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
 23 INDICATED.

24 (1) "BUSINESS ENTITY" MEANS:

25 (I) A PERSON CONDUCTING OR OPERATING A TRADE OR BUSINESS  
 26 IN MARYLAND; OR

27 (II) AN ORGANIZATION OPERATING IN MARYLAND THAT IS EXEMPT  
 28 FROM TAXATION UNDER § 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE.

29 (2) "INSTRUMENT" MEANS A PASS, TOKEN, FARE CARD, VOUCHER, OR  
 30 SIMILAR ITEM.

31 (B) A BUSINESS ENTITY MAY CLAIM A TAX CREDIT ~~AGAINST THE STATE~~  
 32 ~~INCOME TAX~~ IN AN AMOUNT EQUAL TO 50% OF THE COST OF PROVIDING THE  
 33 FOLLOWING COMMUTER BENEFITS TO THE BUSINESS ENTITY'S EMPLOYEES:

1 (1) IF PROVIDED FOR THE PURPOSE OF TRAVEL BETWEEN THE  
 2 EMPLOYEE'S RESIDENCE AND PLACE OF EMPLOYMENT, ANY PORTION OF THE COST  
 3 OF TRANSPORTATION IN A VEHICLE OR AN INSTRUMENT THAT IS USED TO OFFSET  
 4 ANY PORTION OF THE COST OF TRANSPORTATION IN A VEHICLE:

5 (I) WITH A SEATING CAPACITY OF AT LEAST EIGHT ADULT  
 6 INDIVIDUALS; AND

7 (II) AT LEAST 80% OF THE ANNUAL MILEAGE OF WHICH IS  
 8 INCURRED:

9 1. FOR THE PURPOSE OF TRANSPORTING INDIVIDUALS  
 10 BETWEEN THEIR RESIDENCES AND THEIR PLACES OF EMPLOYMENT; AND

11 2. ON TRIPS WHERE THE NUMBER OF EMPLOYEES  
 12 TRANSPORTED TOGETHER IS AT LEAST ONE-HALF OF THAT VEHICLE'S ADULT  
 13 SEATING CAPACITY; OR

14 ~~(2) AN INSTRUMENT THAT IS USED TO OFFSET THE MONTHLY COST OF~~  
 15 ~~TWO OR MORE EMPLOYEES COMMUTING TOGETHER IN ONE VEHICLE BETWEEN~~  
 16 ~~THEIR RESIDENCES AND THEIR PLACE OF EMPLOYMENT; OR~~

17 ~~(3)~~ (2) AN INSTRUMENT THAT:

18 (I) ENTITLES AN INDIVIDUAL, AT NO ADDITIONAL COST OR AT A  
 19 REDUCED FARE, TO TRANSPORTATION ON A PUBLICLY OR PRIVATELY OWNED MASS  
 20 TRANSIT SYSTEM OTHER THAN A TAXI SERVICE; OR

21 (II) IS REDEEMABLE AT A TRANSIT PASS SALES OUTLET FOR THE  
 22 PURPOSE STATED IN ITEM ~~(3)(4)~~ (2)(1) OF THIS SUBSECTION.

23 (C) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED \$30 PER  
 24 INDIVIDUAL EMPLOYEE PER MONTH.

25 ~~(D) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR~~  
 26 ~~EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE BUSINESS ENTITY FOR THAT~~  
 27 ~~TAXABLE YEAR, THE BUSINESS ENTITY MAY APPLY THE EXCESS AS A CREDIT FOR~~  
 28 ~~SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:~~

29 ~~(1) THE FULL AMOUNT OF THE EXCESS IS USED; OR~~

30 ~~(2) THE EXPIRATION OF THE 10TH TAXABLE YEAR AFTER THE TAXABLE~~  
 31 ~~YEAR IN WHICH THE COSTS FOR WHICH THE CREDIT IS CLAIMED ARE INCURRED.~~

32 (D) (1) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED THE  
 33 TOTAL TAX OTHERWISE PAYABLE BY THE BUSINESS ENTITY FOR THAT TAXABLE  
 34 YEAR, DETERMINED BEFORE THE APPLICATION OF THE CREDIT UNDER THIS  
 35 SECTION BUT AFTER THE APPLICATION OF ANY OTHER CREDIT.

