

HOUSE BILL 636

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Q3

1999 Regular Session
9r1551
CF 9r1550

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**

Introduced and read first time: February 11, 1999

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Credit for Cost of Providing Commuter Benefits to Employees**

3 FOR the purpose of allowing a certain credit against the State income tax for certain
4 costs incurred by employers that provide certain commuter benefits to
5 employees; providing for the maximum amount of the credit per year per
6 employee; providing for the carryover of unused credit if the credit exceeds the
7 total tax otherwise payable for a taxable year; defining a certain term; providing
8 for the application of this Act; and generally relating to a tax credit against the
9 State income tax for employer provided commuter benefits to employees.

10 BY adding to
11 Article - Tax - General
12 Section 10-712
13 Annotated Code of Maryland
14 (1997 Replacement Volume and 1998 Supplement)

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

17 **Article - Tax - General**

18 10-712.

19 (A) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
20 INDICATED.

21 (1) "BUSINESS ENTITY" MEANS:

22 (I) A PERSON CONDUCTING OR OPERATING A TRADE OR BUSINESS
23 IN MARYLAND; OR

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

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

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

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

10 (I) WITH A SEATING CAPACITY OF AT LEAST EIGHT ADULT
11 INDIVIDUALS; AND

12 (II) AT LEAST 80% OF THE ANNUAL MILEAGE OF WHICH IS
13 INCURRED:

14 1. FOR THE PURPOSE OF TRANSPORTING INDIVIDUALS
15 BETWEEN THEIR RESIDENCES AND THEIR PLACES OF EMPLOYMENT; AND

16 2. ON TRIPS WHERE THE NUMBER OF EMPLOYEES
17 TRANSPORTED TOGETHER IS AT LEAST ONE-HALF OF THAT VEHICLE'S ADULT
18 SEATING CAPACITY;

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

22 (3) AN INSTRUMENT THAT:

23 (I) ENTITLES AN INDIVIDUAL, AT NO ADDITIONAL COST OR AT A
24 REDUCED FARE, TO TRANSPORTATION 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
27 PURPOSE STATED IN ITEM (3)(I) OF THIS SUBSECTION.

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

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

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

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

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 1999 and shall be applicable to all taxable years beginning after December 31,
3 1999.