

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 Bartlett, Greenip, Linton, McKee, and Howard**

Introduced and read first time: February 11, 1999
Assigned to: Ways and Means

Committee Report: Favorable with amendments
House action: Adopted with floor amendments
Read second time: March 24, 1999

CHAPTER _____

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;
8 ~~expressing a certain intent of the General Assembly;~~ providing for the
9 application of this Act; and generally relating to a tax credit against the State
10 income tax for employer provided commuter benefits to employees.

11 BY adding to
12 Article - Tax - General
13 Section 10-712
14 Annotated Code of Maryland
15 (1997 Replacement 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:

1 **Article - Tax - General**

2 10-712.

3 (A) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
4 INDICATED.

5 (1) "BUSINESS ENTITY" MEANS:

6 (I) A PERSON CONDUCTING OR OPERATING A TRADE OR BUSINESS
7 IN MARYLAND; OR8 (II) AN ORGANIZATION OPERATING IN MARYLAND THAT IS EXEMPT
9 FROM TAXATION UNDER § 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE.10 (2) "INSTRUMENT" MEANS A PASS, TOKEN, FARE CARD, VOUCHER, OR
11 SIMILAR ITEM.12 (B) A BUSINESS ENTITY MAY CLAIM A CREDIT AGAINST THE STATE INCOME
13 TAX IN AN AMOUNT EQUAL TO 50% OF THE COST OF PROVIDING THE FOLLOWING
14 COMMUTER BENEFITS TO THE BUSINESS ENTITY'S EMPLOYEES:15 (1) IF PROVIDED FOR THE PURPOSE OF TRAVEL BETWEEN THE
16 EMPLOYEE'S RESIDENCE AND PLACE OF EMPLOYMENT, ANY PORTION OF THE COST
17 OF TRANSPORTATION IN A VEHICLE OR AN INSTRUMENT THAT IS USED TO OFFSET
18 ANY PORTION OF THE COST OF TRANSPORTATION IN A VEHICLE:19 (I) WITH A SEATING CAPACITY OF AT LEAST EIGHT ADULT
20 INDIVIDUALS; AND21 (II) AT LEAST 80% OF THE ANNUAL MILEAGE OF WHICH IS
22 INCURRED:23 1. FOR THE PURPOSE OF TRANSPORTING INDIVIDUALS
24 BETWEEN THEIR RESIDENCES AND THEIR PLACES OF EMPLOYMENT; AND25 2. ON TRIPS WHERE THE NUMBER OF EMPLOYEES
26 TRANSPORTED TOGETHER IS AT LEAST ONE-HALF OF THAT VEHICLE'S ADULT
27 SEATING CAPACITY;28 (2) AN INSTRUMENT THAT IS USED TO OFFSET THE MONTHLY COST OF
29 TWO OR MORE EMPLOYEES COMMUTING TOGETHER IN ONE VEHICLE BETWEEN
30 THEIR RESIDENCES AND THEIR PLACE OF EMPLOYMENT; OR

31 (3) AN INSTRUMENT THAT:

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

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

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

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

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

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

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 July 1, 1999 and shall be applicable to all taxable years beginning after December 31,
14 1999.