

SENATE BILL 390

Unofficial Copy
Q3

1999 Regular Session
(9r1550)

ENROLLED BILL
-- Budget and Taxation/Ways and Means --

Introduced by **Senators Ruben, Lawlah, Currie, Dorman, Van Hollen,
Forchard, and ~~Teitelbaum~~ Teitelbaum, and Middleton**

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.

President.

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 for certain costs incurred by
6 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; providing for the application of this
10 Act; and generally relating to a tax credit against ~~the State income tax~~ certain
11 taxes for employer provided commuter benefits to employees.

12 BY adding to
13 Article - Environment
14 Section 2-901 to be under the new subtitle "Subtitle 9. Tax Credits for
15 Employer-Provided Commuter Benefits"

1 Annotated Code of Maryland
 2 (1996 Replacement Volume and 1998 Supplement)

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

8 BY adding to
 9 Article - Insurance
 10 Section 6-119
 11 Annotated Code of Maryland
 12 (1997 Volume and 1998 Supplement)

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

15 ~~Article - Tax - General~~ Article - Environment

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

17 ~~40-712. 2-901.~~

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

20 (1) "BUSINESS ENTITY" MEANS:

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

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

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

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

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

1 (I) WITH A SEATING CAPACITY OF AT LEAST EIGHT ADULT
2 INDIVIDUALS; AND

3 (II) AT LEAST 80% OF THE ANNUAL MILEAGE OF WHICH IS
4 INCURRED:

5 1. FOR THE PURPOSE OF TRANSPORTING INDIVIDUALS
6 BETWEEN THEIR RESIDENCES AND THEIR PLACES OF EMPLOYMENT; AND

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

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

13 ~~(3)~~ (2) AN INSTRUMENT THAT:

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

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

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

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

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

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

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

32 (2) THE UNUSED AMOUNT OF THE CREDIT UNDER THIS SECTION FOR
33 ANY TAXABLE YEAR MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

1

Article - Tax - General2 8-220.

3 A FINANCIAL INSTITUTION MAY CLAIM A CREDIT AGAINST THE FINANCIAL
4 INSTITUTION FRANCHISE TAX FOR THE COST OF PROVIDING COMMUTER BENEFITS
5 TO THE BUSINESS ENTITY'S EMPLOYEES AS PROVIDED UNDER § 2-901 OF THE
6 ENVIRONMENT ARTICLE.

7 10-712.

8 AN INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE
9 INCOME TAX FOR THE COST OF PROVIDING COMMUTER BENEFITS TO THE BUSINESS
10 ENTITY'S EMPLOYEES AS PROVIDED UNDER § 2-901 OF THE ENVIRONMENT ARTICLE.

11

Article - Insurance12 6-119.

13 AN INSURER MAY CLAIM A CREDIT AGAINST THE PREMIUM TAX FOR THE COST
14 OF PROVIDING COMMUTER BENEFITS TO THE BUSINESS ENTITY'S EMPLOYEES AS
15 PROVIDED UNDER § 2-901 OF THE ENVIRONMENT ARTICLE.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 July 1, 1999 and shall be applicable to all taxable years beginning after December 31,
18 1999.