

SENATE BILL 390

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Q3

1999 Regular Session
9r1550
CF 9r1551

By: **Senators Ruben, Lawlah, Currie, Dorman, Van Hollen, Forehand, and
Teitelbaum Teitelbaum, and Middleton**

Introduced and read first time: February 5, 1999
Assigned to: Budget and Taxation

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 25, 1999

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"
16 Annotated Code of Maryland
17 (1996 Replacement Volume and 1998 Supplement)

18 BY adding to
19 Article - Tax - General
20 Section 8-220 and 10-712
21 Annotated Code of Maryland
22 (1997 Replacement Volume and 1998 Supplement)

23 BY adding to

1 Article - Insurance
 2 Section 6-119
 3 Annotated Code of Maryland
 4 (1997 Volume and 1998 Supplement)

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

7 ~~Article - Tax - General~~ Article - Environment

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

9 ~~40-712. 2-901.~~

10 (A) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
 11 INDICATED.

12 (1) "BUSINESS ENTITY" MEANS:

13 (I) A PERSON CONDUCTING OR OPERATING A TRADE OR BUSINESS
 14 IN MARYLAND; OR

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

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

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

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

26 (I) WITH A SEATING CAPACITY OF AT LEAST EIGHT ADULT
 27 INDIVIDUALS; AND

28 (II) AT LEAST 80% OF THE ANNUAL MILEAGE OF WHICH IS
 29 INCURRED:

30 1. FOR THE PURPOSE OF TRANSPORTING INDIVIDUALS
 31 BETWEEN THEIR RESIDENCES AND THEIR PLACES OF EMPLOYMENT; AND

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

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

4 (3) (2) AN INSTRUMENT THAT:

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

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

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

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

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

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

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

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

25 **Article - Tax - General**

26 8-220.

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

31 10-712.

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

1

Article - Insurance2 6-119.

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

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 July 1, 1999 and shall be applicable to all taxable years beginning after December 31,
8 1999.