

SENATE BILL 244

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M3

2000 Regular Session  
(01r1469)

**ENROLLED BILL**

-- Budget and Taxation/Ways and Means --

Introduced by **Senators Ruben, Middleton, Forehand, Currie, Frosh,  
Teitelbaum, Lawlah, Dorman, and Van Hollen**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

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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 **Commuter Benefits Act of 2000**

3 FOR the purpose of allowing a credit against the State income tax, financial  
4 institution franchise tax, and insurance premiums tax for certain employer  
5 costs of providing employees a cash in lieu of parking program or a guaranteed  
6 ride home; allowing certain tax-exempt organizations to apply certain tax  
7 credits allowed for certain employer-provided commuter benefits as a credit  
8 against the payment of certain taxes required to be withheld from the wages of  
9 employees and required to be paid to the Comptroller; clarifying certain  
10 language; defining certain terms; requiring that a certain report be submitted  
11 by a certain date; providing for the application of this Act; and generally relating  
12 to certain tax credits for certain employer-provided commuter benefits.

13 BY repealing and reenacting, with amendments,  
14 Article - Environment  
15 Section 2-901

1 Annotated Code of Maryland  
2 (1996 Replacement Volume and 1999 Supplement)

3 BY repealing and reenacting, with amendments,  
4 Article - Tax - General  
5 Section 10-715  
6 Annotated Code of Maryland  
7 (1997 Replacement Volume and 1999 Supplement)

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

10 **Article - Environment**

11 2-901.

12 (a) In this section the following words have the meanings indicated.

13 (1) "Business entity" means:

14 (i) A person conducting or operating a trade or business in  
15 Maryland; or

16 (ii) An organization operating in Maryland that is exempt from  
17 taxation under § 501(c)(3) or (4) of the Internal Revenue Code.

18 (2) "CASH IN LIEU OF PARKING PROGRAM" MEANS AN  
19 EMPLOYER-FUNDED PROGRAM UNDER WHICH AN EMPLOYER OFFERS TO PROVIDE A  
20 CASH ALLOWANCE TO AN EMPLOYEE IN AN AMOUNT EQUAL TO THE PARKING  
21 SUBSIDY THAT THE EMPLOYER WOULD OTHERWISE PAY OR INCUR TO PROVIDE THE  
22 EMPLOYEE A PARKING SPACE.

23 (3) "GUARANTEED RIDE HOME" MEANS IMMEDIATE TRANSPORTATION  
24 PROVIDED BY A BUSINESS ENTITY FOR AN EMPLOYEE WHO:

25 (I) RECEIVES ANY OF THE COMMUTER BENEFITS DESCRIBED IN  
26 SUBSECTION (B)(1) OR (2) OF THIS SECTION OR COMMUTES BY WAY OF A  
27 NONMOTORIZED METHOD OF TRANSPORTATION; AND

28 (II) IS REQUIRED TO LEAVE WORK EARLY FOR ILLNESS OR OTHER  
29 VERIFIABLE REASON.

30 [(2)] (4) "Instrument" means a pass, token, fare card, voucher, or similar  
31 item.

32 (5) "PARKING SUBSIDY" MEANS:

33 (I) THE DIFFERENCE BETWEEN THE OUT-OF-POCKET AMOUNT  
34 PAID BY AN EMPLOYER ON A REGULAR BASIS TO SECURE THE AVAILABILITY OF AN

1 EMPLOYEE PARKING SPACE NOT OWNED BY THE EMPLOYER AND THE PRICE  
2 CHARGED TO THE EMPLOYEE FOR USE OF THAT SPACE; OR

3 (II) FOR PARKING OWNED OR LEASED BY THE EMPLOYER AS AN  
4 INTEGRAL PART OF A LARGER FACILITY, THE FAIR MARKET VALUE OF A PARKING  
5 SPACE PROVIDED BY THE EMPLOYER FOR PARKING COMMUTER VEHICLES, AS  
6 DETERMINED:

7 1. BY CONSIDERING TYPICAL COSTS PAID OR INCURRED BY  
8 USERS OF NEARBY EQUIVALENT PAID PARKING SPACES, BY EVALUATING THE  
9 ANNUAL AMORTIZED COST OF CONSTRUCTING AND OPERATING THE PARKING SPACE  
10 DIVIDED BY THE NUMBER OF WORK DAYS PER YEAR THE SPACE IS ORDINARILY  
11 USED; OR

12 2. BY OTHER REASONABLE AND JUSTIFIABLE MEANS.

13 (b) A business entity may claim a tax credit in an amount equal to 50% of the  
14 cost of providing the following commuter benefits to the business entity's employees:

15 (1) If provided for the purpose of travel between the employee's residence  
16 and place of employment, any portion of the cost of transportation TO OR FROM A  
17 LOCATION IN THE STATE in a vehicle or an instrument that is used to offset any  
18 portion of the cost of transportation TO OR FROM A LOCATION IN THE STATE in a  
19 vehicle:

20 (i) With a seating capacity of at least eight adult individuals; and

21 (ii) At least 80% of the annual mileage of which is incurred:

22 1. For the purpose of transporting individuals between their  
23 residences and their places of employment; and

24 2. On trips where the number of employees transported  
25 together is at least one-half of that vehicle's adult seating capacity; [or]

26 (2) An instrument that:

27 (i) Entitles an individual, at no additional cost or at a reduced fare,  
28 to transportation TO OR FROM A LOCATION IN THE STATE on a publicly or privately  
29 owned mass transit system other than a taxi service; or

30 (ii) Is redeemable at a transit pass sales outlet for the purpose  
31 stated in item (2)(i) of this subsection; OR

32 (3) FOR AN EMPLOYEE WHO RESIDES OR WORKS IN THE STATE:

33 (I) A CASH IN LIEU OF PARKING PROGRAM; OR

34 (II) A GUARANTEED RIDE HOME.

1 (c) The credit allowed under this section may not exceed \$30 per individual  
2 employee per month.

3 (d) (1) The credit allowed under this section may not exceed the total tax  
4 otherwise payable by the business entity for that taxable year, determined before the  
5 application of the credit under this section but after the application of any other  
6 credit.

7 (2) The unused amount of the credit under this section for any taxable  
8 year may not be carried over to any other taxable year.

9 **Article - Tax - General**

10 10-715.

11 (A) An individual or corporation may claim a credit against the State income  
12 tax for the cost of providing commuter benefits to the business entity's employees as  
13 provided under § 2-901 of the Environment Article.

14 (B) AN ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OR  
15 (4) OF THE INTERNAL REVENUE CODE MAY APPLY THE CREDIT UNDER THIS SECTION  
16 AS A CREDIT FOR THE PAYMENT TO THE COMPTROLLER OF TAXES THAT THE  
17 ORGANIZATION:

18 (1) IS REQUIRED TO WITHHOLD FROM THE WAGES OF EMPLOYEES  
19 UNDER § 10-908 OF THIS TITLE; AND

20 (2) IS REQUIRED TO PAY TO THE COMPTROLLER UNDER § 10-906(A) OF  
21 THIS TITLE.

22 SECTION 2. AND BE IT FURTHER ENACTED, That the Maryland  
23 Department of Transportation and Maryland Department of the Environment, in  
24 conjunction with the Comptroller's Office, shall jointly assess the success of the  
25 employer provided commuter benefits program established under § 2-901 of the  
26 Environment Article in helping to achieve compliance with statewide air quality  
27 standards, reduce traffic congestion, and increase transit ridership. The  
28 Comptroller's Office shall assess the impact of the tax credit program on the General  
29 Fund and provide an estimate of the number of employers participating in the  
30 program. Subject to § ~~2-1312~~ § 2-1246 of the State Government Article, a  
31 consolidated report of all findings shall be submitted to the General Assembly on or  
32 before December 1, 2005. The report shall include all information of value to the  
33 General Assembly in determining the effectiveness of the program and whether it is  
34 appropriate for the General Fund to be reimbursed by the Transportation Trust Fund  
35 for the costs of the program. The information shall include baseline data relative to:  
36 (1) employers providing commuter benefits of the type for which a tax credit may be  
37 provided; (2) vehicle miles traveled; (3) mass transit ridership; and (4) ozone and  
38 carbon monoxide levels in attainment and nonattainment areas.

1 SECTION ~~2.~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take  
2 effect July 1, 2000 and shall be applicable to all taxable years beginning after  
3 December 31, 2000.