

SENATE BILL 244

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M3

2000 Regular Session  
0lr1469  
CF 0lr1817

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

Introduced and read first time: January 28, 2000

Assigned to: Budget and Taxation

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A BILL ENTITLED

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; providing for the application of this Act; and  
11 generally relating to certain tax credits for certain employer-provided  
12 commuter benefits.

13 BY repealing and reenacting, with amendments,  
14 Article - Environment  
15 Section 2-901  
16 Annotated Code of Maryland  
17 (1996 Replacement Volume and 1999 Supplement)

18 BY repealing and reenacting, with amendments,  
19 Article - Tax - General  
20 Section 10-715  
21 Annotated Code of Maryland  
22 (1997 Replacement Volume and 1999 Supplement)

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

25 **Article - Environment**

26 2-901.

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

1 (1) "Business entity" means:

2 (i) A person conducting or operating a trade or business in  
3 Maryland; or

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

6 (2) "CASH IN LIEU OF PARKING PROGRAM" MEANS AN  
7 EMPLOYER-FUNDED PROGRAM UNDER WHICH AN EMPLOYER OFFERS TO PROVIDE A  
8 CASH ALLOWANCE TO AN EMPLOYEE IN AN AMOUNT EQUAL TO THE PARKING  
9 SUBSIDY THAT THE EMPLOYER WOULD OTHERWISE PAY OR INCUR TO PROVIDE THE  
10 EMPLOYEE A PARKING SPACE.

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

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

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

18 [(2)] (4) "Instrument" means a pass, token, fare card, voucher, or similar  
19 item.

20 (5) "PARKING SUBSIDY" MEANS:

21 (I) THE DIFFERENCE BETWEEN THE OUT-OF-POCKET AMOUNT  
22 PAID BY AN EMPLOYER ON A REGULAR BASIS TO SECURE THE AVAILABILITY OF AN  
23 EMPLOYEE PARKING SPACE NOT OWNED BY THE EMPLOYER AND THE PRICE  
24 CHARGED TO THE EMPLOYEE FOR USE OF THAT SPACE; OR

25 (II) FOR PARKING OWNED OR LEASED BY THE EMPLOYER AS AN  
26 INTEGRAL PART OF A LARGER FACILITY, THE FAIR MARKET VALUE OF A PARKING  
27 SPACE PROVIDED BY THE EMPLOYER FOR PARKING COMMUTER VEHICLES, AS  
28 DETERMINED:

29 1. BY CONSIDERING TYPICAL COSTS PAID OR INCURRED BY  
30 USERS OF NEARBY EQUIVALENT PAID PARKING SPACES, BY EVALUATING THE  
31 ANNUAL AMORTIZED COST OF CONSTRUCTING AND OPERATING THE PARKING SPACE  
32 DIVIDED BY THE NUMBER OF WORK DAYS PER YEAR THE SPACE IS ORDINARILY  
33 USED; OR

34 2. BY OTHER REASONABLE AND JUSTIFIABLE MEANS.

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

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

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

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

8 1. For the purpose of transporting individuals between their  
 9 residences and their places of employment; and

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

12 (2) An instrument that:

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

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

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

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

20 (II) A GUARANTEED RIDE HOME.

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

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

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

29 **Article - Tax - General**

30 10-715.

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

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

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

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

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
10 July 1, 2000 and shall be applicable to all taxable years beginning after December 31,  
11 2000.