

SENATE BILL 244

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2000 Regular Session
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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

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 16, 2000

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
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)

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

3 **Article - Environment**

4 2-901.

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

6 (1) "Business entity" means:

7 (i) A person conducting or operating a trade or business in
8 Maryland; or

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

11 (2) "CASH IN LIEU OF PARKING PROGRAM" MEANS AN
12 EMPLOYER-FUNDED PROGRAM UNDER WHICH AN EMPLOYER OFFERS TO PROVIDE A
13 CASH ALLOWANCE TO AN EMPLOYEE IN AN AMOUNT EQUAL TO THE PARKING
14 SUBSIDY THAT THE EMPLOYER WOULD OTHERWISE PAY OR INCUR TO PROVIDE THE
15 EMPLOYEE A PARKING SPACE.

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

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

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

23 [(2)] (4) "Instrument" means a pass, token, fare card, voucher, or similar
24 item.

25 (5) "PARKING SUBSIDY" MEANS:

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

30 (II) FOR PARKING OWNED OR LEASED BY THE EMPLOYER AS AN
31 INTEGRAL PART OF A LARGER FACILITY, THE FAIR MARKET VALUE OF A PARKING
32 SPACE PROVIDED BY THE EMPLOYER FOR PARKING COMMUTER VEHICLES, AS
33 DETERMINED:

34 1. BY CONSIDERING TYPICAL COSTS PAID OR INCURRED BY
35 USERS OF NEARBY EQUIVALENT PAID PARKING SPACES, BY EVALUATING THE

1 ANNUAL AMORTIZED COST OF CONSTRUCTING AND OPERATING THE PARKING SPACE
2 DIVIDED BY THE NUMBER OF WORK DAYS PER YEAR THE SPACE IS ORDINARILY
3 USED; OR

4 2. BY OTHER REASONABLE AND JUSTIFIABLE MEANS.

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

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

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

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

14 1. For the purpose of transporting individuals between their
15 residences and their places of employment; and

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

18 (2) An instrument that:

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

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

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

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

26 (II) A GUARANTEED RIDE HOME.

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

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

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

1

Article - Tax - General

2 10-715.

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

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

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

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

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

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

