

HOUSE BILL 1227

Q3, Q7

8lr2927

By: **Delegate Beidle**

Introduced and read first time: February 8, 2018

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Tax Credit – Commuter Benefits – Alterations**

3 FOR the purpose of increasing the percent of the cost of providing certain employee
4 commuter benefits that a business may claim as a credit against the income tax, the
5 financial institutions franchise tax, and the insurance premium tax; providing that
6 the commuter benefits tax credit may be claimed for costs incurred in connection
7 with travel between an employee's residence and place of employment; providing
8 that a certain vehicle used to transport employees must incur certain mileage in
9 connection with transporting individuals between their residences and places of
10 employment; increasing the maximum allowable amount per employee per month of
11 the commuter benefits tax credit; providing for the application of this Act; and
12 generally relating to the income and insurance premium tax credit for commuter
13 benefits.

14 BY repealing and reenacting, with amendments,
15 Article – Environment
16 Section 2–901
17 Annotated Code of Maryland
18 (2013 Replacement Volume and 2017 Supplement)

19 BY repealing and reenacting, without amendments,
20 Article – Insurance
21 Section 6–120
22 Annotated Code of Maryland
23 (2017 Replacement Volume)

24 BY repealing and reenacting, without amendments,
25 Article – Tax – General
26 Section 8–221 and 10–715
27 Annotated Code of Maryland
28 (2016 Replacement Volume and 2017 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Environment**

4 2–901.

5 (a) (1) In this section the following words have the meanings indicated.

6 (2) “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 (3) “Cash in lieu of parking program” means an employer–funded program
12 under which an employer offers to provide a cash allowance to an employee in an amount
13 equal to the parking subsidy that the employer would otherwise pay or incur to provide the
14 employee a parking space.

15 (4) “Guaranteed ride home” means immediate transportation provided by
16 a business entity for an employee who:

17 (i) Receives any of the commuter benefits described in subsection
18 (b)(1) or (2) of this section or commutes by way of a nonmotorized method of transportation;
19 and

20 (ii) Is required to leave work early for illness or other verifiable
21 reason.

22 (5) “Instrument” means a pass, token, fare card, voucher, or similar item.

23 (6) “Parking subsidy” means:

24 (i) The difference between the out–of–pocket amount paid by an
25 employer on a regular basis to secure the availability of an employee parking space not
26 owned by the employer and the price charged to the employee for use of that space; or

27 (ii) For parking owned or leased by the employer as an integral part
28 of a larger facility, the fair market value of a parking space provided by the employer for
29 parking commuter vehicles, as determined:

30 1. By considering typical costs paid or incurred by users of
31 nearby equivalent paid parking spaces, by evaluating the annual amortized cost of

1 constructing and operating the parking space divided by the number of work days per year
2 the space is ordinarily used; or

3 2. By other reasonable and justifiable means.

4 (b) A business entity may claim a tax credit in an amount equal to ~~[50%]~~ **80%** of
5 the cost of providing the following commuter benefits to the business entity's employees:

6 (1) If provided ~~[for the purpose of]~~ **IN CONNECTION WITH** travel between
7 the employee's residence and place of employment, any portion of the cost of transportation
8 to or from a location in the State in a vehicle or an instrument that is used to offset any
9 portion of the cost of transportation to or from a location in the State in a vehicle:

10 (i) With a seating capacity of at least six adult individuals; and

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

12 1. ~~[For the purpose of]~~ **IN CONNECTION WITH** transporting
13 individuals between their residences and their places of employment; and

14 2. On trips where the number of employees transported
15 together is at least one-half of that vehicle's adult seating capacity;

16 (2) An instrument that:

17 (i) Entitles an individual, at no additional cost or at a reduced fare,
18 to transportation to or from a location in the State on a publicly or privately owned mass
19 transit system other than a taxi service; or

20 (ii) Is redeemable at a transit pass sales outlet for the purpose stated
21 in item (i) of this item; or

22 (3) For an employee who resides or works in the State:

23 (i) A cash in lieu of parking program; or

24 (ii) A guaranteed ride home.

25 (c) The credit allowed under this section may not exceed ~~[\$100]~~ **\$250** per
26 individual employee per month.

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

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

1

Article – Insurance

2 6–120.

3 An insurer may claim a credit against the premium tax for the cost of providing
4 commuter benefits to the business entity’s employees as provided under § 2–901 of the
5 Environment Article.

6

Article – Tax – General

7 8–221.

8 A financial institution may claim a credit against the financial institution franchise
9 tax for the cost of providing commuter benefits to the business entity’s employees as
10 provided under § 2–901 of the Environment Article.

11 10–715.

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

15 (b) An organization that is exempt from taxation under § 501(c)(3) or (4) of the
16 Internal Revenue Code may apply the credit under this section as a credit for the payment
17 to the Comptroller of taxes that the organization:

18 (1) is required to withhold from the wages of employees under § 10–908 of
19 this title; and

20 (2) is required to pay to the Comptroller under § 10–906(a) of this title.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
22 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2017.