

Extend Commute Trip Reduction tax credit

Description This proposal would extend the Commute Trip Reduction (CTR) tax credit through June 30, 2020.

Current Law Under current law, employers and property managers who provide CTR incentives to or on behalf of their own or other employees are eligible for a credit against their B&O or public utility tax liability.

- The credit equals 50 percent of the incentive payments paid by the employer or property manager, not to exceed \$60 per employee per year.
- No employer or property manager may receive more than \$200,000 of credit per fiscal year.
- The employer or property manager applies to the Department of Revenue the following January for a credit based on the incentives paid in the prior calendar year.
- Each applicant's available credit is prorated based on the statewide cap (currently \$1.5 million).
- The credit is set to expire June 30, 2015.

Original Purpose and Current Analysis The Legislature did not specify a public policy objective for this tax preference. The Joint Legislative Audit and Review Committee (JLARC) inferred that the public policy objective of the credit is to encourage businesses to provide financial incentives to their employees who participate in CTR programs that reduce single-occupancy vehicle travel in Washington.

Citizen Commission Recommendation In 2012, the Citizen Commission did not endorse JLARC's recommendation that the CTR tax credit be "reviewed and clarified" and instead recommended that the credit be allowed to expire. The commission believed that expiration of this tax preference would be unlikely to result in a material reduction in businesses' provision of CTR financial incentives to employees.

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Extend Commute Trip Reduction (CTR) Tax Credit, Continued

**Revenue
Impact**

General Fund Impact (\$ in millions)

FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
\$ (1.6)	\$ (1.9)	\$ (3.5)	\$ (1.9)	\$ (2.1)	\$ (4.0)

- *Estimates assume a July 1, 2015, effective date, representing 11 months of collections for FY 2016.*
 - *Estimates reflect the November 2014 Economic and Revenue Forecast Council revenue forecast.*
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