

SUMMARY ANALYSIS OF AMENDED BILL

Author: Simitian Analyst: William Koch Bill Number: SB 425
July 15, 2009 &
 Related Bills: See Prior Analysis Telephone: 845-4372 Amended Date: July 23, 2009
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Commute Expenditures Reduction Credit/Parking Subsidy Deduction Disallowed Unless All Employees Are Offered Parking Cash-Out

- _____ DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.
- _____ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- _____ AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.
- _____ FURTHER AMENDMENTS NECESSARY.
- _____ DEPARTMENT POSITION CHANGED TO _____.
- _____ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED
- X June 11, 2009, STILL APPLIES.
- X OTHER – See comments below.

SUMMARY

This bill would make two changes to current law:

1. Allow a tax credit for qualifying expenses relating to commute reduction and
2. Disallow the deduction of parking subsidies.

SUMMARY OF AMENDMENTS

The July 15, 2009, and July 23, 2009, amendments revised the definition of “qualified commute reduction expenditure.” The provision that would disallow the deduction of parking subsidies was not changed by the amendments.

As a result of the amendments, the “This Provision” section for the tax credit for commute reduction expenditures provision of this bill, as provided in the department’s analysis of this bill as amended June 11, 2009, has been revised. The remainder of that analysis still applies.

Board Position:	Legislative Director	Date
_____ S		
_____ SA	Brian Putler	8/25/09
_____ N		
_____ NA		
_____ O		
_____ OUA		
_____ NP		
_____ NAR		
<u> X </u> PENDING		

Provision 1: Tax Credit for Commute Reduction Expenditures

THIS PROVISION

For taxable years beginning on or after January 1, 2009, this provision would allow specified taxpayers to claim a credit under personal income and corporate tax law equal to 80 percent of the costs paid or incurred during the taxable year by the specified taxpayer, as defined, for qualified commute reduction expenditures.

The maximum credit would be:

- \$163 for taxable years beginning on or after January 1, 2009, and before January 1, 2010
- \$168 for taxable years beginning on or after January 1, 2010, and before January 1, 2011
- \$173 for taxable years beginning on or after January 1, 2011, and before January 1, 2012
- \$183 for taxable years beginning on or after January 1, 2012.

This provision would do the following:

- Define a “taxpayer” as a person or entity engaged in a trade or business within California who employs a maximum of 20 full-time employees as of June 30th of the taxable year.
- Define “Employee” as a person employed by the taxpayer on a full-time basis, who, at minimum, works 30 hours per week for compensation.
- Define “qualified commute reduction expenditures” as costs paid or incurred by the taxpayer for any of the following:
 1. Subsidizing employees commuting in:
 - vanpools, as defined
 - private commuter buses or buspools, as defined
 - subscription taxipools, as defined
 - a carpool, as defined
 - a ferry
 2. Subsidizing employees’ use of transit, as defined, or use by the employees’ dependents, as specified.
 3. Providing free or subsidized parking to carpools, vanpools, or any other vehicle used in a ridesharing arrangement within California.

4. Making facility improvements to encourage employees, for the purpose of commuting to or from that employee's place of employment, to participate in ridesharing arrangements, to bicycle or to walk. Facility improvements would include the construction of bus shelters, the installation of bicycle racks and other bicycle related facilities, and the modification of parking lots, as specified.
5. Making facility improvements to encourage employees to use an alternative transportation method, or subsidizing employees who already use an alternative transportation method, as specified, that reduces the use of a motor vehicle by a single occupant to travel to or from that employee's place of employment.
6. Subsidizing employees who travel to or from a telecommuting facility.
 - Allow the credit to be carried over until exhausted.
 - Require the credit to be in lieu of any deduction otherwise allowable for the same costs.
 - Provide the Franchise Tax Board with the authority to prescribe rules, guidelines, or procedures necessary or appropriate to administer the credit.

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