

SUMMARY ANALYSIS OF AMENDED BILL

Author: Simitian Analyst: William Koch Bill Number: SB 425
 Related Bills: See Prior Analysis Telephone: 845-4372 Amended Date: May 4, 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 amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED
 April 16, 2009, STILL APPLIES.
 OTHER – See comments below.

SUMMARY

This bill would allow a tax credit for qualifying expenses relating to commute reduction and disallow the deduction of parking subsidies.

SUMMARY OF AMENDMENTS

The May 4, 2009, amendments expanded on the type of facility improvements that would meet the definition of qualified commute reduction expenditure for the tax credit provision of this bill.

The May 4, 2009, amendments also deleted language in the tax credit provision of this bill that would exempt any Franchise Tax Board established rule, guideline or procedure from the Administrative Procedures Act.

As a result of the amendments, the “This Provision” discussion for the tax credit provision of this bill, as provided in the department’s analysis of the bill as amended April 16, 2009, has been revised. The remainder of that analysis still applies.

Board Position:	Legislative Director	Date
<input type="checkbox"/> S <input type="checkbox"/> NA <input type="checkbox"/> NP <input type="checkbox"/> SA <input type="checkbox"/> O <input type="checkbox"/> NAR <input type="checkbox"/> N <input type="checkbox"/> OUA <input checked="" type="checkbox"/> PENDING	Brian Putler	05/12/09

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 the lesser of \$1,500 or 80 percent of the costs paid or incurred during the taxable year by that specified taxpayer, as defined, for qualified commute reduction expenditures.

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 specified. The definition of a “taxpayer” would specifically exclude the state, a county, a city, a city and county, a special district as specified, a school district, a community college district, the California State University, or the University of California.
- 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 monthly transit passes for its employees or use by the employee’s 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 Franchise Tax Board with the authority to prescribe rules, guidelines, or procedures necessary or appropriate to administer the credit.

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