

SPECIAL NOTICE

June 18, 2003

For further information contact:
Telephone Information Center
1-800-647-7706 or (360) 705-6676

Alternate Formats (360) 705-6715
Teletype 1-800-451-7985

COMMUTE TRIP REDUCTION CREDIT PROGRAM

Engrossed Substitute House Bill (ESHB) 2228 (Chapter 364, Laws of 2003) provides commute trip reduction credits to employers and property managers who provide financial incentives to or on behalf of their own or others' employees for using commute trip reduction (CTR) methods. Commute trip reduction methods that qualify for the credit include ride sharing, public transportation, car sharing, and nonmotorized commuting.

This program is effective **July 1, 2003**, and expires as of **July 1, 2013**.

WHO IS ELIGIBLE TO RECEIVE CREDITS?

- ◆ Employers and property managers who pay the business and occupation (B&O) or public utility (PUT) taxes and provide commute trip reduction incentives to or on behalf of their employees or the employees of others.

HOW MUCH IS THE CREDIT?

- ◆ Statewide cap - \$2.25 million per fiscal year (July 1 through June 30)
- ◆ Employer/property manager cap - \$200,000 per fiscal year
- ◆ Per individual employee - not to exceed \$60 per fiscal year

TELL ME MORE

- ◆ Employers/property managers must maintain a record of each employee and the amount of incentives paid, less any employee contributions.
- ◆ The same credit may not be claimed for both B&O and PUT taxes.
- ◆ The credit may not exceed the amount of B&O or PUT taxes owed during the fiscal year.
- ◆ The credit must be claimed within the fiscal year in which the incentives are paid, beginning July 1, 2003.
- ◆ Only one employer/property manager may use the credit for incentives paid to or on behalf of a specific employee.
- ◆ A person whose B&O and PUT liability exceeds the amount of credit may defer taking the credit for up to three fiscal years.

HOW DO I CLAIM THE CREDIT?

You must complete the attached COMMUTE TRIP REDUCTION CREDIT REPORTING SCHEDULE and send it with your Combined Excise Tax Return each time you claim the credit.

When the \$2.25 million fiscal year statewide cap is reached, no further credit will be available during that fiscal year. Credits will be permitted on a first come, first served, basis and will not be prorated. If you claim a credit after the cap is

(more)



met, the Department will issue a Notice of Balance Due for the amount exceeding the cap. You must pay the Notice of Balance Due, but you may defer the credits earned to one of the next three fiscal years.

TELL ME MORE ABOUT DEFERRING CREDITS

How does deferring credits impact the statewide fiscal year cap?

- ◆ The deferral is available for credits that, if taken, would cause the statewide cap to exceed \$2.25 million in a fiscal year.
- ◆ Credits deferred **DO NOT** count against the statewide cap for the fiscal year for which they are deferred.
- ◆ Credits deferred **DO** count against the statewide cap for the fiscal year in which they are taken.

How does deferring credits impact the employer/property manager fiscal year cap?

- ◆ The deferral is **NOT** available for incentives paid beyond the employer/property manager \$200,000 cap in a fiscal year.
- ◆ Credits deferred **DO NOT** count against the employer/property manager \$200,000 cap for the fiscal year in which they are actually taken.
- ◆ Credits may be deferred for up to three fiscal years after the fiscal year in which it accrues. Any credits remaining as of July 1, 2013, will expire.

If you wish to defer credits or claim credits that you have already deferred, please call (360) 902-7175 for instructions.

DEPARTMENT OF TRANSPORTATION GRANT PROGRAM

ESHB 2228 (Chapter 364, Laws of 2003) also authorizes a performance-based grant program for private employers, public agencies, nonprofit organizations, developers, and property managers who provide financial incentives to or on behalf of their own or others' employees for using commute trip reduction methods. For further information, please contact:

Keith Cotton
Washington State Department of Transportation
310 Maple Park Avenue
PO Box 47387
Olympia, WA 98504-7387
(360) 705-7910 or cottonk@wsdot.wa.gov

QUESTIONS?

If you have any questions about the credit program, please call the Department of Revenue's Taxpayer Account Administration Division at (360) 902-7175 or write to the Department of Revenue, Taxpayer Information and Education, Post Office Box 47478, Olympia, Washington, 98504-7478, fax (360) 486-2159. You may also use the form and read the information on the Department's web site at <http://dor.wa.gov>.

If you would like to have a copy of ESHB 2228 (Chapter 364, Laws of 2003), please visit the bill information site for the Washington State Legislature at: <http://www.leg.wa.gov/wsladm/bills.cfm>.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users please call 1-800-451-7985.



MAIL TO: State of Washington
 Department of Revenue
 PO Box 34051
 Seattle, WA 98124-1051

Commute Trip Reduction Reporting/Deferral Schedule

▶ Use Black Ink and Attach Original Form to Your Return

Tax Registration Number

Reporting Period /
Period Year

Business Name _____

Calculation of Commute Trip Reduction (CTR) Credit

1. Number of employees for which incentives are paid this fiscal year _____

| | Incentives Paid Fiscal YTD | | Credit |
|---|--|-------|---|
| 2. CTR incentives paid this fiscal year to date (maximum \$120 per employee)..... \$ | <input type="text"/> | x .50 | <input type="text"/> |
| 3. Maximum of \$200,000 CTR credit per employer or property manager per fiscal year. | | | \$ <input type="text"/> |

Total Available Commute Trip Reduction Credit

| | | |
|--|----|--|
| 4. Possible CTR credit amount for this fiscal year (the lesser of lines 2 or 3 above)..... | \$ | <input type="text"/> |
| 5. Total CTR credits taken on prior excise tax returns this fiscal year. | \$ | <input type="text"/> |
| 6. Subtract line 5 from line 4 for remaining available CTR credit this fiscal year. | \$ | <input type="text"/> |
| 7. From your excise tax return: total business and occupation tax and public utility tax due this reporting period. | \$ | <input type="text"/> |
| 8. Enter the lesser of line 6 or line 7 above for this reporting period CTR credit. Transfer to line 9 or 10 to take this credit or line 11 or 12 to defer. | \$ | <input type="text"/> |

Amount of Commute Trip Reduction Credit This Period

9. If you report under the **Business and Occupation Tax Section**, transfer this amount to page 2 on the **Other Credits** line of your excise tax return. 820 \$

- OR -

10. If you report under the **Public Utility Tax Section**, transfer this amount to page 2 on the **Other Credits** line of your excise tax return. 825 \$

Amount of Commute Trip Reduction Credit Deferred This Period

11. If you report under the **Business and Occupation Tax Section**, enter the amount you wish to defer. 821 \$

- OR -

12. If you report under the **Public Utility Tax Section**, enter the amount you wish to defer. 826 \$

Note: Do not include the use of deferred credit on this schedule. If you have questions regarding the CTR Program, please call (360) 902-7175.

Commute Trip Reduction Program

Beginning July 1, 2003, employers and property managers who provide financial incentives for using commute trip reduction (CTR) methods may claim a credit on their excise tax return. Financial incentives must be paid to, or on behalf of, their own employees or employees of others. The incentives must be paid for ride sharing, public transportation, car sharing, or non-motorized commuting. (See Chapter 364, Laws of 2003.)

The credit may be used against the business and occupation tax (B&O) or public utility tax (PUT). However, the same credit may not be used against both taxes. The credit must be claimed for the same fiscal year (July 1 through June 30) in which the incentives are paid. If the B&O and public utility taxes due are equal to or greater than the credit accrued during the fiscal year, the credits may be carried over (deferred) for up to three fiscal years.

The credit is equal to 50% of the incentive paid to or on behalf of the employee, less any employee contributions. The maximum amount of credit for each employee per fiscal year is \$60. The maximum amount of credit an employer or property manager may take for a fiscal year is \$200,000. The statewide cap is \$2.25 million for a fiscal year. Credits claimed after the statewide cap is reached will be denied.

If you have questions regarding the commute trip reduction credit, call (360) 902-7175. For additional forms, visit our web site at <http://dor.wa.gov>.

Deferring Commute Trip Reduction (CTR) Credits

CTR credits may be deferred for a period of not more than three fiscal years from the fiscal year in which the credit accrues.

Credits may be deferred as follows:

- You choose to defer all or part of your credits during a specific fiscal year to a future fiscal year. The deferred credits cannot exceed the amount of B&O or PUT due during the fiscal year from which they are deferred.
- You have been denied credit on a tax return because the statewide cap has been met and you apply to defer it.

If you choose to defer the credit, you must complete lines 1 through 8, and line 11 or 12 of the Commute Trip Reduction Reporting/Deferral Schedule. Mail the schedule with your return or, to the Department's Taxpayer Account Administration Division at:

Department of Revenue
Taxpayer Account Administration
PO Box 47476
Olympia, Washington 98504-7476

After the Department receives your request to defer the credits, we will send you a credit certificate within 60 days. The credit certificate will have an expiration date of no later than three years from the current year.

If you try to use credits after the statewide cap has been met, the Department will send you a Notice of Balance Due. No credit statewide is remaining for that fiscal year. You must pay the balance due by the due date or penalties and interest will accrue. You may then apply to defer unused credits as stated above.

The CTR Credit Program expires June 30, 2013.

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