

SPECIAL NOTICE

June 20, 2005

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 — 2005 Updates

Employers and property managers who provide commute trip reduction incentives to or on behalf of their own or other employees are eligible for a credit against their business and occupation (B&O) or public utility tax (PUT) liability. Commute trip reduction methods that qualify for the credit are ride sharing, public transportation, car sharing, and non-motorized commuting.

2005 Updates

Engrossed Senate Bill 6003, (Chapter 297, Laws of 2005) provides changes to the Commute Trip Reduction Credit Program **effective July 1, 2005**. Changes to this program include:

- ◆ Requiring persons that claim the credit to submit an annual application to the Department of Revenue by January 31 each year;
- ◆ Allowing any unused credit approved after June 30, 2005, to be carried forward and used in subsequent years until June 30, 2013;
- ◆ Increasing the total amount of credit available for all taxpayers from \$2.25 million to \$2.75 million per fiscal year; and
- ◆ Reducing, proportionally, the amount of credit allowed for all applicants so that the cap is not exceeded, if the total amount of credit requested by all applicants in any fiscal year exceeds the \$2.75 million cap. (A fiscal year begins July 1 and ends June 30 of the following year.)

How much is the credit?

The amount of the credit is 50 percent of the amount paid to or on behalf of each employee for ride sharing, car sharing, using public transportation, or using non-motorized commuting. However, the credit is subject to the following limits:

- ◆ The credit may not exceed \$60 per employee per fiscal year.
- ◆ No employer or property manager may receive more than \$200,000 of credit per fiscal year. This cap does not apply to credits carried forward from prior years.
- ◆ The total amount of credit available for all taxpayers is limited to \$2.75 million per fiscal year. This cap applies to credits deferred prior to July 1, 2005, and carried forward from prior years. However, this

cap does not apply to credits approved after July 1, 2005, and carried forward from prior years. If a deferred credit is subject to proportional reduction, the amount of deferred credit disallowed because of the proportional reduction may be carried forward as long as the period of deferral does not exceed three years after the year in which the credit was earned.

What else do I need to know?

- ◆ 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 or reporting period.
- ◆ Only one employer/property manager may use the credit for incentives paid to or on behalf of a specific employee.
- ◆ Through June 30, 2005, an employer/property manager with taxes equal to or in excess of the eligible credit amount may elect to defer tax credits for up to three years from the year in which the credit was earned. *Any deferred credits existing on July 1, 2005, may not be claimed unless the deferred credit is included in an annual application and approved by the Department.* Deferred credits must be used by June 30, 2008.
- ◆ Credits may not be claimed after June 30, 2013.

How I claim the credit?

Effective July 1, 2005, an employer or property manager must complete an application to be eligible for a tax credit. **The application must be received by the Department of Revenue between January 1 and January 31, following the calendar year in which the applicant made commute trip reduction incentive payments.** The law requires the Department to disapprove any applications received after January 31, regardless of the reason why the application was not received by the due date. Once an application is approved and tax credit granted, the Department is not allowed to increase the credit.

Applications will be approved within 60 days of the January 31 deadline. (Applications due by January 31, 2006, may not include incentives paid from January 1, 2005, through June 30, 2005.)

Where can I get more information?

For additional information, contact our Telephone Information Center at 1-800-647-7706.

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.