**HB1012 - Income Tax Credit – Commuter Benefits – Eligibility and Credit Amount**

This bill increases the amount of income tax credit that a business can claim for providing commuter benefits to its employees and expands the program to include vehicles with less seating capacity. The current tax credit is capped at $50 a month per participating employee. This bill increases that amount to $100.

**Why Should the Commuter Tax Credit be Expanded?**

In 1999, Maryland passed its first Commuter Tax Credit program, and has expanded the program twice, in 2000 and 2002. The program’s initial creation had overwhelming bipartisan support and both expansions passed unanimously in each chamber of the General Assembly.

***This legislation will…***

* Expand the incentive for employers to participate in the Commuter Choice program
* Encourage employer-sponsored transportation programs and last-mile solutions

Proponents of the program included a diverse coalition of business groups, environmentalists, and transit advocates.

With the Commuter Tax Credit program Maryland is telling employers we will meet you halfway if you provide your employees a subsidy for costs associated with efficient commuting options including bus, train, and employer shuttle or vanpooling.

Under current law, an employer may claim a credit for up to 50% of the cost of providing certain defined commuter benefits to employees. Under the proposed legislation the 50% threshold remains unchanged; however, the maximum allowable credit is increased from $50 to $100 per employee per month.

Raising the maximum allowable credit will particularly help improve connections between workers and suburban employers.  That’s because the monthly cost of providing an employer shuttle, subsidizing vanpools, commuter bus or MARC passes often exceeds $100.  For example, a worker who commutes from Baltimore City to Aberdeen pays $189 for a MARC monthly pass.  Vanpool costs typically range between $160 and $220 per month. If an employer subsidizes those expenses, 50% would be $80 to $110 but the current credit is capped at $50.

This is important and necessary because many of the best opportunities for low-skilled and mid-skilled workers are located in employment centers outside traditional downtowns.  These jobs are clustered in places like the I-270 corridor, near Laurel, near BWI, Owings Mills, and the Perryman Peninsula in Harford County.

Additionally, the bill reduces from 8 to 6 the seating capacity required for a vehicle to be eligible for the program. This change would expand the program to more vanpools.

Raising the cap would encourage more employers and their employees to make efficient use of our transportation infrastructure, thereby reducing roadway congestion for all travelers.

Eligible uses include:

* Transit passes
* Vanpools with seating capacity of at least 6
* Parking “Cash-Out” program
* Guaranteed Ride How program

Bill had no opposition and support included by MDOT, BWI Partnership, Central Maryland Transportation Alliance, Baltimore Metropolitan Council, Citizen Planning and Housing Association, 1000 Friends of Maryland.