

HOUSE RESEARCH

Bill Summary

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Subject: Credit for Employer Provided Transit Passes

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Overview

This bill allows a 30 percent income tax credit for employer provided transit passes.

- 1 Transit pass credit.** Allows employers an income tax credit equal to 30 percent of the cost of transit passes provided to employees. This credit applies to both the corporate franchise tax (for C corporations) and the individual income tax (for sole proprietors, partnerships, and S corporations). The credit does not apply to any amount the employer recoups from employees by selling the passes (i.e., the credit applies to the "bargain" or reduction in the price, if the employer sells the passes to employees). The definition of transit passes is taken from federal tax law. It includes both public and privately owned systems; the vehicles must seat 6 or more individuals beside the driver.
- 2 Effective date.** Effective beginning for tax year 1999.