



Commuter Trip Reduction (CTR) Board Proposal to Extend the CTR Tax Credit

Key components of the program:

- Employers and property managers who provide commuter 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.
- The credit is equal to 50 percent of the incentive payments paid by the employer or property manager, not to exceed \$60 per employee per 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 employer or property manager applies to the Department of Revenue the following January for a credit based on the incentives paid in the prior calendar year. The Department authorizes credits to the applicants. Each applicant's available credit is prorated based on the statewide cap.
- Applicants can apply the credit to B&O tax and PUT owed by them. If an applicant is unable to use all its available credit, the credit can be carried forward until used. The credit may not exceed the amount of B&O and PUT taxes owed by an applicant during the reporting period.

Department of Revenue suggestions:

- Change the expiration date for accruing credit to the end of a calendar year rather than the end of a fiscal year (June 30th). The program is designed for the accrual to end on a calendar year so this just removes the statutory inconsistency.
- If carry over credits will be eliminated, provide a phase-out date instead of an abrupt end date. This provides taxpayers adequate notice to use their carry over credits before they expire and is consistent with the Department's past practices.
- If new credits will expire at the end of a calendar year, reference "tax reporting periods" for the yearly expiration date instead of just a date. This eliminates the problem of taxpayers being cut-off before their final reporting period each year.
- Allow the Department to accept applications received up to 15 days after the deadline because of circumstances beyond the control of the taxpayer. The current language does not allow us to make any exceptions to the application deadline.
- Require taxpayers claiming the credit to file their taxes electronically. This increases the efficiency of the program.