

AMENDED IN SENATE JUNE 13, 2000  
AMENDED IN SENATE APRIL 10, 2000  
AMENDED IN SENATE APRIL 5, 2000  
AMENDED IN SENATE MARCH 28, 2000

**SENATE BILL**

**No. 1754**

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**Introduced by Senator Kelley**

February 23, 2000

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An act to add and repeal Sections 17053, 17053.1, and 23605 of the Revenue and Taxation Code, relating to transportation, ~~and making an appropriation therefor,~~ to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1754, as amended, Kelley. Transportation: mass transit.

Existing law contains various provisions encouraging the use of mass transit.

This bill would express the intent of the Legislature to encourage the use of mass transit specific to San Diego County, incentives to businesses and individuals for the purpose of studying the viability of extending and creating new mass transit programs.

The Personal Income Tax Law and the Bank and Corporation Tax Law authorize various credits against the taxes imposed by those laws.

This bill would, under both laws, for taxable and income years beginning on or after January 1, 2001, and before January 1, 2006, allow a tax credit in an amount equal to 40%

of the cost paid or incurred for providing subsidized public transit passes to employees, as provided.

This bill would, under the Personal Income Tax Law, for taxable years beginning on or after January 1, 2001, and before January 1, 2006, allow a credit in an amount equal to specified percentages of the cost paid or incurred by an employee for subsidized public transit passes, as specified.

~~This bill would make an appropriation for mass transit purposes.~~ This bill would require certain county transit agencies to make an annual report to the Legislature, thereby imposing a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

This bill would take effect immediately as a tax levy.

Vote:  $\frac{2}{3}$  majority. Appropriation: ~~yes~~ no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. It is the intent of the Legislature to  
2 encourage the use of mass transit specific to San Diego  
3 County and to provide incentives to businesses and  
4 individuals for the purpose of studying the viability of  
5 extending and creating new mass transit programs.

6 SEC. 2. Section 17053 is added to the Revenue and  
7 Taxation Code, to read:

8 17053. (a) For each taxable year beginning on or  
9 after January 1, 2000, and before January 1, 2006, there  
10 shall be allowed as a credit against the “net tax,” as  
11 defined in Section 17039, an amount equal to 40 percent  
12 of the cost paid or incurred by an employer *in a*



1 *redevelopment area or high density employment area* for  
2 providing subsidized public transit passes to an employee.

3 (b) If the credit allowed by this section exceeds the  
4 “net tax,” the excess may be carried over to reduce the  
5 “net tax” in the following year and succeeding years if  
6 necessary, until the credit has been exhausted.

7 (c) For purposes of this section:

8 (1) “Employer” means a taxpayer, except a  
9 governmental agency, who employs an employee and for  
10 whom services are performed by that employee.

11 (2) “Employee” means an individual working in  
12 California and employed by the taxpayer who performs  
13 at least 10 hours per week of service for the taxpayer for  
14 remuneration.

15 (3) “Transit pass” means any pass, token, fare card,  
16 voucher, or similar item entitling a person to  
17 transportation on a publicly owned mass transit vehicle in  
18 a redevelopment area or high density employment area  
19 located in San Diego County.

20 (4) “Redevelopment area” means an area designated  
21 by the City of San Diego as being redeveloped by special  
22 exemption of the city. “Redevelopment area” includes,  
23 but is not limited to, the Centre City, the College Area,  
24 and the Naval Training Center.

25 (5) “High density employment area” means an area  
26 where a high number of individuals are employed and  
27 cause increased traffic congestion on the roads and  
28 highways leading into and out of that area. “High density  
29 employment area” includes, ~~but is not limited to~~  
30 *Carlsbad*, Centre City, Coronado, Mira Mesa, *Otay Mesa*,  
31 and Sorrento Valley.

32 (d) The credit provided in this section shall be in lieu  
33 of any deduction under this part to which the taxpayer  
34 otherwise may be entitled for costs to which the credit  
35 applies.

36 (e) This section shall remain in effect only until  
37 December 1, 2006, and as of that date, is repealed.

38 SEC. 3. Section 17053.1 is added to the Revenue and  
39 Taxation Code, to read:



1 17053.1. (a) For each taxable year beginning on or  
2 after January 1, 2001, and before January 1, 2006, there  
3 shall be allowed as a credit against the “net tax,” as  
4 defined in Section 17039, an amount equal to the  
5 following percentage of the cost paid or incurred by an  
6 employee, as defined by Section 17053, for subsidized  
7 public transit passes, as defined by Section 17053:

8 (1) Forty percent if the employee uses mass transit in  
9 San Diego County for at least 80 days per taxable year.

10 (2) Twenty percent if the employee uses mass transit  
11 in San Diego County for at least 40 days per taxable year.

12 (b) If the credit allowed by this section exceeds the  
13 “net tax,” the excess may be carried over to reduce the  
14 “net tax” in the following year and succeeding years if  
15 necessary, until the credit has been exhausted.

16 (c) This section shall remain in effect only until  
17 December 1, 2006, and as of that date, is repealed.

18 SEC. 4. Section 23605 is added to the Revenue and  
19 Taxation Code, to read:

20 23605. (a) For each income year beginning on or  
21 after January 1, 2001, and before January 1, 2006, there  
22 shall be allowed as a credit against the “tax,” as defined  
23 in Section 23036, an amount equal to 40 percent of the cost  
24 paid or incurred by an employer *in a redevelopment area*  
25 *or high density employment area* for providing  
26 subsidized public transit passes to an employee.

27 (b) If the credit allowed by this section exceeds the  
28 “tax,” the excess may be carried over to reduce the “tax”  
29 in the following year and succeeding years if necessary,  
30 until the credit has been exhausted.

31 (c) For purposes of this section:

32 (1) “Employer” means a taxpayer, except a  
33 governmental agency, who employs an employee and for  
34 whom services are performed by that employee.

35 (2) “Employee” means an individual working in  
36 California and employed by the taxpayer who performs  
37 at least 10 hours per week of service for the taxpayer for  
38 remuneration.

39 (3) “Transit pass” means any pass, token, fare card,  
40 voucher, or similar item entitling a person to



1 transportation on a publicly owned mass transit vehicle in  
2 a redevelopment area or high density employment area  
3 located in San Diego County.

4 (4) “Redevelopment area” means an area designated  
5 by the City of San Diego as being redeveloped by special  
6 exemption of the city. “Redevelopment area” includes,  
7 but is not limited to, the Centre City, the College Area,  
8 and the Naval Training Center.

9 (5) “High density employment area” means an area  
10 where a high number of individuals are employed and  
11 cause increased congestion on the roads and highways  
12 leading into and out of that area. “High density  
13 employment area” includes, ~~but is not limited to~~  
14 *Carlsbad*, Centre City, Coronado, Mira Mesa, *Otay Mesa*,  
15 and Sorrento Valley.

16 (d) The credit provided in this section shall be in lieu  
17 of any deduction under this part to which the taxpayer  
18 otherwise may be entitled for costs to which the credit  
19 applies.

20 (e) This section shall remain in effect only until  
21 December 1, 2006, and as of that date, is repealed.

22 SEC. 5. County transit agencies in San Diego County  
23 shall make an annual report to the Legislature as to the  
24 results of the program implemented by this act.

25 SEC. 6. Notwithstanding Section 17610 of the  
26 Government Code, if the Commission on State Mandates  
27 determines that this act contains costs mandated by the  
28 state, reimbursement to local agencies and school  
29 districts for those costs shall be made pursuant to Part 7  
30 (commencing with Section 17500) of Division 4 of Title  
31 2 of the Government Code. If the statewide cost of the  
32 claim for reimbursement does not exceed one million  
33 dollars (\$1,000,000), reimbursement shall be made from  
34 the State Mandates Claims Fund.

35 ~~SEC. 7. There is hereby appropriated the sum of one~~  
36 ~~hundred forty thousand dollars (\$140,000) from the~~  
37 ~~Infrastructure and Economic Development Bank Fund,~~  
38 ~~established by Section 63050 of the Government Code, to~~  
39 ~~the San Diego Association of Governments for the~~  
40 ~~purpose of creating new options for mass transit during~~



1 ~~the time that the tax credits allowed by this act are in~~  
2 ~~effect.~~

3 ~~SEC. 8.—~~

4 *SEC. 7.* This act provides for a tax levy within the  
5 meaning of Article IV of the Constitution and shall go into  
6 immediate effect.

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