

AMENDED IN SENATE MARCH 28, 2000

SENATE BILL

No. 1754

Introduced by Senator Kelley

February 23, 2000

An act ~~relating to transportation~~ *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: ~~majority~~ ^{2/3}. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: ~~no~~ 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 for providing
13 subsidized public transit passes to an employee.

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



1 (c) For purposes of this section:

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

5 (2) “Employee” means an individual working in
6 California and employed by the taxpayer who performs
7 at least 10 hours per week of service for the taxpayer for
8 remuneration.

9 (3) “Transit pass” means any pass, token, fare card,
10 voucher, or similar item entitling a person to
11 transportation on a publicly owned mass transit vehicle in
12 a redevelopment area or high density employment area
13 located in San Diego County.

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

19 (5) “High density employment area” means an area
20 where a high number of individuals are employed and
21 cause increased traffic congestion on the roads and
22 highways leading into and out of that area. “High density
23 employment area” includes, but is not limited to Centre
24 City, Mira Mesa, and Sorrento Valley.

25 (d) The credit provided in this section shall be in lieu
26 of any deduction under this part to which the taxpayer
27 otherwise may be entitled for costs to which the credit
28 applies.

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30 December 1, 2006, and as of that date, is repealed.

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

33 17053.1. (a) For each taxable year beginning on or
34 after January 1, 2001, and before January 1, 2006, there
35 shall be allowed as a credit against the “net tax,” as
36 defined in Section 17039, an amount equal to the
37 following percentage of the cost paid or incurred by an
38 employee, as defined by Section 17053, for subsidized
39 public transit passes, as defined by Section 17053:



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

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

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

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

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

13 23605. (a) For each income year beginning on or
14 after January 1, 2001, and before January 1, 2006, there
15 shall be allowed as a credit against the “tax,” as defined
16 in Section 23036, an amount equal to 40 percent of the cost
17 paid or incurred by an employer for providing subsidized
18 public transit passes to an employee.

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

23 (c) For purposes of this section:

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

27 (2) “Employee” means an individual working in
28 California and employed by the taxpayer who performs
29 at least 10 hours per week of service for the taxpayer for
30 remuneration.

31 (3) “Transit pass” means any pass, token, fare card,
32 voucher, or similar item entitling a person to
33 transportation on a publicly owned mass transit vehicle in
34 a redevelopment area or high density employment area
35 located in San Diego County.

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



1 (5) “High density employment area” means an area
2 where a high number of individuals are employed and
3 cause increased congestion on the roads and highways
4 leading into and out of that area. “High density
5 employment area” includes, but is not limited to Centre
6 City, Mira Mesa, and Sorrento Valley.

7 (d) The credit provided in this section shall be in lieu
8 of any deduction under this part to which the taxpayer
9 otherwise may be entitled for costs to which the credit
10 applies.

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

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

16 SEC. 6. Notwithstanding Section 17610 of the
17 Government Code, if the Commission on State Mandates
18 determines that this act contains costs mandated by the
19 state, reimbursement to local agencies and school
20 districts for those costs shall be made pursuant to Part 7
21 (commencing with Section 17500) of Division 4 of Title
22 2 of the Government Code. If the statewide cost of the
23 claim for reimbursement does not exceed one million
24 dollars (\$1,000,000), reimbursement shall be made from
25 the State Mandates Claims Fund.

26 SEC. 7. There is hereby appropriated the sum of one
27 hundred forty thousand dollars (\$140,000) from the
28 Infrastructure and Economic Development Bank Fund,
29 established by Section 63050 of the Government Code, to
30 San Diego County for the purpose of creating new
31 options for mass transit during the time that the tax
32 credits allowed by this act are in effect.

33 SEC. 8. This act provides for a tax levy within the
34 meaning of Article IV of the Constitution and shall go into
35 immediate effect.

O

