

AMENDED IN SENATE APRIL 5, 2000
AMENDED IN SENATE MARCH 28, 2000

SENATE BILL

No. 1754

Introduced by Senator Kelley

February 23, 2000

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: $\frac{2}{3}$. Appropriation: yes. 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 for providing
13 subsidized public transit passes to an employee.



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

5 (c) For purposes of this section:

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

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

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

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

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

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

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34 December 1, 2006, and as of that date, is repealed.

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

37 17053.1. (a) For each taxable year beginning on or
38 after January 1, 2001, and before January 1, 2006, there
39 shall be allowed as a credit against the “net tax,” as
40 defined in Section 17039, an amount equal to the



1 following percentage of the cost paid or incurred by an
2 employee, as defined by Section 17053, for subsidized
3 public transit passes, as defined by Section 17053:

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

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

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

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

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

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

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

26 (c) For purposes of this section:

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

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

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

39 (4) “Redevelopment area” means an area designated
40 by the City of San Diego as being redeveloped by special



1 exemption of the city. “Redevelopment area” includes,
2 but is not limited to, the Centre City, the College Area,
3 and the Naval Training Center.

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

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

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

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

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

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



1 SEC. 8. This act provides for a tax levy within the
2 meaning of Article IV of the Constitution and shall go into
3 immediate effect.

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