

DEPARTMENT OF TAXATION

2001 Fiscal Impact Statement

1. **Patron** McEachin

3. **Committee** House Finance

4. **Title** Income Tax: Employer-Provided Commuter
Benefits Tax Credit

2. **Bill Number** HB 2354

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would allow employers a tax credit against the individual and corporate income tax for 50% of eligible employer-provided commuting expenses for employees, not to exceed \$240 per employee annually.

This bill would be effective for taxable years beginning on and after January 1, 2002.

6. **Fiscal Impact Estimates are:** Unavailable. (See Line 8.)

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

While this bill does have costs associated with systems development, these cannot be ascertained at this time. The cost for implementing a **single** piece of legislation cannot be calculated precisely due to economies of scale. The actual cost to implement **all** legislation enacted during a given session will more than likely be less than the sum of the costs attributed to individual bills. Further, the ability to accurately predict costs is complicated because TAX is replacing its current database system. As a result, legislative changes may need to be made to both the current and the future system, depending on the effective date. Therefore, TAX is not providing specific systems costs for this bill, but will calculate the total for all tax bills once they have been acted upon favorably in both houses and prior to the conference committee report. Other administrative costs to implement this bill would be minimal.

Data is not available to estimate the General Fund revenue loss from this bill.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: None

11. Other comments:

General

This bill would allow employers a tax credit against the individual and corporate income tax for 50% of eligible employer-provided commuting expenses for employees, not to exceed \$240 per employee annually. This credit will not be allowed to the extent a federal deduction has been taken for the same commuting expenses. The credit may not exceed the employer's tax liability and may not be carried forward or back.

Eligible commuting expenses are defined as the costs that cover travel between an employee's residence and place of employment by means of a multiple seating vehicle or mass-transit transportation.

Federal Law

Under federal law, employers may deduct commuting expenses provided to employees as a portion of their salaries and wages. Employer-provided commuting expenses are includable in an employee's gross income to the extent they exceed \$65 per month.

Other Legislation

Senate Bill 1215 is identical to this bill.

cc: Secretary of Finance

Date: 1/16/01/CT

Document: S:\2001leg\WorkInProgress\OTPwork\House Bills\HB2354F161.doc