

GEORGIA STATE UNIVERSITY
ANDREW YOUNG SCHOOL OF POLICY STUDIES
FISCAL RESEARCH PROGRAM
January 17, 2001

REVENUE ANALYSIS: State Corporate Income Tax Credit for Federal Qualified Transportation Fringe Benefits

Analysis Prepared by William J. Smith

Issue

Both federal and state agencies have initiated tax policies intended to reduce commuter traffic in single occupancy vehicles (SOV). Currently the federal government allows employees to exempt up to \$65 per month (\$780 per year) in federally approved commute benefits *this extends to the Georgia personal income tax due to the coupling nature of Georgia's income tax*. Georgia currently has 13 counties, all in the Atlanta Metropolitan Statistical Area, that are in ozone non-attainment, a situation attributed primarily to automobile traffic. In addition, other metropolitan counties outside the Atlanta area are at risk of falling into non-attainment status. In 1999 Georgia's state tax code was amended to allow \$25 per employee per year tax credit for "federal qualified transportation fringe benefits."

Revenue Impact

We estimate the revenue cost of a state tax credit for federal qualified transportation fringe benefits as follows:

REVENUE ESTIMATE: STATE EMPLOYEE TAX CREDIT FOR FEDERAL QUALIFIED TRANSPORTATION FRINGE BENEFITS

Eligibility	Annual Credit Value	Estimated Year 1 Tax Loss*
All Georgia Counties	\$120.00	\$922,330
All Georgia Counties	\$240.00	\$3,689,320
All Georgia Counties	\$360.00	\$8,300,970
Non-Attainment Counties	\$120.00	\$447,044
Non-Attainment Counties	\$240.00	\$1,788,175
Non-Attainment Counties	\$360.00	\$4,023,393
Firms with 100+ Employment	\$120.00	\$459,037
Firms with 100+ Employment	\$240.00	\$1,836,149
Firms with 100+ Employment	\$360.00	\$4,131,335
Firms with 100+ Employment within Non-Attainment Counties	\$120.00	\$222,490
Firms with 100+ Employment within Non-Attainment Counties	\$240.00	\$889,962
Firms with 100+ Employment within Non-Attainment Counties	\$360.00	\$2,002,414

* The revenue cost will increase by approximately 3 percent per year after year 1.

Assumptions:

Average commuting cost of \$85 per month for SOV (<http://www.perimetergo.org/commutecosts.htm>).

Average trip distance of 15 miles (Atlanta Regional Commission).

Distribution of corporate and non-corporate firms are geographically similar.

Firms with less than 10 workers are non-corporations.

Firms with more than 10 workers are corporations.

Only corporations with corporate income tax liability will file for the tax credit; however, among firms with corporate tax liability all firms eligible will file for the credit.

The proposed credit will not offset any portion of the current credit.

Document Metadata

This document was retrieved from IssueLab - a service of the Foundation Center, <http://www.issuelab.org>

Date information used to create this page was last modified: 2014-02-15

Date document archived: 2010-08-06

Date this page generated to accompany file download: 2014-04-15

IssueLab Permalink: http://www.issuelab.org/resource/state_corporate_income_tax_credit_for_federal_qualified_transportation_fringe_benefits

State Corporate Income Tax Credit for Federal Qualified Transportation Fringe Benefits

Publisher(s): Fiscal Research Center of the Andrew Young School of Policy Studies

Author(s): William J. Smith

Date Published: 2001-01-17

Rights: Copyright 2001 Fiscal Research Center of the Andrew Young School of Policy Studies

Subject(s): Transportation