COMMUTE TRIP REDUCTION TAX CREDIT 2025 APPLICATION REPORT

TDM Technical Committee
November 2025
WSDOT Public Transportation Division

Agenda

Outcomes

- Provide background
- Report on 2025 application data
- Discussion

Roles

- **Department of Revenue:** Manage application, awards, budget
- **JLARC:** Conduct independent review of credits; recommend changes
- **WSDOT:** advise Department of Revenue, consult with Technical Committee
- **Technical Committee:** Steward strategies that advance CTR outcomes
- **TDM implementers:** promote and advise on the credit, reimbursable expense of AWPs

Background

- Credit expired July 2025
- Credit amendments proposed
- Implementer testimony in committees
- Progressed to Ways and Means
  - Amendment to its performance measurement procedure.
  - Returned to its origin committee
    - Timed out
- Credit not renewed in 2025 session

WA - CTR Tax Credit

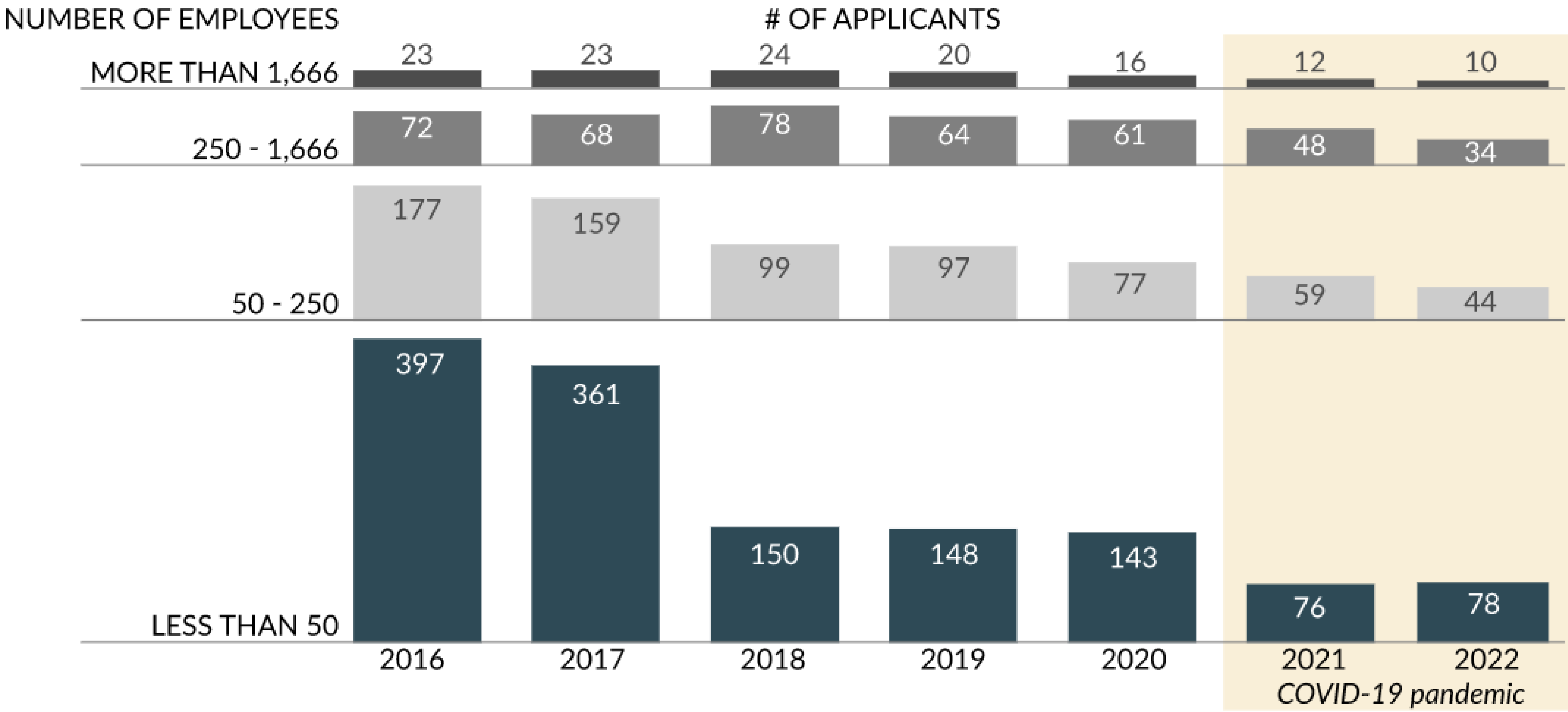
Tax preferences for organizations that provide commuter subsidies

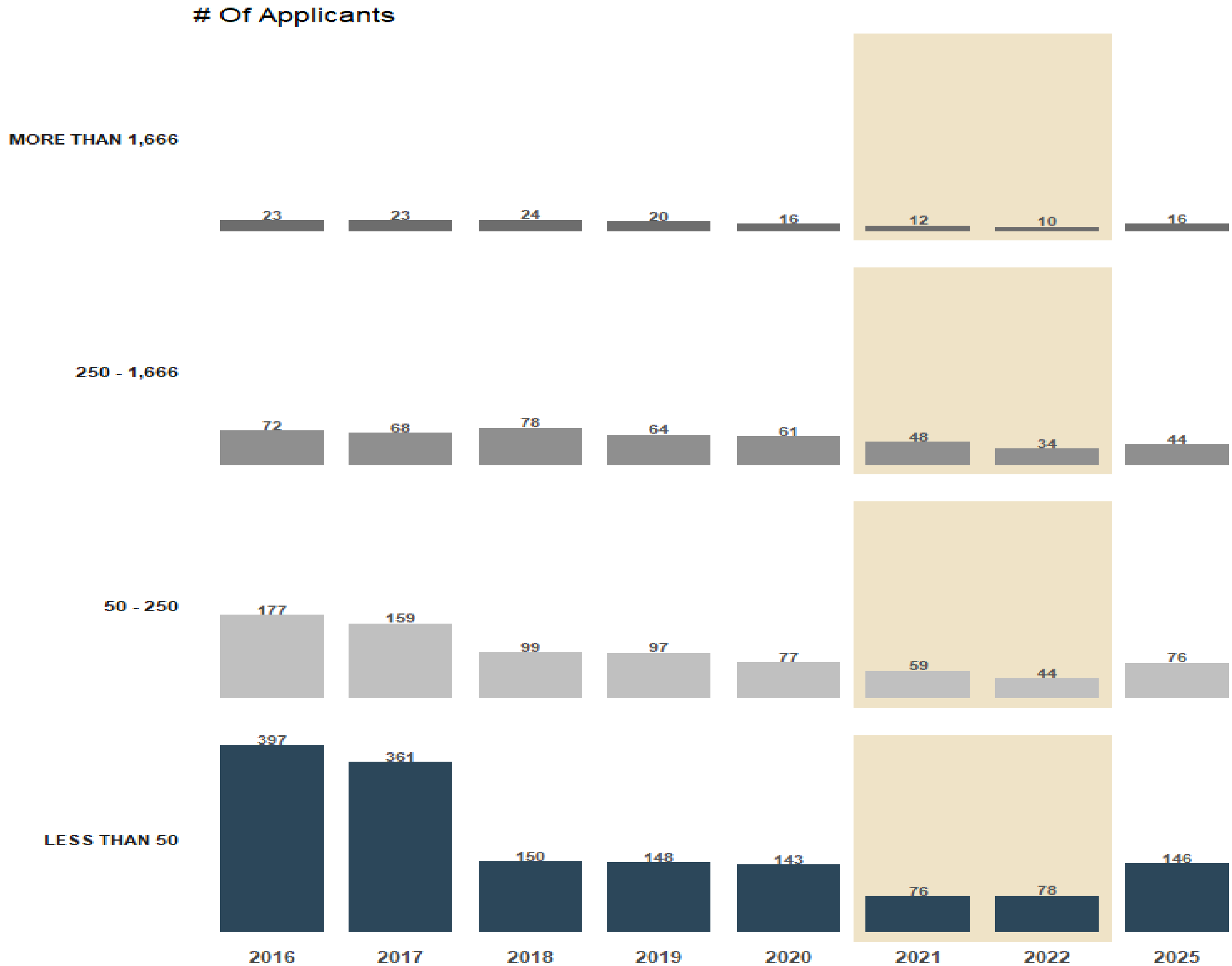
Limitations:

- Up to $100K per year
- $60 per employee per year
- Award not to 50% of amount paid to employee
- $2.75M total credit cap
- When total cap exceeded, all applicants receive a ratable reduction

Background

- Applicant count fell
- Greatest drop among small businesses



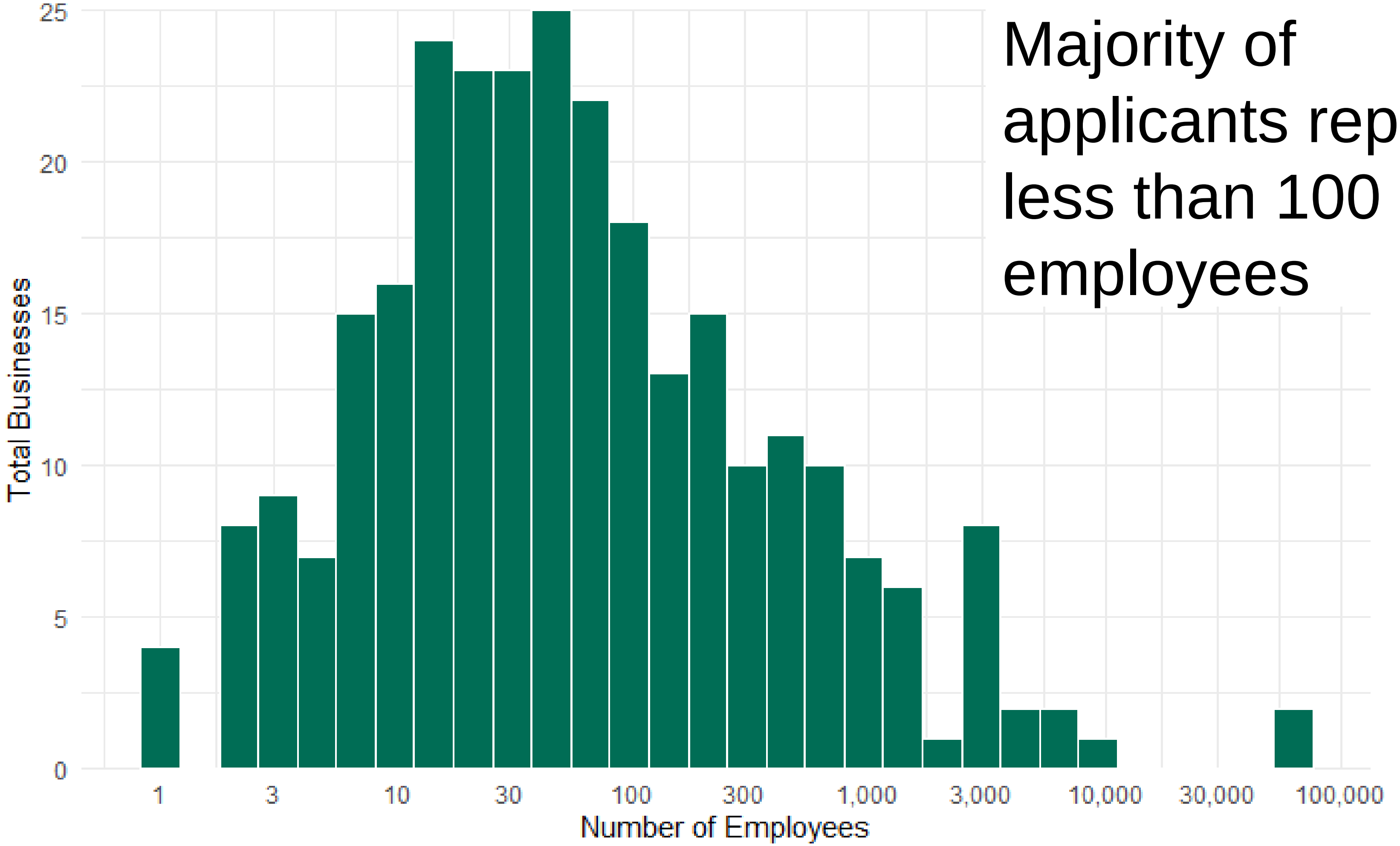


Of Applicants
MORE THAN 1,666
23
23
24
20
16
12
10
16
250 - 1,666
72
68
78
64
61
48
34
44
50 - 250
177
159
99
97
77
59
44
76
LESS THAN 50
397
361
150
148
143
76
78
146
2016
2017
2018
2019
2020
2021
2022
2025

Public investment seeds private investment

- Incentives awarded: $2,750,000
  - Credit limit (budget)
- Subsidies claimed: $3,693,481
  - Subsidies that may be claimed against the credit
  - (not to exceed: $100K)
- Subsidies reported: $24,024,165
  - Total applicants subsidize transportation for employees

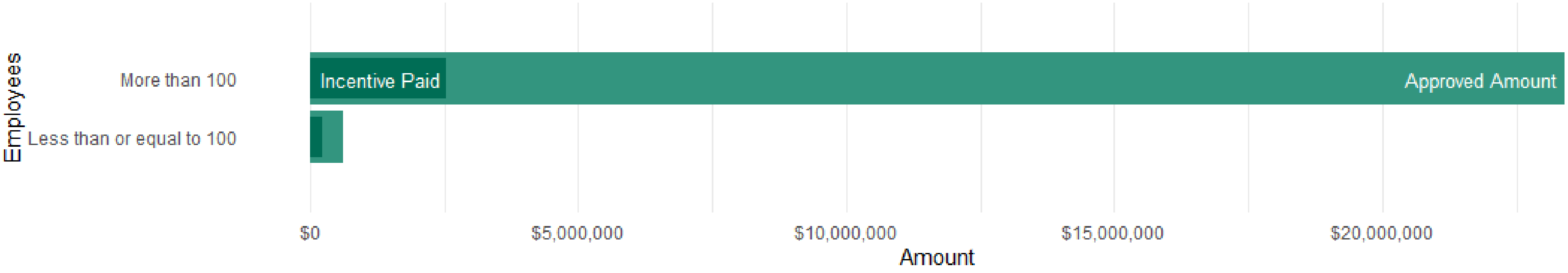
Support to un-affected businesses



Majority of applicants report less than 100 employees

Credit benefits CTR-affected employers

- CTR-affected credit award: $2,525,757
- Non-CTR affected credit award: $224,242



Other findings

- 87% of applicants with tax ID address in King County
- Tax ID address ≠ commuter geography
- Tax ID address ≠ business location
  - examples: retail outlets, regional worksites, national companies
- Organizations with multiple tax ID numbers submit multiple applications
- 25% had never applied before.

Discussion

- What activities led to an increase in applications?
- How did the tax credit support TDM?
- Does the credit's absence change goals and activities? How?

HB 1043 (2025 session)

- Tech Committee responded to JLARC recommendation
  - amend credit to increase access
- Focus on small businesses
- Strategies
  - Inflationary budget adjustment ($2.75M to $4.3M)
  - Increase per person cap ($60 to $100)
  - Lower business total cap ($100K to $50K)
  - Eliminate 50% threshold