

107TH CONGRESS
1ST SESSION

H. R. 906

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for the costs of employers in providing certain transportation fringe benefits for their employees.

IN THE HOUSE OF REPRESENTATIVES

MARCH 7, 2001

Mr. MCGOVERN (for himself, Mr. SHAYS, Mrs. MCCARTHY of New York, Mr. FROST, Mr. NADLER, Mr. CLEMENT, Mr. PASCRELL, Mrs. MORELLA, Ms. VELÁZQUEZ, Mr. ISSA, Mrs. KELLY, Mr. FILNER, Ms. MCKINNEY, Mr. DAVIS of Illinois, Mr. INSLEE, Mr. MICA, Mrs. TAUSCHER, Mr. MEEHAN, Mr. CONYERS, Mr. WEINER, Mr. SERRANO, Mr. CROWLEY, and Mr. KING) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for the costs of employers in providing certain transportation fringe benefits for their employees.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Mass Transit Tax
5 Credit Act of 2001”.

1 **SEC. 2. CREDIT FOR EMPLOYER COSTS OF PROVIDING CER-**
2 **TAIN TRANSPORTATION FRINGE BENEFITS**
3 **TO THEIR EMPLOYEES.**

4 (a) IN GENERAL.—Subpart D of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 (relating to business-related credits) is amended by
7 adding at the end the following new section:

8 **“SEC. 45E. CREDIT FOR EMPLOYER COSTS OF PROVIDING**
9 **CERTAIN MASS TRANSPORTATION FRINGE**
10 **BENEFITS TO THEIR EMPLOYEES.**

11 “(a) GENERAL RULE.—For purposes of section 38,
12 the mass transportation fringe credit is an amount equal
13 to 25 percent of the cost paid or incurred by an employer
14 during the taxable year for providing any qualified trans-
15 portation fringe described in subparagraph (A) or (B) of
16 section 132(f)(1) to employees of such employer.

17 “(b) LIMITATION.—The amount of the credit under
18 subsection (a) for a month may not exceed the dollar
19 amount per month to which the amount of the fringe bene-
20 fits are limited under subparagraph (A) of section
21 132(f)(2).

22 “(c) ELECTION TO HAVE CREDIT NOT APPLY.—A
23 taxpayer may elect to have this section not apply for any
24 taxable year.”.

25 (b) CONFORMING AMENDMENTS.—

1 (1) CREDIT TO BE PART OF GENERAL BUSI-
 2 NESS CREDIT.— Subsection (b) of section 38 of such
 3 Code (relating to current year business credit) is
 4 amended by striking “plus” at the end of paragraph
 5 (12), by striking the period at the end of paragraph
 6 (13) and inserting “, plus”, and by adding at the
 7 end the following new paragraph:

8 “(14) the mass transportation fringe credit de-
 9 termined under section 45E(a).”.

10 (2) NO CARRYBACK BEFORE EFFECTIVE
 11 DATE.—Subsection (d) of section 39 of such Code
 12 (relating to carryback and carryforward of unused
 13 credits) is amended by adding at the end the fol-
 14 lowing new paragraph:

15 “(10) NO CARRYBACK OF SECTION 45E CREDIT
 16 BEFORE EFFECTIVE DATE.—No portion of the un-
 17 used business credit for any taxable year which is
 18 attributable to the credit determined under section
 19 45E may be carried back to a taxable year beginning
 20 before January 1, 2002.”.

21 (3) CLERICAL AMENDMENT.—The table of sec-
 22 tions for subpart D of part IV of subchapter A of
 23 chapter 1 of such Code is amended by adding at the
 24 end the following new item:

“Sec. 45E. Credit for employer costs of providing certain mass
 transportation fringe benefits to their employees.”

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2001.

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