

107<sup>TH</sup> CONGRESS  
1<sup>ST</sup> 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.

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## 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. PASCARELL, 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

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## 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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