

News Release



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For Immediate Release

TRANSPORTATION LEGISLATION TACKLES TRAFFIC CONGESTION IN GREATER LOS ANGELES AREA

Controller Connell and Senator Polanco Announce Bill Giving Tax Breaks To Employers and Employees Who Use Alternative Work Schedules

LOS ANGELES, April 4, 2000—State Controller Kathleen Connell and Senator Richard Polanco (D-Los Angeles), announced the introduction of legislation designed to give tax credits to qualified employers and employees of the counties of Los Angeles, Orange, and Ventura who use alternative work schedules to reduce near-standstill traffic during rush hours. The bill, SB 2021, would give a \$500 tax credit to each qualified employer and employee who participates in a pilot program that aims to reduce traffic during the worst hours of congestion.

“The severity and impact of traffic congestion in the greater Los Angeles area has reached a crisis point, with traffic gridlock in the counties of Los Angeles, Ventura and Orange costing workers and businesses an astounding \$560 million annually and over 220,000 hours each workday,” said Connell, sponsor of the bill. “Los Angeles and Ventura Counties rank first in the state for daily delay and traffic congestion and is costing employers and employees a staggering \$1.5 million per day, with commuter gridlock on 589 miles of highways,” added Connell, citing statistics from the Department of Transportation.

“This bill not only promises a reduction in traffic congestion and improved worker productivity but also improved air quality,” said Senator Polanco. Polanco stated that traffic congestion in his Los Angeles district spurred him to author the bill. “This is a practical, common-sense solution that makes more efficient use of the infrastructure we already have,” Sen. Polanco added.

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SB 2021 would offer to a qualified taxpaying employer, on or after January 2, 2001, a \$500 income tax credit for every employee placed on an alternative work schedule. Only newly created positions would be eligible. For part-time employees, the employer could aggregate to obtain the credit, such as five people who telecommute one day a week.

This same \$500 credit would be available to the employee who takes advantage of this alternative work schedule. Full-time employees eligible would meet certain qualifications such as three days telecommuting per week or work a compressed schedule. Employees also must travel a minimum of nine miles to their workplace and commute outside of times other than between 6:30 a.m. and 8:30 a.m., and that end at times other than between 4:00 p.m. and 6:00 p.m.

Across the state, Californians are losing more than 400,000 hours each workday to traffic problems. The pilot program is planned to be launched in regions of the state suffering from the worst traffic congestion. In Southern California, the counties include Los Angeles, Ventura and Orange. Northern California counties include San Francisco, Santa Clara, San Mateo, Contra Costa, Alameda, Marin, Napa, Sonoma and Solano. The bill will remain in effect for five years, but after four years, the Franchise Tax Board will report to the Legislature on the annual total amount of tax credits claimed under this act.

“Once the pilot program rolls out in areas suffering from major congestion in Southern and Northern California, other parts of the state may follow,” noted Connell, who also chairs the Franchise Tax Board. “We need to seriously consider such innovative solutions as alternative work schedules geared around telecommuting, flextime, compressed workweeks, and weekend workdays to significantly decrease the amount of traffic in congested areas.”

“Not all solutions can be found in brick and mortar,” Sen. Polanco said. “We need to ‘look outside the box’ and identify creative solutions that make sense and save dollars. SB 2021 promises to do just that.”

The bill is set for hearing in the Senate Revenue and Taxation Committee on April 12, 2000.

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For more information, visit the State Controller’s Web site at www.sco.ca.gov or Senator Polanco’s at www.sen.ca.gov