

# HB22-1026 (Alternative Transportation Options Tax Credit) frequently asked questions

## **Q: How much money can my business save under this program?**

A: Organizations can claim a credit on 50% of their spending on alternative transportation options for employees up to a **limit of \$250,000/year**. So, the **maximum tax credit that a business could receive is \$125,000/year** (50% of 250,000). Employers are also capped on claiming \$2,000 in spending per employee, so the maximum refund is limited to \$1,000 per employee (50% of the \$2,000 maximum claim).

## **Q: How do I claim the credit?**

A: To be eligible, you'll need to fill out the [Department of Revenue 1323 form](#) with your workplace's plan to offer alternative commute options to employees. This includes expenses related to notifying and promoting commute options as well as expenses related to providing these services. Directions for filing the plan can be found at the [Colorado Department of Revenue website](#). The form must be submitted before eligible expenses are made in 2024 (this requirement was waived for 2023).

## **Q: I own a consulting business that's just myself and an assistant, and I rent office space. Can I get tax credits for spending the \$2,000 on commuting options for myself and my assistant?**

A: No, the tax credit is only available to companies that employ **three or more people**.

## **Q: What type of alternative transportation options qualify for this incentive?**

A: Numerous commuting options can be counted under this law, including:

- Ridesharing arrangements (carpools).
- Vanpool arrangements.
- Bikesharing programs (both standard and electric bikes).
- E-scooters.
- Free or subsidized transit passes, tickets, or fares.
- Guaranteed ride home programs

## **Q: This tax incentive only covers 50% of my spending on alternative transportation options. Why should I bother investing in these when it still costs me more than if I just spend \$0?**

A: There are numerous benefits to providing alternative commuting options that will help your business in the long run including:

- 1. Providing alternative commuting solutions helps you attract and retain the best talent possible.**
  - a. Commuting difficulties are one of the top reasons people leave their jobs.
  - b. Employees who commute via alternative transportation options get more exercise and spend less time in traffic, leading to a happier, healthier, more productive workforce.
- 2. Reducing single occupancy vehicle trips helps improve air quality in the region**
  - a. The Denver metro area is the seventh worst in the country for ground level ozone pollution which leads to numerous health risks for Denver residents.
- 3. Improving your company's carbon footprint establishes your business as a leader in the community.**
  - a. Companies who take advantage of the tax credit will be [Colorado Clean Commute](#) Approved, marking you as a company that cares about their impact on the region.

**Q: I am the executive director of a nonprofit organization, are we eligible for this tax credit?**

A: Yes! Nonprofits and local governments can also take advantage of this program. A tax-exempt organization will have to download and submit the 2023 C Corp tax form to claim the credit. This requirement is for informational purposes only.

**Q: What will I need to report in order to get the credit?**

A: To be eligible, you'll simply need to show how you've offered alternative commute options in the workplace. This includes expenses related to notifying and promoting commute options as well as expenses related to providing these services.

**Q: Is there any other information I'll need to provide?**

A: You will need to complete any relevant field in the [Department of Revenue 1323 tax form](#), including showing how many employees you will offer these options to, how many you expect to take advantage of these opportunities, and an estimate of how many trips your employees will take using an alternative transportation option. Directions for filing the plan can be found at the [Colorado Department of Revenue website](#). The form must be submitted before eligible expenses are made in 2024 (this requirement was waived for 2023).

**Q: How long do I have to take advantage of this program?**

A: **The tax credit is effective from Jan. 1, 2023 through Dec. 31, 2024.** So, we'd encourage you to schedule a consultation with Way to Go to learn more about your options, and to develop a plan of action — all free of charge!

**Q: How will we receive the tax credit?**

A: For business organizations the Colorado Department of Revenue will issue a credit to your state tax liability. In the case of nonprofits or government entities, the State will issue a refund.

**Q: If I have employees in different locations, for example, in the Denver metro area and some outside of the region. Can I offer different transportation options to employees in different locations?**

A: You'll have to make alternative transportation options available to all your employees in Colorado. However, if it is not feasible to offer a particular alternative transportation option to certain employees, you may offer a substantially equivalent alternative transportation option to such employees.