



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Agenda Item 5b

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*Memorandum*

TO: Legislation Committee

DATE: September 2, 2011

FR: Executive Director

W. I. 1131

RE: H.R. 2412 (McGovern)/S. 1034 (Schumer) — Commuter Benefits Equity Act of 2011

**Background**

H.R. 2412 and S. 1034 are companion bills that would change the federal transportation fringe benefit program, per Internal Revenue Code 132 (f), to provide the same federal tax savings regardless of whether employees drive to work alone, take transit or vanpool. Without action by Congress this year, on January 1, 2012 the allowable pre-tax amount for public transit and vanpooling will fall to \$120 per month from the current \$230, resulting in substantially higher out-of-pocket expenses for those who commute by these modes, who also tend to be lower income. While Congress has provided for temporary parity on numerous occasions, most recently through a major tax overhaul bill in 2010 and the American Recovery & Reinvestment Act in 2009, these measures have always been temporary in nature. By contrast, H.R. 2412 and S. 1034 would provide a long-term fix.

**Recommendation: Support**

**Discussion**

Federal tax policy should encourage, rather than discourage, use of public transit, vanpooling and bicycling. Passage of S. 1034 and H.R. 2412 will retain parity between the benefits provided to those who drive work (in the form of pre-tax parking benefits) and those who choose alternate modes of transportation. These bills will also ensure that Bay Area commuters who currently enjoy these benefits will not be hit with a substantial increase in commuting costs as a result of lowering the maximum amount that may be withheld from the paychecks of employees who ride public transit or vanpool to work. Without passage of the bills, a commuter who withholds the maximum \$230/month could see their out of pocket expenses rise by more than \$500 per year.

MTC has a strong track record of supporting parity with respect to transportation fringe benefits. Passage of S. 1034 and H.R. 2412 is essential to retain a strong financial incentive to take public transit or vanpool and thereby maximize the mobility, climate change and air quality benefits of any future commuter benefit ordinance. We recommend a support position on the bill.

  
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Steve Heminger