



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Agenda Item 4a

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*Memorandum*

TO: Legislation Committee

DATE: March 2, 2012

FR: Executive Director

W. I. 1131

RE: SB 1339 (Yee): San Francisco Bay Area Regional Commuter Benefit Policy

**Background**

SB 1339 (Yee) is almost identical to the most recent version of SB 582, which MTC co-sponsored last year with the Bay Area Air Quality Management District (BAAQMD). That bill would have authorized a regional commuter benefit ordinance to be jointly adopted by a metropolitan planning organization and the air quality management district applicable to employers located within the agencies' shared jurisdiction. The bill specified that the ordinance would require employers of 20 or more employees to offer employees working at least 20 hours per week one of the following options:

1. the ability to pay for public transit, vanpooling or bicycling with pre-tax dollars;
2. a public transit subsidy equivalent to \$75 or the monthly pass of the local transit system, whichever is lower;
3. an employer-provided shuttle;
4. an alternative policy selected by the employer that provides equivalent greenhouse gas reductions as one of options 1-3.

Despite support from the San Francisco Chamber of Commerce, many large firms (including Genentech, Facebook and Enterprise Holdings) and a number of smaller businesses, SB 582 was vetoed due to concern that it would impose a new mandate on small businesses at a time of economic uncertainty.

Legislative staff from MTC and BAAQMD have spoken with the Governor's office to better understand the nature of their concerns. Accordingly, SB 1339 incorporates a number of key changes, including raising the size of employer subject to the ordinance to those with at least 50 full time employees and narrowing the authority to the Bay Area rather than statewide.

**Recommendation:** Support

**Discussion**

There is substantial evidence that the availability of transit benefits at a worksite affects how workers commute. A 2005 Transportation Research Board report (TCRP Report 107) entitled,

*Analyzing the Effectiveness of Commuter Benefits Programs* examined 21 surveys conducted in 12 metropolitan areas and concluded that "transit ridership generally increases 10 percent or more at participating worksites. Virtually every survey provided evidence that transit use increased on implementation of a transit benefits program...More than half of the surveys reported an increase in transit riders between 10 and 40 percent."

For employees who have the option of paying for public transit or vanpooling with pre-tax dollars, the tax savings can be as high as 40 percent (equivalent to the employees' overall income tax rate), enough of a savings to cause many commuters to think twice about driving to work alone. For employers, the pre-tax option is also a win-win as employers do not pay state or federal payroll taxes (about 9 percent) on the share of the income that is withheld. Even if an employer hires a third party vendor to handle the administration of the benefit electronically, they still come out ahead as these agencies typically charge about 2 percent of the value of the benefit.

Data from surveys with mode share before and after implementing a transit benefit reveals a substantial drop in single occupant vehicle commuting after transit benefits were offered, including a 20 percent drop in San Jose, a 25 percent drop in Oregon and 20 percent drop in Denver. The study also found that increased transit use also comes from providing transit benefits to *existing* transit riders. A survey in Philadelphia and Denver found that between 19-35 percent of transit benefit recipients reported increasing their use of transit after receiving the benefit.

If authorized in SB 1339, a regional commuter benefit will be a cost-effective tool for the region to help achieve our greenhouse gas emission reduction target pursuant to Senate Bill 375, by increasing the use of transit, vanpools and bicycling, and helping to achieve a number of other Plan Bay Area regional targets, including reducing transportation costs as a share of low-income households' budgets, increased time spent walking or biking per person, and reduced vehicle miles traveled per person.

For these reasons, we recommend a support position on SB 1339.

**Known Positions:**

**Support**

**BAAQMD (sponsor)**

**Oppose**

**None known**

  
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Steve Heminger