



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 5b

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Memorandum

TO: Legislation Committee

DATE: March 6, 2015

FR: Executive Director

W. I. 1131

RE: H.R. 990 (King): Transportation Fringe Benefit: Transit/Parking Parity

Background

H.R. 990 (King) would restore parity in the federal transportation fringe benefit program by ending the significant financial advantage provided to those who drive to work as compared to those who take transit or vanpool. The transportation fringe benefit program, pursuant to Internal Revenue Code 132 (f), allows employees to lower their commuting costs by paying for eligible transportation expenses with pre-tax dollars. Since 2014, there has been a major disparity between the allowable withholding amount for parking (allowed up to \$250/month) versus public transit and vanpooling (capped at \$130/month). H.R. 990 would standardize the amount for these three modes at \$235/month and increase the monthly bicycle benefit from \$20 per month to \$35 per month. All amounts would be adjusted annually for inflation beginning in 2017.

Because the legislation would lower the allowable pre-tax amount for parking, it would be deficit neutral, and potentially even a net positive for the federal budget.

Recommendation: Support

Discussion

Transportation expenses are the second highest expense in most households. Increasing the tax savings available to those who ride transit and vanpool so that they are at least equivalent to that made available to those who drive and park at work has been a longstanding MTC priority. This issue is especially important now that thousands of Bay Area commuters are being offered pre-tax transit benefits for the first time as a result of the Regional Commuter Benefit Program begun in its pilot phase last fall. Enactment of this legislation will translate into significant savings for long-distance transit commuters whose monthly costs exceed the current \$130/month cap. Consistent with our 2015 Advocacy Program, MTC recommends a support position on H.R. 990.

Known Positions

Support

Association for Commuter Transportation

Oppose

None on file



Steve Heminger