

**Statement to the Senate Finance Committee**  
**On behalf of**  
**The Commuter Benefits Work For Us Coalition**  
**April 9, 2015**

The following statement is being submitted by the Commuter Benefits Work For Us Coalition – an organization comprising public agencies, transit operators, private businesses and concerned citizens working together to provide and/or support the use of commuter benefits to achieve the mobility goals of our country and its citizens. Our purpose is to promote transit and vanpooling using federal, state, and local tax programs with the goal of reducing traffic congestion and improving air quality while supporting American families and the general economy.

We are pleased with the opportunity to provide the following comments to the Senate Finance Committee concerning tax reform and the transportation fringe benefit. We hope to meet with many of the Committee members over the coming weeks and months to discuss the value and effectiveness of the transit portion of the transportation fringe benefit. We urge the Committee to preserve this important provision in any tax reform proposal. Additionally, we urge the Committee to end the unfair policy that financially rewards commuters who drive and thus park at work versus those who utilize transit or vanpools and enact legislation that would create parity between the transit/vanpool and parking portions

Transportation fringe benefits, as codified by Section 132(f) of the tax code, reduce commuting costs for employees and payroll taxes for employers; creates a less-stressed, more productive workforce, reduces congestion, and improves air quality.

The simple fact is that the mass transit portion of the transportation fringe works. When the transit benefit is introduced into the workplace, employees alter their commuting habits. A study done by the nonprofit organization, TransitCenter, indicated that nearly one in five, 18%, change the way they commute by utilizing transit or a vanpool when an employer introduces the transit benefit. That kind of mode shift has a significant impact on regional and transportation networks, energy consumption and air quality.

The monetary savings to the commuter are significant, as high as \$1,300 annually. A relatively low cost benefit, the average payroll tax savings for the employer of almost 8% far outweighs any costs associated with offering and administering the benefit. This translates into a tremendous savings in commuting costs for the employee, on the order of 40%, because they are using pre-tax dollars to pay for their commute. Because of its low cost it is extremely popular with employers of all sizes.

However, a lack of parity between the parking and transit/vanpool portions of the benefit serves as an incentive for many with the longest and most expensive commutes to drive alone. The roots of this policy go back nearly 30 years, when Congress first created the monthly caps. Then, transit was not as widely available as it is today and the costs were much lower than that of parking. Use of transit and vanpool services is quickly expanding to serve a variety of populations - in fact, the American Public Transportation Association reports that Americans took 10.7 billion trips on public transportation last year, which is the highest annual public transit ridership number in 57 years. It is no coincidence that the Commuter Benefit has been at parity most of the last few years, and is highly popular with employers and employees nationally.

We recognize that this benefit is not for all commuters. For many American's the personal auto is the preferred mode of choice, but this benefit helps them as well. In 2009, congestion cost Americans roughly 3.9 billion gallons of fuel and 4.8 billion hours stuck in traffic at a cost of \$115 billion. On average every American sat in traffic for 34 hours a year. That's a full day and a half

spent lost in traffic. When transit benefits are offered, employees are more likely to change their commuting habits. This change helps take people off the road and helps reduce congestion benefiting all commuters.

We strongly urge the Committee to take a close look at legislation that has been offered by Senator Schumer, the Commuter Parity Act which would establish permanent parity between the transit/vanpool and transit portions.

We believe it is sound policy to encourage the use of public transit. By doing so, the commuter benefit program promotes business growth and job creation, reduces traffic congestion while fostering energy independence, protects the environment and assists working families from all income levels and backgrounds. We encourage the Chairman to consider our input and further examine the Commuter Parity Act which would create a permanent and sensible solution.