

**Statement to the House Committee on Ways & Means by
The Commuter Benefits Work For Us Coalition
April 30, 2014**

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 that House Ways & Means Chairman David Camp (R-MI) recognizes the value and effectiveness of the transit portion of the Commuter Benefit by preserving this important provision in his draft tax reform proposal. However, the proposal continues an unfair policy that financially rewards commuters who drive and thus park at work versus those who utilize transit or vanpools.

We strongly urge the Chairman to take a close look at the Commuter Parity Act of 2013 (H.R. 2288). This legislation was introduced with bi-partisan support. The legislation provides a practical alternative to the Chairman's tax reform proposal that maintains the essence of the current program by creating a uniform cap of \$220 per month for transit and parking. Most importantly, the 'Commuter Parity Act of 2013' establishes parity without adding to the deficit.

The simple fact is that the mass transit portion of the commuter benefit 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.

However, a lack of parity between the parking and transit/vanpool portions of the benefit, as specified in the Chairman's proposal, 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 also note that the Chairman's tax reform proposal eliminates the annual cost of living adjustment (COLA). The annual adjustment for mass transit allows the benefit to keep pace with future increases in transit fares, which are nationally on the rise. We strongly object to the elimination of the COLA, which would be preserved under the 'Commuter Parity Act of 2013'.

The Chairman's proposal also eliminates the ability of employers to deduct pre-tax commuter benefits and other fringe benefits (Section 3126 of the proposal) from their payroll tax liability. Employers offer Commuter Benefits to their employees as part of a variety of fringe benefits. The current law, which allows employers to save on FICA taxes for the amount that employees elect, continues to be a powerful incentive for employers to offer the Commuter Benefit via a pre-tax arrangement. This saves businesses of all sizes critical dollars through reduced payroll taxes that are reinvested in our economy to create new jobs.

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 of 2013 (H.R. 2288), which would create a permanent and sensible solution.