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January 20, 2012

The Honorable «F4» «F3» «F5»
United States House of Representatives [United States Senate]
«F6»
Washington, DC 20515

Dear Representative [Senator] «F3»:

We the public transportation riders' organizations representing commuters using systems around the nation are writing to you on an issue of utmost and immediate concern to millions of Americans who commute to work daily by transit. We have come together because, as you know, the cost of commuting by public transportation is a substantial expense for working families, and fare increases resulting from financial strains on transit systems mean that this burden is becoming even greater. Many of our riders rely on pre-tax commuter fringe benefits to defray their cost of commuting. For the last two years, the maximum public transportation benefit has been made equal to a similar parking benefit available to those driving to work. Because these higher levels were not extended, however, the maximum available transit benefit has nearly been cut in half. This is effectively a tax increase that hardworking Americans can ill afford, and we call on Congress to correct this failure without delay by immediately reinstating and making permanent the higher limits prevailing in 2011.

We urge you to support the permanent restoration of parity between the parking and transit portions of the transportation fringe benefit provisions contained in the Internal Revenue Code, as reflected in H.R. 2412 [S. 1034]. As Congress has failed to act on this vital issue by December 31, 2011, the maximum transit and vanpool benefit reverted from its prior level of \$230 per month to \$125 per month at the end of 2011. This provision of the tax code is valuable not only to workers, who are able to pay for commuting with pre-tax dollars or an employer-provided benefit, but also for employers who can exclude these benefits from the calculation of employment-related taxes that they must pay. Allowing parity provisions to expire has unfairly hit the pocketbooks of millions of American mass transit riders and the tens of thousands of employers who provide commuter benefits.

The higher benefit level was established in 2009 through legislation that temporarily established parity between the parking and transit benefits, but was due to sunset at the end of 2010. In 2010 Congress passed legislation extending this parity until the end of 2011, but this extension was not approved until December, when many employers had already set benefit levels for the coming year. As a result, many workers experienced a reduction in their pre-tax benefit lasting a month or longer while payroll systems were readjusted. Until and unless higher pre-tax transit benefit limits are restored, hard-working Americans will each month forgo tax benefits that are critical to their economic wellbeing.

Legislation introduced last year by Congressman Jim McGovern (MA), the "Commuter Benefits Equity Act" (H.R. 2412) [Senator Charles Schumer, the "Commuter Benefits Equity Act" (S. 1034)], would establish permanent parity between workers' pre-tax parking and transit benefits by increasing the maximum transit and vanpool benefit to a level equivalent to the maximum benefit for parking. We ask that you to personally support the restoration of these higher pre-tax transit benefit limits and to work to promptly approve legislation to accomplish this result.

Action on this issue would resolve uncertainty as to the authorized maximum level of benefit and would provide American workers with an incentive to use public transportation and vanpools for their commute. This would in turn help to ease traffic congestion, reduce dependency on foreign sources of oil, and provide small businesses and other employers with a financial incentive to help employees increase their disposable income. This is a particularly effective example of how targeted Federal policy can achieve important aims while improving the economic situation of both employers and workers

We urge you to give this important matter your prompt attention and to work to ensure that pre-tax transit fringe benefit limits are permanently restored to parity with the benefits allowed to pay for parking as soon as possible. Transit commuters and their employers appreciate your support in reaching this goal.
Sincerely,