

# You can now set aside more pretax money for transit costs



J. SCOTT APPLEWHITE/AP/FILE

**Representative Jim McGovern in 2014.**

**By Jon Chesto** | GLOBE STAFF FEBRUARY 29, 2016

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US Representative Jim McGovern doesn't often attend press conferences in Boston, a city well outside of his Central Massachusetts congressional district. But celebrating a victory that puts hundreds of dollars each year in the pockets of commuters is worth the trip, he says.

McGovern plans to ride from Worcester to South Station on March 10 to draw attention to a recent increase in the amount of money train riders can set aside before taxes for their commuting costs. McGovern was one of the champions of the change, which Congress approved in December as part of broader tax legislation.

Now, commuters across the country can set aside up to \$255 a month from their paychecks, before federal taxes are taken out, for their train and van-pool passes. That's up from \$130 last year. This puts mass transit on par with a similar benefit that's available for parking expenses, one that was \$250 last year and is \$255 this year.

There's one hitch, though: Commuters in Massachusetts can deduct the larger amount from their federal taxes, but not from their state taxes. The deduction remains stuck at \$130, according to the state Department of Revenue, due to a quirk in state law.

"The equalization doesn't automatically happen under state law," said Jay Darby, a tax attorney at law firm Sullivan & Worcester. "The [state] Legislature has to do something about it."

A McGovern spokesman referred questions on Monday about the hitch to Jason Pavluchuk, a lobbyist for the Association for Commuter Transportation.

Pavluchuk said his group and McGovern's team are trying to identify a solution at the state level. He said he's aware of only two other states that face a similar issue.

"It creates some administrative headaches [because] now you have to set up two tax systems, one you're reporting to the feds and one you're reporting to Massachusetts," Pavluchuk said. "But it shouldn't be a huge impediment to the adoption of this mass transit benefit."

In an interview earlier in the month, McGovern said he's been pushing the transit-parity bill for five years. The mass transit subsidy had been increased in the past, but only temporarily. This time, McGovern said, the change is permanent.

“The benefit for somebody who took their automobile to work was greater than for somebody who used public transportation, [and] it just seemed to me that it was backward,” McGovern said. “At the very minimum . . . somebody who is taking public transportation ought to get the same benefit.”

Employers need to opt into the program for the cost of the passes to be deducted from workers' paychecks. But more than 1,000 employers in Greater Boston already do so, with some offering their own subsidies.

There are tax benefits for the companies, too, with the amount of total payroll taxes they owe to the federal government being reduced.

Supporters of the change estimate that the increase in the transit subsidy could cost the federal government as much as \$1.9 billion over 10 years.

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