

xx/xx/17

The Honorable Paul Ryan
Speaker
U.S. House of Representatives
1233 Longworth House Office Building
Washington, D.C. 20515

The Honorable Kevin Brady
Chairman, Ways and Means Committee
U.S. House of Representatives
1102 Longworth House Office Building
Washington D.C. 20515

Dear Speaker Ryan and Chairman Brady:

As Congress, and specifically the Ways and Means Committee, begin the process of working to simplify and reform the tax code we, the undersigned employers, write to urge you to preserve commuter benefits offered by section 132(f) of the tax code. We commend Congress for tackling this tremendous task. Commuter benefits have become a staple in employee benefits packages nationwide and are a key way for employers to provide their employees with commuting options.

Commuter benefits make sense for businesses of all shapes and sizes and are used in all states. The provision allows employers to subsidize commuting expenses or allow employees to pay for it on a tax-advantaged basis through payroll deduction. Thus, employers can reduce payroll taxes, providing sound fiscal savings and providing many employers with additional resources to expand and create new jobs.

The benefit accomplishes this **in a simple manner without any administrative burden on taxpayers**. It is a benefit squarely aimed at the middle class and **helps working Americans reduce what is often their second largest household expense – transportation**, particularly transportation related to work. Elimination of the commuter benefit would negatively impact millions of Americans who may see a small reduction in their tax bracket, but a large increase in their commuting costs. For example, a working family that takes advantage of the full allowable monthly pre-tax deduction for transit in 2017 could pay as much as \$1,200 more in taxes.

From an employer's perspective, we know the following:

- **Eliminating commuter benefits would result in an increase in payroll taxes for small and large businesses** – important resources that could be reinvested in the economy to create new jobs.
- **Commuter benefits cause a significant modal shift that helps reduce congestion** and improve the commute for transit riders and drivers alike. A study conducted by an independent research organization found that when commuter benefits are introduced into a work place, 18% of the employees alter their commuting habits. Consider this, a 3% reduction in vehicle miles traveled equates to a 30% reduction in congestion. Getting nearly 1 in 5 people out of their cars plays a significant role in reducing congestion for all commuters.
- **The government saves money** because increasing transit ridership means less people driving and less federal funding needed to repair, replace, and expand our nation's vital roadways. Additionally, when commuters use mass transit systems, it helps support self-reliance on the part of mass transit systems which otherwise must rely on government subsidies. Studies show that reducing the transit benefit can mean a drop in ridership and this may necessitate increased federal government spending to subsidize transit systems.
- **Higher Taxes** – If tax advantaged parking and/or transit benefits are eliminated, the results are a direct increase in taxes for working Americans and employers – up to \$234 a year per employee!
- **Complex Accounting and a New Parking Tax** – Elimination of the parking benefit means that employer provided parking now must be valued, accounted for and taxed. The complexity this would add to impute the value of parking spaces to employees would be an overwhelming burden for employers.

- **Parking Growth-NOT Job Growth**– With the cost of transit increasing by as much as 40%, more employees will drive to work, which means that many employers will have to spend money, space and resources to expand parking areas or rent/lease additional parking. This means more time, effort, and money on parking and less for jobs and growth.
- **Less Productive Workforce** – More time driving, less money in employees' pockets, it should not come as a surprise to see a less happy and less productive workforce. Even those who were already driving will feel the impact.

The simple fact is that commuter benefits work.

We hope you will preserve these vital transportation benefits as you work towards tax reform legislation. We appreciated that the commuter benefit has achieved over 30 years of bi-partisan support and urge the continued preservation of these crucial benefits as the tax reform process moves forward.

Respectfully,