



Stimulus Bill a Financial Victory for Nation's Mass Transit Riders, Reports TransitCenter, Inc.

Commuters to Nearly Double the Amount they can Save on the Cost of Using Transit to Get to Work - Up to \$1,000 Annually

NEW YORK, Feb. 17 /PRNewswire/ -- The Emergency Economic Recovery Act signed into law by President Obama today provides significant tax savings, up to \$1,000 or more a year, to working Americans who commute by transit, announced TransitCenter, Inc., a nonprofit that promotes mass transit use in order to reduce traffic congestion and improve air quality. The law raises the amount of pretax income that workers enrolled in employer-sponsored commuter benefits programs can use to pay for mass transit -- from \$120 per month to \$230 per month -- and follows a seven-year effort by TransitCenter to advance such legislation.

"Rocked by the recession, working Americans have been anxious for immediate and practical relief," said Larry Filler, president and CEO of TransitCenter and a 20-year advocate for commuter benefits. "This law nearly doubles the savings employees can enjoy by using mass transit and sets us on a path to a future that's both economically and environmentally sustainable. On behalf of the millions of commuters that this bill will help and the mass transit community, I'd like to thank Senator Charles Schumer, Congressman James McGovern, their staffs and all of the other cosponsors for their hard work in getting this measure passed."

Economic Impact

The cap increase is projected to boost both employee and employer savings. Employees can now save up to \$1,000 a year or more on their transit commute, representing a potential \$440 a year increase in what they can save if their commuting expenses exceed the current monthly cap of \$120 per month. Employers will benefit as well. Companies offering the benefit can save up to an additional \$100 per employee per year in payroll taxes. Commuters and their employers in the New York City metropolitan area alone are expected to save an additional estimated \$37.5 million and \$16.4 million (in payroll taxes) a year, respectively.

Besides providing relief to commuters who already use the benefit, the legislation will increase the number of employees offered the benefit as a result of the increase in employee and employer savings under the new law. Recent TransitCenter surveys indicate that as many as one-third of employers not currently offering the benefit would do so if the monthly transit benefit were increased significantly, as it now has been. Further, 53 percent of employees would take advantage of the benefit if offered to them. This represents a significant increase in participation across the country bringing much needed financial relief to a greater number of commuters.

The new provision is expected to be particularly helpful to commuters looking to offset fare hikes put into effect by mass transit operators struggling to address budget shortfalls. "We know that transit operators across the country are being forced to raise fares, and in some cases significantly, to offset operating deficits resulting from the downturn in the economy," said TransitCenter's Filler. "The new higher transit benefit will not only protect commuters from the full impact of any fare increase, but for most, keep the cost of their monthly commute below what they are currently paying."

"Given the economic pressures our riders are under, this relief couldn't have come at a better time," said Steve Schlickman, Executive Director, Regional Transportation Authority of Chicago. "A thousand dollars a year can make a real difference in the life of a family. This is a victory for Chicago's commuters."

Elliot G. Sander, Metropolitan Transit Authority (New York) Executive Director and CEO, said: "Providing an incentive to attract more commuters to take mass transit will go a long way towards reaching our energy and climate-stabilization goals. By removing some three million drivers from the roads each day, the MTA already avoids more carbon emissions than 648,000 acres of forest absorb."

"The support of public transit by the Congress and the President, evidenced in the new Economic Recovery Act, again demonstrates that win-win solutions can be found to answer both our economic and environmental needs," said Bay Area Rapid Transit (BART) General Manager Dorothy W. Dugger. "Mass transit has become an important part of life for commuters seeking to trim their budgets and make the smart choice for our environment."

How the Commuter Benefit Works

The commuter benefit allows employees to deduct up to \$230 per month from their gross income to pay for their mass transit commutes. Employees whose monthly mass transit fees are less than the \$230 cap are allowed to deduct the full amount from their paychecks. The measure helps employers save money by lowering their payroll taxes. Additionally,

employees are allowed to deduct up to \$230 per month for eligible commuter parking expenses.

Environmental Benefits

TransitCenter's research has found that among employees who sign up for commuter benefits, 41 percent increased their use of mass transit and 46 percent increased their mass transit usage during weekends. In addition, 18 percent of employees who joined the program switch from driving alone to riding mass transit. According to the American Public Transportation Association, switching from driving to riding mass transit reduces CO2 emissions by 4,800 pounds per person per year.

Noted Filler, "While this bill unequivocally puts money into employees' wallets, those benefits pale in comparison to the dividends we'll all enjoy in cleaner air and reduced energy consumption."

History

TransitCenter introduced TransitChek(R), the nation's first commuter benefits program in 1987, giving employers the ability to allow employees to pay for their transit commuting costs using tax-free dollars, encouraging greater use of mass transit to reduce traffic congestion and protecting the environment by reducing CO2 emissions. Since that time, employers have offered employees a tax-free benefit for commuting by transit and eligible vanpools or to pay for commuter parking primarily at transit or ridesharing locations.

Tax-free commuter benefits can be structured as an employee-funded tax-free payroll deduction; as an employer-funded benefit; or the costs can be shared by employer and employee. The benefit can be delivered in the form of transit provider-specific passes, universally accepted vouchers and terminal-restricted debit cards, or through a reimbursement model under specific conditions defined by the IRS.

Previously, employers were allowed under Section 132(f) of the Internal Revenue Service (IRS) Code to let their employees use up to \$120 per month of their pretax income to pay for their transit or vanpool commuting expenses and up to \$230 per month for commuter parking. Today's legislation amends the IRS Code to set the monthly tax-free contribution limit for transit/vanpool to a maximum of \$230 per month.

For more information on how to sign up for the benefit or raise the cap on an individual's benefit, visit www.transitcenter.com.

About TransitCenter

Over 20 years ago, TransitCenter was created to develop innovative ways to encourage greater use of mass transit in order to reduce traffic congestion and improve air quality. Today, TransitCenter continues to be focused on these objectives, along with helping employers and employees cope with rising gas and commuting costs by providing transit incentives, information and assistance. TransitCenter also works closely with businesses, transit operators, commuter groups, regional development agencies and government agencies to improve their understanding of the importance of transit in making communities better places to work and live.

As part of this mission, in 1987 TransitCenter launched TransitChek(R), the first commuter benefits program in the nation, which has made commuting a more affordable option for commuters across the country.

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