June 7, 2019

The Honorable Earl Blumenauer
United States Congress
1111 Longworth House Office Building
Washington, DC 20515

RE: Proposed Improvements to the Transit & Parking Tax Benefit

Dear Congressman Blumenauer,

Thank you for your leadership and efforts on reforming tax benefits for commuters and for convening the industry stakeholder session on May 16th. The stakeholder roundtable was a great starting point for discussions on crucial improvements that can be made to enhance commuter benefits at the federal level.

The Association for Commuter Transportation (ACT) is the premier transportation demand management (TDM) advocacy organization in the United States. ACT strives to get the most out of our existing infrastructure network while improving the lives of commuters by reducing congestion and supporting the development of accessible and efficient transportation options. ACT’s 1,000+ members implement programs and services to reduce the number of single-occupancy vehicles on the road and work to encourage commuters to use more efficient modes of transportation for their trips to work.

The Qualified Transportation Fringe Benefit (QTFB) is one of the most impactful tools we have to influence commuter behavior and encourage the shift from driving alone to public transit and vanpooling. Originally established over 25 years ago, the QTFB has failed to evolve with the proliferation of new mobility services that were not even imaginable at the time. Now, with negative impacts on the QTFB caused by changes in the tax treatment and deductibility of the benefits provided by for-profit and exempt employers within the Tax Cuts & Jobs Act, the time for an update is now.

ACT strongly supports your proposals to treat for-profit employer-provided transit benefits as a business expense and to eliminate the unrelated business taxable income on nonprofits offering transportation fringe benefits. This proposal would reverse the drastic changes made by the Tax Cuts & Jobs Act that directly threaten the viability of commuter benefits programs at work sites. An ACT survey in 2018 gathered data on the potential impacts of these changes on 90 exempt organizations and found that these employers may be hit with a combined tax of over $20 million, taking significant money away from their core missions of healthcare and education. Expanding access and incentivizing adoption of transit benefit programs by reducing the tax burden on employers will help reduce congestion and harmful carbon emissions.

Restoring the bicycle commuting benefit provision is another important step that must be addressed. Legislation restoring the bicycle benefit should enhance and modernize the provision to incentivize wider use. ACT supports the proposal to make the benefit 20% of the parking benefit, allowing its use in concert with other transit benefits, and making bikeshare and electric bikes eligible for benefits. Pegging the value of the benefit as a percentage of the parking benefit will also ensure that it keeps pace with annual cost of living increases.
ACT is in full support of adding carpooling as an allowable mode within an expanded parking benefit. Carpooling was not included in the QTFB when first enacted due to the challenge of verifying that a carpool trip was made. Technological advancements now make this possible and ACT feels strongly that language be included to ensure verification that trips are being shared and that the trip is not being provided by a hired or contracted driver. This will ensure that trip reduction and thus congestion relief is a measurable outcome of the benefit.

Separately, TNCs should be classified as ridehailing services, a separate mode of service from carpooling. Legislation must ensure that commuters wishing to use the benefit for the use of a TNC are sharing their trip with at least one other passenger that is not the hired or contracted driver. This requirement will ensure that a TNC trip meets the same trip reduction and congestion benefits as a carpool.

ACT supports efforts to address the inclusion of language that makes other non-automotive modes eligible for benefits. This addition will help ensure that innovative modes of transportation not yet developed could be eligible for benefits in the future without requiring legislative action. Just five years ago, dockless bikes and scooters were non-existent and now they represent the fastest growing forms of transportation.

ACT is open to the idea of expanding benefit to all modes that encourage reductions in vehicle ownership. While research shows congestion and environmental benefits of carshare, further discussion is necessary to expand the language beyond carpooling, bikesharing, public transit, and vanpooling, to ensure that the incentive is leading to verifiable commute trip reduction. Through this effort, ACT could see a future expansion of the benefit to support the use of carsharing to access a public transit service that would otherwise be inaccessible, as carsharing is an impactful TDM strategy that reduces the rates of car ownership, further promoting the use of other options.

Again, the Association for Commuter Transportation thanks you for your continued leadership on commuter benefit issues. Communities across the United States are facing increasing congestion and challenges to efficiently move people to and from the places they need to go. ACT supports legislation that enhances the use of transit, bicycling, and ridesharing. Thank you for sharing with us your proposals for commuter benefits, we are excited by many of the proposals.

Sincerely,

David Straus
Executive Director