



Support the Transportation Benefits Equity Act (B22-175)

Flexing commuter benefits for transit, biking & walking is good-sense policy

Today's DC commuter benefits don't match commuter preferences

Most DC residents don't drive to work. Instead, they ride transit, bicycle, or walk. In fact, 18% of DC residents walk or bicycle to work, 37% take transit, and only 34% drive alone.

But when an employer offers a commuter subsidy benefit, it's often for driving and parking. Even when a subsidy is available for transit, it can be much less than the value of the parking benefit. And employee benefits for walking and bicycling are either nothing or pale in comparison to parking benefits.

Wouldn't it make more sense to give employees a flexible commuter benefit -- a choice?

DC's streets are too congested, yet employee parking benefits effectively pay people to drive, which makes traffic worse.

If we're going to pay people to commute a certain way, does it really make sense to pay them to drive, instead of giving them the option to walk or bike, which are good for traffic congestion, zero-emission, and a healthy personal choice, too?

Instead of a take-it-or-leave-it parking benefit, flexible commuter benefits make sure that employers give their employees the choice to use the parking benefit, or take the cash equivalent to get to work another way, whether that's transit, walking, or by bicycle.



image/Kevin Kovaleski for DDOT/Flickr

Here's what the Transportation Benefits Equity Act does:

The Transportation Benefits Equity Act would mandate that if a DC employer provides a subsidized parking benefit, it must also offer the employee the equivalent value in transit benefits or taxable cash instead of parking.

Specifically, where employers provide parking benefits, they would also have to offer:

- **Employer-paid transit benefit.** If the transit benefit is less than the value of the parking benefit, then the employee receives the balance in taxable cash up to the value of the parking benefit.

- **Employer-paid, tax-free bicycle commuting benefit** up to the federally-allowable \$20/month expense reimbursement, plus taxable cash up to the value of the parking benefit.
- **Taxable cash for employees walking to work**, equal to the value of the parking benefit.

In short, the law would prohibit DC employers from discriminating against non-drivers in the commuter benefits they offer.

A more flexible, balanced commuter benefit. More choices for everyone.

Ultimately, the **Transportation Benefits Equity Act** benefits everyone:

- Employees who choose to drive and park at work can keep doing so without interruption.
- Employees who choose to instead commute by transit, bicycling, or walking take home more income than they were before - and the same as what people driving are taking home.

The law is **revenue positive to government** since some employees who would otherwise have taken the parking subsidy will switch to an alternative benefit that includes taxable cash.

Employers keep their discretion for commuter benefits costs

Employers would keep the discretion they have today to make choices about the parking benefits they offer to their employees or to make changes to such benefits at any time.

New taxable cash employee benefits would be paid for by reduced parking costs. Taxable cash benefits incur a small payroll tax cost, but this can be equalized by slightly reducing the employer subsidy to parking.

Employers might even reduce costs if they choose to change their current parking-only benefit to a broader all-modes benefit but at a somewhat lower dollar amount than the cost of parking.

The timing of the law lets employers shed unneeded parking (through a new lease with less parking, sub-letting unused parking spaces, or selling spaces), and thus to recoup costs for spaces that employees who accept the alternative benefits in lieu of parking they no longer need.

The IRS already has procedures for establishing the value of parking benefits, which is needed to determine the appropriate value of equivalent benefits for transit, biking, and walking commuting.

Choice means less traffic, cleaner air.

Employers that have voluntarily tested this strategy in other places across the country have found it to:

- **Decrease the number of drive-alone commute trips.** Studies elsewhere show a 10-12% decrease in drive-alone commute trips and related vehicle miles traveled, which would have an even greater reduction on peak period congestion.
- **Reduce traffic, improve air quality, decrease greenhouse gas emissions, and reduce traffic collisions** by reducing vehicle-miles traveled.

Let's make it happen.

DC began to address commuter benefits discrimination by enacting commuter benefits provisions in the Sustainable DC Omnibus Act of 2014.

That law requires employers with 20 or more employees to offer pre-tax transit benefits -- meaning employees get the option to set aside a portion of their own wages pre-tax to pay for their transit commute.

But the **Transportation Benefits Equity Act** of 2017 would fully optimize commuter benefits in DC.



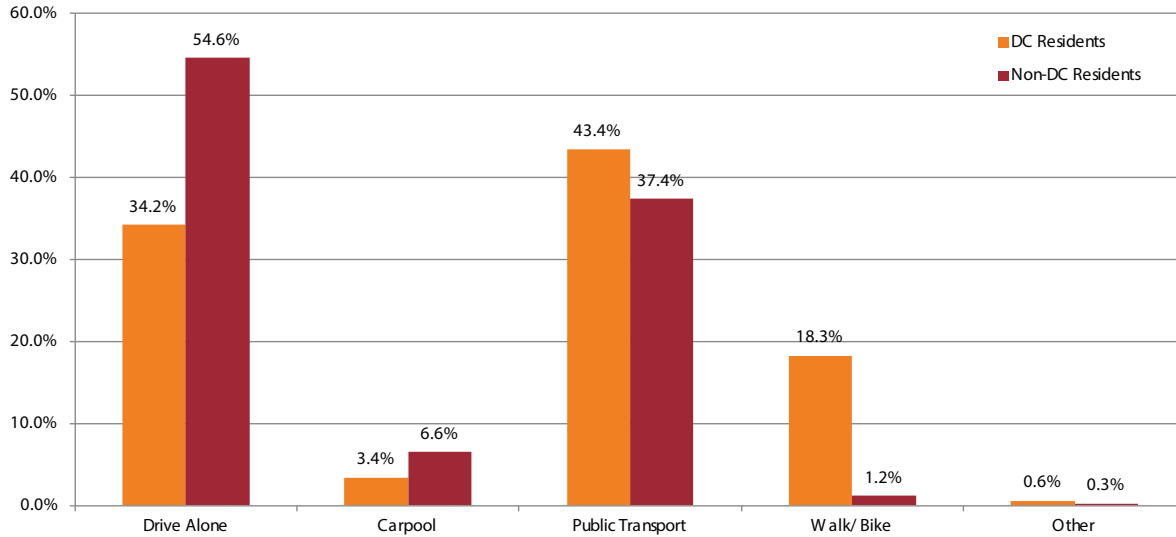
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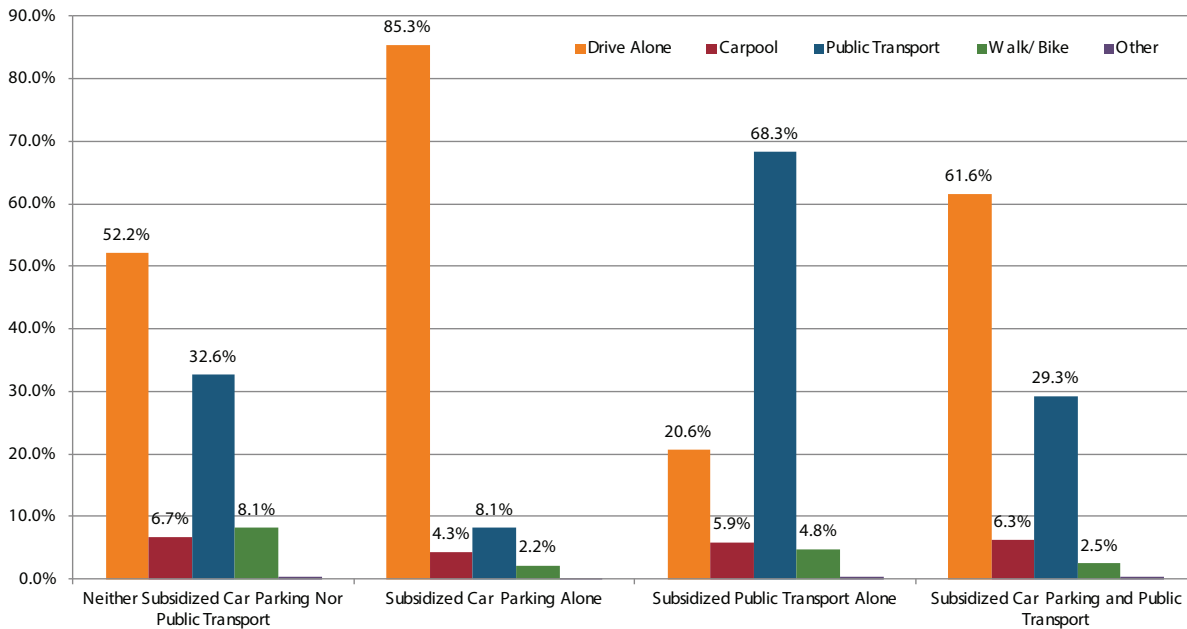
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Commute mode for DC workers by residence



Source: Calculations by Andrea Hamre, Virginia Tech University, using the 2007/2008 DC Household Travel Survey Sample: 987 DC residents and 2,324 non-DC residents working in Washington, DC with reported commute mode (excludes those who worked at home); Regional sample weights applied

Commute mode & commuter benefit category for all DC commuters



Source: Calculations by Andrea Hamre, Virginia Tech University, using the 2007/2008 DC Household Travel Survey Sample: 3,238 commuters working in Washington, DC with a reported commute mode and commuter benefits (excludes those who worked at home); Regional sample weights applied

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