

January 14, 2014

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Dear Senator:

On behalf of the 1.6 million members of the American Federation of State, County and Municipal Employees (AFSCME), I urge Congress to extend the recently expired \$245 monthly cap on the federal tax exclusion for employer-provided mass-transit commuter benefits ("mass transit benefit"). This would reverse the decrease to \$130 per month imposed on January 1, 2014, and prevent commuters from losing mass-transit benefits of up to \$1,440 in 2014. Congress should act soon because unlike many other tax benefits, increasing this retroactively is administratively difficult and potentially impossible.

In 2009, Congress extended this mass-transit benefit and established parity with the similar tax exclusion for employer-provided commuter parking benefits, which increased the mass-transit benefit monthly cap from \$120 to \$230. Thereafter, Congress acted twice more to extend parity for the mass-transit benefit for years 2011, 2012 and 2013. All three times the support was bipartisan. Today, there is bipartisan support to extend it again, increasing the mass-transit benefit's 2014 monthly cap to \$250.

This is important because federal law treats qualified mass-transit benefits as non-income and thus employees do not pay any related federal income or payroll taxes. Hence, this benefit reduces mass transit commuting costs and encourages its use, which reduces accompanying vehicle congestion and delays, pollution and America's reliance on foreign oil. While the mass-transit benefit is concentrated in urban areas, the beneficiaries live throughout America. Experts estimate more than 2.5 million people use this benefit and 250,000 spend more than \$130 per month.

An immediate extension is important because employers deduct commuting expenses from employee wages and/or contribute funds before providing this benefit directly to employees. For example, to reduce commuters' costs in January 2014, employers had to change their December 2013 payroll and this affects ongoing use of mass-transit. Many workers are selecting their commuting options based on the current reduced mass-transit benefit and it will be difficult to retroactively reimburse those that switch. Immediate action is needed to ensure affected commuters receive the higher monthly benefit level for all their 2014 commuting.

Thank you for your consideration of our views on this important transportation issue.

Sincerely,



Charles M. Loveless  
Director of Federal Government Affairs

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