

# Chicago Tribune

## Advocates: Transit riders deserve a tax break to match drivers who park

Jon Hilkevitch | 11-16-2014

In a transportation world not firing on all cylinders, people who crowd the roads every day by driving to work are offered nearly twice the federal tax relief for parking costs that is available to commuters who help reduce congestion and pollution by climbing aboard trains and buses. That world, facilitated by the tax code and the actions (or inaction) of lawmakers who voters send to Washington, doesn't look poised to change anytime soon.

The federal tax breaks — an employer-administered commuter benefit program that shields from taxes at least some income used to pay for transit fares or parking — had been on par for several years, but millions of transit riders saw their benefit get cut almost in half last year, even as the benefit for drivers rose slightly.

And the prospects are uncertain that Congress will correct the imbalance for 2015.

### Tax breaks for commuters

While the Internal Revenue Service allows \$130 a month in pretax income to be set aside for public transit fares, it allows \$250 per month for parking benefits.

#### TRANSIT PROGRAM PARTICIPANTS FOR 2014

Agency	Employers	Commuters
CTA	1,238	46,507
RTA	1,598	22,713

The CTA and RTA offer transit-benefit programs to Chicago-area employers. The CTA-offered program also includes Pace riders. The RTA-offered program includes CTA, Metra and Pace riders.

Sources: CTA, RTA

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Transit riders participating in the transit benefit program can set aside up to \$130 a month in pretax income to help reduce the cost of their commutes. It is scheduled to stay at \$130 a month in 2015.

That's a change from 2010-13, when it had been on par with the parking benefit, which now tops off at \$250 a month and will remain at that level in 2015 under Internal Revenue Service rules. Public officials say that encouraging more drivers to switch to riding transit is a difficult job and getting harder, due in part to declining gas prices and rising transit fares in some metro areas, including the Chicago area.

But there is always hope. A new campaign underway for 2015 would increase the amount of pretax income employees can set aside to pay for work-related trips on trains and buses, as well as for carpooling.

In the Chicago area, it comes at a critical time for **Metra** commuters in particular, who face fare hikes averaging nearly 11 percent starting in February. It equals an extra \$27.3 million in fares in 2015, officials said.

Lowering taxable income by setting aside money that is used to purchase transit saves hundreds of dollars, and in some cases more than \$1,000, on an average tax bill, according to calculations by the **American Public Transportation Association**.

Proposed changes in the federal tax code before Congress would restore parity between transit commuters and people who drive to work and pay to park. But there is resistance to the changes among the Republican leadership, congressional watchdog groups say.

Sen. Dick Durbin, D-Ill., said he supports the changes. Sen. Mark Kirk, R-Ill., did not respond to a Tribune request.

An analysis by Congress' Joint Committee on Taxation concluded that setting both parking and transit benefits at \$235 a month and indexing them for inflation wouldn't increase the federal deficit — in fact it would raise net revenue of \$130 million over 10 years.

In 2013, the public transit commuter and carpool benefit as well as the pretax parking benefit was up to \$240 a month.

This year it dropped to a maximum of \$130 a month for transit riders and carpoolers.

At the same time, the parking benefit increased, to a maximum of \$250 per month.

The changes work out to an average annual tax burden increase of about \$565 for transit riders, the transportation association said.

A report scheduled for release this week found that the parking subsidy puts an additional 820,000 cars on the road in the largest metro areas and at the current level transit benefits remove only about one-tenth of those vehicles from the road. The study was conducted by TransitCenter and Frontier Group, which identify themselves as civic groups that advocate measures to increase transit ridership.

Officials at the **Chicago Transit Authority** said most CTA riders participating in the transit benefit program are able to shield all their commuting costs from taxes, because a 30-day unlimited-ride pass is \$100.

But in the case of a Metra commuter who participates in the transit benefit program, the cost of some Metra monthly passes, which are priced based on distance traveled, is more than \$260. And many Metra customers also ride the CTA as part of their daily commutes.

More than 46,500 commuters and 1,238 employers are participating in the commuter-benefit program offered through the CTA, transit officials said.

The **Regional Transportation Authority's** transit benefit program has almost 23,000 employees and nearly 1,600 companies participating, officials said.

Public transportation supporters are urging riders to contact their elected representatives in Congress to urge passage this year of legislation that would increase the transit limit to match the parking cap on tax-sheltered income used for trips between home and work.

A coalition of groups called **Commuter Benefits Work for Us** is asking transit riders to contact their elected representatives. Information is posted at:

<http://www.commuterbenefitsworkforus.com>.

RTA officials said they are optimistic that Congress will take action.

But Michael McLaughlin, the CTA's vice president of planning and federal affairs, said that while there appears to be bipartisan support to make changes, he added, "I don't know that we have seen any smoke signals yet as far as the lame-duck session.

"We do look at (the parking and transit benefit disparity) as bad public policy," McLaughlin said. Efforts to improve the nation's transportation network have historically enjoyed strong bipartisan support, because there is no such thing as a Republican pothole or a Democratic bridge problem. The current standoff on transit benefits confounds some experts.

"I get it that the Republicans and the Democrats are not going to agree on everything, but it doesn't mean that they can't agree on something," said Dan Neuburger, president of WageWorks Commuter Services. WageWorks is the largest third-party administrator managing the commuter benefit program in the U.S.

"Every single (congressional) office I have met with said they support parity between parking and transit," Neuburger said. "But why has it not happened? It's all politics."