



American Payroll Association

Government Relations • Washington, DC

November 22, 2015

Sen. Charles Schumer
322 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Schumer,

As you consider the highway funding bill, members of the American Payroll Association urge you to include a provision that would establish parity between parking and transit benefits. Further, we urge you to do so permanently and to avoid making the parity retroactive. Two extraordinary benefits will result from this: reduced administrative burden and funding for the highway bill.

About the American Payroll Association

The APA is a nonprofit professional association representing more than 20,000 payroll professionals and their companies in the United States. The APA's primary mission is to educate its members and the payroll industry regarding best practices associated with paying America's workers while complying with applicable federal, state, and local laws. In addition, the APA's Government Affairs Task Force works with the legislative and executive branches of government to find ways to help employers satisfy their legal obligations, while minimizing the administrative burden on government, employers, and individual workers.

Reduced administrative burden, meaningful tax breaks

The first benefit is a priority for payroll professionals, for the businesses that employ them, and for the workers they pay. Currently, parking benefits and transit benefits may be provided on a pretax basis. However, Congress set parking benefits at \$250 a month, indexed for inflation, while transit benefits remain stagnant at \$130 per month.

The APA believes strongly that applying tax benefits retroactively is the very worst policy: it fails to help the majority of individuals it seeks to help and causes actual hardship to the companies that offer commuter benefits, specifically to the individuals responsible for properly administering the tax benefits. The disparity in the benefit levels is generally recognized as a mistake. Each year, since 2013, Congress has addressed the mistake through tax extender bills. In each case, the bills have "corrected" the mistake retroactively. In fact, the retroactive application helps very few individuals, because of the nature of the monthly benefit. Companies that are able to apply the benefit retroactively can only do so with great administrative burden.

Addressing the issue year after year instead of applying it permanently adds salt to the wound. Including commuter benefits parity in the highway bill instead of the tax extenders package will allow Congress to apply an actual solution to the problem for the benefit of taxpayers, employers, and Congress.

\$130 Million

The second benefit may be a priority for members of Congress. Addressing commuter benefits will help Congress fund the highway bill. In 2014, the Joint Committee on Taxation declared that setting both parking and transit benefits at \$235 a month, and indexing them for inflation, would raise net revenues of \$130 million over 10 years. Parking benefits are currently set at \$250 a month and will rise to \$255 a month in 2016, so the actual revenues should exceed the Joint Committee's projections.

Sincerely,

A handwritten signature in blue ink, appearing to read 'W. Dunn', with a long horizontal flourish extending to the right.

William Dunn, CPP
Director of Government Relations