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## **SENATE FINANCE PANEL ADOPTS BIPARTISAN MEASURE TO DOUBLE TAX BENEFITS FOR BUS AND SUBWAY RIDERS AS PART OF ECONOMIC RECOVERY PACKAGE**

*Plan Takes Cars Off the Road, Puts Money Back in Commuters' Pockets*

**WASHINGTON, DC**—With record numbers of commuters nationwide turning to mass transit, **U.S. Senator Benjamin L. Cardin (D-MD)**, joined with Senators Charles E. Schumer (D-NY), Arlen Specter (R-PA) and 10 additional co-sponsors, to announce Tuesday that their mass transit tax break has been included in the Senate version of the economic recovery package.

The mass transit tax break would double the federal mass transit benefit for people who ride buses, subways, commuter rails or other forms of mass transit to work, potentially saving them hundreds of dollars per year in transportation costs. The incentive shift towards mass transit also would increase energy conservation while reducing traffic, congestion and smog. Under current law, employers are able to offer employees a monthly tax-free transit benefit of \$120 to cover mass transit commuting costs, but they are able to offer up to \$230 to help cover parking costs for people to drive to work. The new measure's proponents said that, in today's economy, it makes absolutely no sense to provide drivers a far greater benefit, and thereby a significant financial incentive, to drive to work rather than take mass transit. Their plan equalizes the mass transit and parking benefits at \$230 per month and indexes both benefits to increase with inflation.

"Encouraging greater use of public transit should be a national priority during good economic times and bad," said Senator Cardin. "By equalizing transit and parking benefits for employees, we are ensuring that public transit will continue to be a cost-effective option for millions of Americans, moving people efficiently and rapidly through our most important commercial centers. It also takes thousands of cars off of our congested highways and takes tons of pollutants out of the air we breathe."

The bill's other co-sponsors are Senators Edward Kennedy (D-MA), Christopher Dodd (D-CT), Jeff Bingaman (D-NM), John Kerry (D-MA), Joe Lieberman (I-CT), Barbara Boxer (D-CA), Ron Wyden (D-OR), Tom Carper (D-DE), Frank Lautenberg (D-NJ), and Robert Menendez (D-NJ). It has been adopted by Senate Finance Chairman Max Baucus (D-MT) into the recovery package, which is being considered by the full panel today.

The transit and parking benefits, originally conceived by the late Senator Daniel Patrick Moynihan, allow employers to offer their employees up to \$120 per month in transit benefits tax

free and up to \$230 tax-free for parking costs. While the transit benefit typically reduces a commuter's transportation costs by a third or more, the significant disparity between the two benefits creates an inefficient incentive for people to drive to work rather than take mass transit.

Nationally, Accor Services, a company specializing in employee benefits program, estimates that nearly 2 million Americans take advantage of the transit benefit nationwide, saving American \$440 million in FY 2009. The added subsidy will not only benefit employees, but will also provide additional tax-relief for businesses who contribute to their employees' deductions and will encourage employers to become involved in the transit choices of their worker.

The bi-partisan plan, originally called the *Commuter Benefits Equity Act*, would not only provide hundreds of dollars in savings to commuters, but also encourage more drivers to choose mass transit. The bill brings the mass transit subsidy equal to the \$230 set aside for employee parking expenses, increasing the incentive to take mass transit.

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