

TDM Presentation

Transit Benefits Ordinance: The Benefits and Considerations

23% OF WORKERS HAVE LEFT A JOB
BECAUSE OF A BAD COMMUTE



What is a Transit Benefits Ordinance?

- Also commonly known as a Commuter Benefits Ordinance
- Enabled by federal Internal Revenue Code, Title 26, IRC §132(f) that specifies that employers may provide their employees with Qualified Transportation Fringe Benefits (QTFB) to pay the costs of commuter transportation, setting aside up to the pre-tax limit to purchase transit passes pre-tax.
- The IRS announced that the pre-tax limit for commuter benefits will increase to \$280/month/employee beginning January 1, 2022

What is a Transit Benefits Ordinance?

- A TBO goes a step further to *require* employers to *offer* QTFB.
- Employers are **not required** to subsidize parking, transit or vanpools.



Why Have a Transit Benefit Ordinance?

- **Align public policies in support for public transit** initiatives in Tampa Bay
- **Demonstrate business support for transit** in Tampa Bay
- **Treat employees equitably** by providing all employees the choice of how to use employer-provided qualified transportation fringe benefits, not just those receiving a parking subsidy



Other Benefits of a TBO

1. Prompts employees to consider other ways to commute besides driving
2. For employers who provide parking subsidies to their employees, the TBO is a good complement
3. Encourages use of public transit, including bus and vanpool
4. Combined with Commute Tampa Bay's vanpool program, employees who vanpool also can take advantage of a \$400 per month vanpool subsidy <https://www.tbarta.com/en/commute-tampa-bay/vanpool-for-riders/>
5. Offered on a pre-tax basis, employees save on federal income tax; the employers save on payroll tax
6. TBO can be crafted to provide maximum flexibility to employers
7. TBO could be a tool for employers that want to incentivize bringing employees back into the office
8. Supports mode shift away from driving to reduce vehicle trips, vehicle miles traveled, and greenhouse gas emissions

Locations that have adopted a TBO

- Richmond, CA
- San Francisco, CA
- San Francisco Bay Area, CA
- Berkeley, CA
- Los Angeles, CA
- New York City
- Seattle, WA
- State of New Jersey
- Washington, DC

Source: Wethall, Judith, Jacob Mattlinson, and Erin Steele. The National Law Review. "Summary of Commuter Benefit Laws." McDermott Will & Emery. Employee Benefits Blog. February 20, 2020.

Dimensions of Various TBOs

Options for determining which employers are required to participate	Options for determining which employees are eligible	Options for a reimbursement limit
Those employing over some number of employees	Those who work some minimum number of hours, or full time, part time or temporary	Up to the maximum level allowed by federal tax law, or some lower amount
Geographic area	Duration of employment	
	Eligibility for minimum wage	
	Whether unionized	
	Location worked	

Considerations about a TBO

- Parking is often expensive for employers to provide.
- Many employers already pay for free parking for employees, increasing difficulty for employees to justify considering riding public transit or using some other travel option.
- Abundant free parking does not support the proposed bus rapid transit system, nor transit-oriented development, nor proposals for a regional transit system.
- Some employers are unaware they have options for providing alternative transportation fringe benefits, as enabled by federal tax code.
- According to the Bureau of Labor Statistics (20210 **only 9 percent of workers have access to subsidized commuting benefits** (transit)).

Equity, Diversity and Inclusion Considerations

- Only 3 percent of civilian workers in the lowest 25 percent wages have access to subsidize commuting benefit versus 20 percent of the highest 10 percent of wages.
- Only 5 percent of employees who work for employers with under 100 employees have access to subsidize commuting benefits

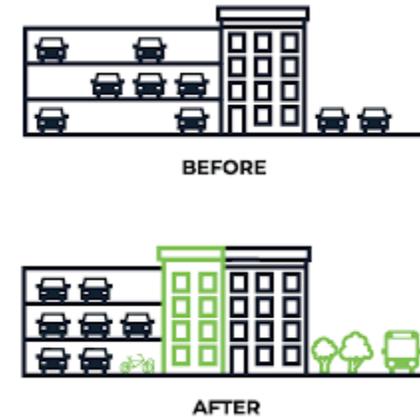
Flexibility of TBO

- Compliance to TBO should be based upon Internal Revenue Code §132(f) – Qualified Transportation Fringe Benefits
- Employers have flexibility to set aside employee pre-tax income in any amount less than the federal maximum per month (\$280 per month in 2022), from employee pay.
- Employers can alternatively provide a transit pass or vanpool subsidy valued up to the maximum per employee per month.
- Employers can alternatively provide employee transportation, such as an **employee shuttle** from a transit station.
- Federal employers would be exempted from participating in a TBO because local/state ordinances cannot bind the federal government



Implementation Options

- TBOs could be **implemented in conjunction with Opportunity Zones, particularly those with Smart Growth potential, and/or TOD overlays**
- TBOs work especially well where parking is unbundled from commercial property leases, and employers **offer their employees cash in lieu of a paid parking space**
- Local governments could require the **unbundling of parking** from commercial property leases and from residential leases, providing added flexibility and more affordable housing
- Local governments could implement parking maximums to **right-size the parking supply**
- Commute Tampa Bay (Tampa Bay's commuter assistance program, operated by TBARTA) and transportation management organizations (TMOs) could market, implement, and monitor compliance with the TBO on behalf of local governments



Right-size the parking supply to avoid building excess parking spaces and incentivizing driving

Image: boston.gov

Recommended Next Steps for Local Governments

1. Introduce TBO concept to the business community; conduct focus groups and roundtables with government leaders and transit advocacy groups
2. Run TRIMMS model (Trip Reduction Impacts of Mobility Management Strategies) on a TBO implementation scenario to calculate estimated societal benefit-to-cost ratio <http://trimms.com/> from reduced VT, VMT, Criteria air pollutants, GHG emissions, and traffic crashes
3. Develop an estimated implementation budget (e.g., 1 FTE for outreach, implementation and compliance monitoring, plus funds for marketing brochures, social media, website)
4. Adopt a broad-based ordinance, then conduct rule-writing process with public input

What a TBO Doesn't Do

- A TBO **does not require employers to subsidize transit or vanpooling** though they can do so tax free up to \$280 per month
 - The most basic TBO could require employers to simply offer to set aside employee income pre-tax for transit and vanpooling.
- A TBO **does not stop employers from paying for employee parking** if they want to.
- A TBO **does not require an employee to ride transit.**

Other Resources

- Commute Tampa Bay <https://www.tbarta.com/en/commute-tampa-bay/commute-tampa-bay/>
- Commute with Enterprise <https://www.commutewithenterprise.com/>
- TRIMMS model (Trip Reduction Impacts of Mobility Management Strategies) <http://trimms.com/>
- Examples of TBOs are available

Thank you!

Sara J. Hendricks, AICP, TDM-CP, Senior Research Associate
Transportation Demand Management Program
USF Center for Urban Transportation Research

Hendrick@usf.edu

