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TRANSITCENTER: SURVEY FINDS COMPANIES HOLDING THE LINE ON TAX-FREE COMMUTER BENEFITS DESPITE RECESSION

Employees Enjoying Greater Savings from Expansion of Transit Tax Benefit

New York, October 15, 2009 – Despite a severe recession forcing companies to cut costs and wages, most employers are maintaining -- and in some cases increasing -- tax-free commuter benefits as part of their compensation packages, TransitCenter announced today, releasing the results of its 2009 Commuter Impact Survey. Eight months after the passage of the American Recovery and Reinvestment Act, which increased the amount of tax-free income employees could use to pay for their mass transit fares from \$120/month to \$230/month, TransitCenter found that over one-third (35 percent) of companies surveyed offer a tax-free commuter benefit. Further, almost half of companies located within Central Business Districts (CBDs) now offer the benefit to employees.

TransitCenter alone has witnessed a 35 percent increase in the number of new employers who have joined its TransitChek® program during the eight months following the bill's passage as compared to the same period the prior year. In addition, employees at small businesses have been particularly enthusiastic about the increase in the tax benefit, with TransitCenter showing that 32 percent of the employees at its existing small business customers who were deducting the monthly maximum of \$120 prior to the passage of the bill increased their deductions to above \$120 after the bill's passage.



Under Section 132(f) of the Internal Revenue Service (IRS) Code, employees had been allowed to use up to \$120 per month of their pretax income to pay for their mass transit expenses. The Stimulus Bill expanded that benefit to \$230 per month. TransitCenter Inc., a nonprofit that promotes mass transit use in order to reduce traffic congestion and improve air quality, introduced tax-free commuter benefits more than two decades ago.

“Credit may be short, but companies are taking the long view when it comes to benefits and attracting and retaining talent,” said Larry Filler, President and CEO of TransitCenter. “These figures show that companies and commuters have responded quickly and in significant numbers to the expanded benefit. While we’re still tabulating the financial benefits to both employers and employees, the payoff in reduced carbon emissions, less traffic and better air quality will be significant.”

According to TransitCenter’s 2009 Commuter Impact Survey, tax-free commuter benefits have joined health, retirement, and disability at the top of benefit lists offered by companies. Companies listed “cost savings for employees” (62 percent) and “enhance overall benefits offering” (47 percent) as the top reasons for offering the benefit. And an overwhelming 91 percent say that their employees are still concerned about the price of gas, despite a fall off from last summer’s record prices.

In a new analysis, TransitCenter examined the attitudes and behaviors of companies located in CBDs compared to those whose offices are based in the outer reaches of cities, the suburbs or exurbs. “As the most representative samples of geographies that both employ large numbers of people and enjoy extensive mass transit networks, CBDs can serve as models for other parts of the country considering expansion of their mass transit systems,” said Filler.



TransitCenter found that of those surveyed, nearly half of companies (46 percent) within CBDs offer tax-free commuter benefits to employees, compared to less than one in five companies (19 percent) of those located outside of them. These companies also reported higher levels of employee participation in the program. Nearly a third (29 percent) report that half their employees participate, versus just 9 percent for companies outside the CBDs.

“These figures settle many questions that policy makers and city planners face when considering the relationships between mass transit systems and the economic and environmental health of their citizens and businesses,” said Filler. “Companies, the public and the environment all win when the right mix of infrastructure and tax incentives are applied.”

Additional findings of the study include:

- Flextime (33 percent), Telecommuting (30 percent) and Transit (30 percent) are the top commute-related benefits offered by the surveyed companies
- 72 percent of respondents see tax-free commuter benefits as a way to help reduce their company’s carbon footprint
- As a result of the increase in the transit benefit cap, 27 percent of companies have seen increased enrollments, 39 percent have seen an increase in their employees’ pretax deductions, and 7 percent of companies have increase the subsidized amount offered to employees

Survey Methodology

Commissioned by TransitCenter and conducted by Resource Systems Group, the 2009 Survey respondents include 1,479 professionals in a position to make employee benefit decisions and employed for a company with at least one office in the metropolitan areas of New York, Chicago or San Francisco. Given that the sample size was expanded in the 2009 survey, its findings cannot be statistically compared to previous surveys. The



survey was conducted online in May 2009. The survey has a 95 percent confidence level with a margin of error of +/- 5% percent.

A copy of TransitCenter's 2009 Commuter Impact Survey is available by contacting Charles Kim at ckim@transitcenter.com.

About Tax-Free Commuter Benefits

Tax-free commuter benefits are authorized under section 132(f) of the Internal Revenue Code. Benefits can be used for transit or vanpool, commuter parking and bicycling. The benefits for transit/vanpool and commuter parking can be offered as an employee-funded, tax-free payroll deduction (pretax); as an employer-funded benefit (fringe benefit); or the costs can be shared by employer and employee up to the monthly maximum. The bicycling benefit is a fringe benefit only and is capped at \$20/month. The transit benefit can be offered in the form of transit operator specific passes, widely accepted vouchers, debit cards, or through a cash reimbursement model under specific conditions defined by the IRS.

Previously, the transit and vanpool benefits were capped at \$120/month under Section 132(f), while commuter parking was set at \$230/month. The American Recovery and Reinvestment Act amended the IRS Code to equalize the transit/vanpool monthly tax-free limit with commuter parking \$230 per month.

About TransitCenter, Inc.

TransitCenter is a nonprofit organization whose mission is to advocate for greater use of mass transit in order to reduce traffic congestion and improve air quality. TransitCenter engages in a wide variety of activities in support of transit. We are the pioneer and leading national provider of tax-free commuter benefits through our TransitChek®



programs. We advocate at the federal, state and local levels for the greater use of and support for transit. Through education and awareness activities, we also promote the essential benefits of transit, foremost among them making communities better places – and more sustainable places -- to work and live.

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