



NEW YORK STATE SENATOR

Charles J. Fuschillo Jr.

## Senator Fuschillo Calls for Immediate Approval of Permanent State Commuter Tax Benefit Following Washington's Inaction

CHARLES J. FUSCHILLO JR. January 6, 2012

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### **Legislation Would Ensure that Commuters Receive \$240 a Month State Tax Benefit to Help Offset Mass-Transit Costs**

With New York commuters facing higher costs following Washington's failure to extend the pre-tax transit benefit, Senator Charles J. Fuschillo, Jr. (R-Merrick), is calling for immediate passage of legislation he sponsors to create a permanent state commuter tax benefit to provide savings to commuters who use the Long Island Rail Road and other mass transit.

The legislation would fully restore the state's monthly pre-tax transit benefit, which would be \$240 for 2012, that was cut when the federal government did not approve an extension by the December 31, 2011 deadline. It would also create parity with the current federal and state pre-tax benefits which help offset parking costs for commuters who drive. That benefit increased to \$240 on January 1st.

"In this economy, the last thing we should be doing is making it more expensive for commuters to get to work. Congress' failure to act means higher costs for mass transit commuters on both their federal and state taxes, even while the pre-tax parking benefit increases. New York State needs to fully restore the monthly pre-tax transit benefit on the

state level so that commuters can save on their state taxes. At a time when so many family budgets are stretched to the max, Albany should approve this legislation as soon as possible so that these state tax savings can be restored,” said Senator Fuschillo, Chairman of the Senate’s Transportation Committee.

Employers are allowed to let their workers set aside a portion of their pre-tax salary to cover commuting expenses through mass-transit. In 2009, Congress approved an increase in the maximum transit benefit to \$230 a month, but the benefit needed to be renewed on a yearly basis. An extension was approved in 2010, but Congress did not reauthorize another extension by the December 31, 2011 deadline. As a result, commuters’ mass transit tax benefits were cut from \$230 to \$125 a month. New York State offers a similar benefit, but since the state’s benefit is dependent on the federal one, commuters are seeing both their state and federal benefits cut almost in half.

Washington’s lack of action not only raises costs for commuters, it gives them new incentives to avoid mass transit all together. Commuters who drive in a carpool are allowed a similar pre-tax benefit to help offset parking costs under federal law. Unlike the pre-tax transit benefit, that law is permanent and indexed to inflation. This means that commuters who drive to work had their parking benefit increase to \$240 a month while mass transit riders’ benefits were cut by nearly half. This disparity provides an incentive for commuters to drive to work and not use mass transit, increasing congestion and auto emissions.

Senator Fuschillo’s legislation (S2728C) would make the state pre-tax transit benefit permanent, regardless of whether Congress authorizes additional extensions, and make the benefit equal to the pre-tax parking benefit. This would restore the cut to commuters’ state pre-tax transit benefits caused by Washington’s inaction and put the state’s transit benefit on the same level as the parking benefit.

The legislation was approved by the Senate last April but the Assembly did not act on it.

Senator Fuschillo also once again urged federal officials to extend the federal benefit so that commuters can receive savings on their federal taxes.