



NEW YORK STATE SENATOR

Dean G. Skelos

Senate Passes Bill to Restore State's Commuter Tax Benefit

DEAN G. SKELOS February 13, 2012

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

The New York State Senate today passed legislation, sponsored by Senator Charles J. Fuschillo, Jr. (R-Merrick), to fully restore the State's pre-tax commuter 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.

"Congress' failure to act means commuters are paying higher taxes and costs just to go to work. That's the last thing that should be happening in this economy. With Washington's lack of action, New York State should do what it can to restore these state tax savings and put money back in the pockets of hard-working commuters. I'm pleased the Senate has passed this legislation and I urge the Assembly to do the same," said Senator Fuschillo, Chairman of the Senate's Transportation Committee.

“The cost of commuting keeps going up and taking more money away from taxpayers,” Senate Majority Leader Dean G. Skelos said. “This bill would help offset the federal inaction and provide relief to commuters.”

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 restore the state’s mass transit benefit to 2011 levels and adjust it annually for cost of living increases, regardless of whether Congress authorizes additional extensions. The legislation would also make the mass transit benefit equal to the pre-tax parking benefit. Passing this legislation would mean commuters’ state mass transit benefit would be \$240 a month for 2012.

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

The legislation is widely supported by a number of advocacy organizations, including the Permanent Citizens Advisory Council to the MTA, the New York State Transportation Equity Alliance, Tri-State Transportation Campaign, Vision Long Island, the New York State League of Conservation Voters, and the NYPIRG Straphangers Campaign.

In a memo “strongly supporting” the legislation, the Permanent Citizens Advisory Council to the MTA, which includes the Long Island Rail Road Commuter Council, the Metro-North Railroad Commuter Council, and the New York City Transit Riders Council, noted that “the expiration of higher transit benefit limits has in effect resulted in a tax increase for transit commuters,” and that “regardless of action that may be taken at the federal level, state law should not disadvantage transit commuters.”

The New York State Transportation Equity Alliance noted in a memo of “strong support” that “the pre-tax commuter benefits provide a much-needed financial relief to transit users,” and “New York State should unequivocally support the use of transit by equalizing the maximum level of these benefits.”

“The Long Island Rail Road Commuter Council applauds the State Senate for approving legislation to restore State commuter pre-tax benefits to their 2011 level. Losing the benefit punishes commuters for using mass transit and raises their costs when they can least afford it. We thank Senator Charles Fuschillo for his hard work and leadership on the issue and call upon the United States Congress to follow the New York State Senate’s lead and restore these benefits on the federal level as well,” said Mark Epstein, President of the Long Island Rail Road Commuter Council.

The legislation has been sent to the Assembly for consideration.