

Testimony before the Maryland House of Delegates
Committee on Economic Matters
Delegate Dereck E. Davis, Chair

By Cheryl Cort, Policy Director
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Position: Support HB 540

Labor and Employment - Pre-Tax Transportation Fringe Benefit - Requirement
(Maryland Pre-Tax Commuter Benefit Act)

Good afternoon Chair Davis and members of the Committee. Thank you for the opportunity to testify. My name is Cheryl Cort and I am speaking on behalf of the Coalition for Smarter Growth. The Coalition for Smarter Growth is the leading organization in the Washington, DC region, including suburban Maryland, dedicated to making the case for smart growth. Our mission is to promote walkable, inclusive, and transit-oriented communities, and the land use and transportation policies and investments needed to make those communities flourish.

We are pleased to express our support for House Bill 540, the Maryland Pre-Tax Commuter Benefit Act. This bill saves both employees and employers money by ensuring that those who can, are taking advantage of the tax savings offered through the federal tax code for qualified transportation fringe benefits. Employees that can use transit or vanpools to commute to work can use pre-tax wages to pay for commuting costs, up to \$260 a month. Employers too can benefit by reducing their payroll tax contribution on the pre-tax income used by employees to pay for transit fares or commuter highway vehicles (vanpools).

In addition to the tax cost savings to both employees and employers, HB 540 helps:

- all commuters benefit by reducing traffic
- enhances the viability of transit and vanpooling
- reduces air pollution from less vehicular traffic
- reduces personal vehicle maintenance costs from reduced use
- enhances the Maryland Commuter Tax Credit Benefit which enables employers to claim up to 50% of eligible commute benefit expenses in state-related tax credits or insurance premium tax.

Transit & vanpooling are important options for all of Maryland

How can Maryland commuters and their employers take advantage of this opportunity? Certainly, cities and metropolitan areas that provide transit services are obvious beneficiaries. Howard, Baltimore, Anne Arundel, Frederick, Montgomery, and Prince George's counties, and Baltimore City all local bus services. They also offer MARC, commuter bus, light rail and Metro services depending on the location.

But it's important to recognize that transit services also cover rural areas and small towns throughout the state. Small local transit providers, such as Shore Transit, connect workers to jobs on the Lower Eastern Shore. Where transit doesn't serve an employer, a vanpool might be a helpful cost-saving and convenient option for some workers. Vanpools are good options where transit isn't available and commute distances are long.

Pre-tax transportation benefits are easy to implement and Commuter Choice Maryland offers help

Employers have many reasons to like a pre-tax transportation benefits, and they shouldn't let unfamiliarity hold them back from taking advantage of them. First, the pre-tax benefit option is easy to administer and can be handled like other withholdings in an employee's paycheck. Second, Commuter Choice Maryland is a Department of Transportation program that offers assistance to employers to help them take full advantage of laws and programs that can meet their workforce commuting needs. Representatives are available to sit down with employers and help them identify which commuter benefits programs work best for them and can advise them on setting them up.

For all these reasons – cost savings to both employers and employees, reduced traffic and pollution, ease of set up, Maryland Commuter Choice program support, and tax credits – HB 540 is a perfect way to ensure these benefits can be realized. By easing the commutes of Maryland workers and giving a tax break to employers, the Maryland Pre-Tax Commuter Benefit Act is an across-the-board winner for the state. I urge the committee to provide a favorable report for this bill.

Thank you for the opportunity to testify.