

**HON. MICHAEL G. GRIMM
OF NEW YORK
STATEMENT FOR THE RECORD**

House Committee on Ways and Means
Subcommittee on Select Revenue Measures
Hearing on Tax Extenders
Thursday, April 26, 2012

Chairman Tiberi, Ranking Member Neal, thank you for allowing me to testify today in support of extending the expiring commuter transit benefit. As a member of Congress representing the citizens of Staten Island and Brooklyn, who already face the longest commute times in the nation, seeing this vital program extended is of the utmost importance.

The transit benefit is a highly effective tool used by an estimated 2.7 million Americans to reduce the cost of commuting. TransitCenter, a New York City non-profit, found that when transit benefits are introduced to a workplace 20% of employees alter their commuting patterns and utilize public transit or vanpools. When considering that a 3% reduction in single occupancy vehicles can lead to a 25% reduction in congestion, it is clear that the transit benefit is an effective means of reducing traffic.

While there are additional energy and environmental benefits that can be drawn from this, I want to take this time to also recognize the role transit benefits have on employers.

Simply put, the transit benefit makes sense for businesses of all shapes and sizes. The provision is a pre-tax benefit not only for employees, but also for the employers who offer it providing fiscal savings by reducing their payroll tax burden. According to corporate service provider Edenred, last year, employers who offered the transit benefit saved an estimated \$311 million in taxes. When we look at this in context, these savings could be used to hire 6,200 new workers, providing many employers with additional resources to expand and create new jobs.

The transit benefit also provides small businesses and job creators with a financial incentive to help their employees increase their disposable incomes. This is a perfect example of how targeted and effective federal policy can provide employers with an opportunity to help their employees save money on their commute, while saving employers money that can be reinvested into their businesses to create new jobs. Congress should not continue to promote a tax policy that favors drivers over commuters and that penalizes businesses that do the right thing by offering their employees incentives to utilize a variety of transportation options.

If we do not act quickly, millions of transit and vanpool riders will continue to be taxed more than their fellow commuters who drive to work. This inequity will force many commuters out of trains, buses, and vanpools, and back into their cars which will only lead to increases in congestion, fuel consumption, lost productivity and wasted time that could be spent on productive work or with their families.

The effort to extend this important benefit has received bipartisan support here in the House, as evidenced by the 107 signatures garnered by two letters to this committee and leadership, and I encourage the committee to extend parity between the transit and parking benefits at a monthly level, providing relief from the high cost of commuting to American workers who choose public transportation and vanpools.