



May 10, 2012

Chairman Pat Tiberi
U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select
Revenue Measures
1102 Longworth House Office Bldg.
Washington, DC 20515

Ranking Member Richard Neal
U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Select
Revenue Measures
1102 Longworth House Office Bldg.
Washington, DC 20515

Dear Chairman Tiberi and Ranking Member Neal:

On behalf of the American Public Transportation Association (APTA) and its more than 1,500 member organizations, I thank you for holding the April 26, 2012 tax extenders hearing. I write to highlight the critical importance of continuing two particular tax provisions:

- Alternative Fuels Tax Credit
- Transit/Vanpool Commuter (pre-tax) Fringe Benefits

Alternative Fuels Tax Credit

Several federal excise tax credits for alternative fuels and related infrastructure expired as of December 31, 2011. Among them were important provisions of the Internal Revenue Code pertaining to liquefied or compressed natural gas (LNG/CNG). These provisions provided important offsets to transit agency fuel and operating costs, thereby supporting improved transportation services, as well as aiding in job retention and in meeting important goals of air quality improvement and carbon emission reduction. Transit providers across the country depend on thousands of CNG/LNG-fueled vehicles to operate their systems safely and efficiently carry millions to work, school, medical appointments, and to their houses of worship.

Specifically, the transit industry urges support for legislation that would extend the 50 cent per gasoline gallon equivalent (gge) tax credit for natural gas (both CNG and LNG) used as a motor fuel vehicle and also extend tax credits for the fueling infrastructure necessary to facilitate CNG/LNG utilization. Public transportation agencies that utilize natural gas for a portion or all of their fleet fueling needs have experienced significant budget savings from this provision. Lower fueling costs enable improvements elsewhere in an agency's service and operations. Notwithstanding current market prices for natural gas, it is important to emphasize that these provisions enable public transportation providers to justify and fiscally manage high upfront capital costs for associated infrastructure.

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In 2011, 10.4 billions rides were taken on public transportation nationwide – the 2nd highest transit ridership since 1957 – and we believe that ridership will continue to grow. By extending these tax provisions, public transportation can continue to meet the needs of its growing ridership, while doing its part to reduce harmful emissions. Extending the CNG/LNG tax credit signifies that we are committed to a long-term strategy for energy security.

Transit/Vanpool Commuter Fringe Benefits

I also urge you to support parity between transit/vanpool and parking fringe benefits. As you are aware, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, maintained parity between transit/vanpool and parking benefits at \$230 per month through 2011. However, at the close of 2011 this parity level was allowed to expire, causing the transit/vanpool portion of the benefit to revert back to a maximum of \$125 per month while the parking portion of the benefit *increased* to a maximum of \$240 per month. This represents a financial bias in the tax code against transit use at a time when gas prices and energy independence are of utmost concern.

Current challenging economic conditions have placed considerable pressure on employers to reduce costs as well as on employees to reduce personal spending. Companies, including small businesses, benefit from the pre-tax commuter benefit provision because it provides savings by reducing payroll taxes, while also offering a valuable employee recruitment and retention tool. Employees benefit significantly from reduced commuting costs at a time when many transit agencies are raising fares as they struggle to balance their budgets. As a result of a reduced transit benefit, those commuting to and from work via transit have endured higher commuting costs and business owners have seen their payroll tax liability increased.

Congressman Jim McGovern (MA) has sponsored H.R. 2412, The Commuter Benefits Equity Act of 2011 which would establish permanent parity between transit/vanpool and parking benefits. We fully support this bill and would be inclined to support any other bill that would establish parity and remove the current disincentive for workers to commute using public transportation.

I thank you for your consideration to extend the Alternative Fuels Tax Credit and the Transit/Vanpool Commuter Fringe Benefit. Both provisions are critical to supporting transit and our nation's economic recovery. If you have questions, please have your staff contact Brian Tynan of APTA's Government Affairs Department at (202) 496-4897 or email btynan@apta.com.

Sincerely yours,



Michael P. Melaniphy
President & CEO

Contact Information

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