



COMMONWEALTH OF VIRGINIA  
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## **Board Matter**

**November 16, 2010**

Madam Chairman— On February 17, 2009, the American Recovery and Reinvestment Act of 2009 was signed into law. This legislation included a provision that temporarily increased the monthly tax exclusion amount for employer-provided commuter transit benefits from \$120 to \$230 per month. Both employees and their employers see a reduction in their tax liability because of this provision.

The commuter benefit increase is set to expire on December 31, 2010. Failure to extend the parity of this benefit would have a significant negative impact on County residents and may also deter transit ridership, resulting in a negative impact on our local and regional transit systems. Further, as the majority of transit riders have vehicles available, a reduction in these benefits may result in more commuters driving, thereby worsening the already substantial congestion on Northern Virginia's roads.

Language to extend this parity for one more year is included in an extensive tax bill drafted by the House Ways and Means Committee. This legislation, however, has not been introduced, and it is questionable whether it would pass. Additionally, stand-alone legislation that would require parity between transit

and parking benefits, entitled the Commuter Benefits Equity Act, has been introduced in both the Senate and House of Representatives. Senator Jim Webb is a cosponsor of the Senate legislation, which was introduced on January 26, 2009, and is awaiting action in the Senate Committee on Finance.

Congressmen Gerald Connolly and James Moran are cosponsors of the legislation in the House (introduced on February 4, 2009) and is awaiting action in the House Committee on Ways and Means and the House Committee on Oversight and Government Reform.

Additionally on January 1, 2011, another Federal mandate that will affect our regional transit systems will take effect. Specifically, the Internal Revenue Service (IRS) has enacted regulations to require the separate disbursement of transit benefits and parking benefits, even those at transit facilities. Previously transit benefits could be used for parking and transit, however, transit and parking benefits will no longer be interchangeable.

The IRS extended the deadline for transit systems to make modifications to their technology to make it compatible with the regulations and to allow employers to comply with the rule. The Washington Metropolitan Area Transit Authority has created fare media that will be able to differentiate between transit benefits, parking benefits and personal stored value. Fares will be paid from separate benefit accounts. Once a monthly transit or parking benefit is depleted, the fee will need to be paid from the stored value account on the card. Although Metro is prepared to implement this change, it will be very complicated for the transit user. Since parking at a Metrorail station is an integral part of the transit trip for many Fairfax County commuters, this separation seems to add unnecessary complexity and may deter riders from using the transit benefit.

Therefore Madam Chairman— I move the Board approve sending the attached letter to Fairfax County’s Federal delegation requesting that they work to ensure that the current transit benefit level be extended for at least one year and that employers be given more time to comply with the federal mandate requiring separate disbursement and monitoring of transit and parking benefits.