

# 2023 Commuter Benefits Update

| What to expect  
| in the new year

December 14, 2022 • 3 to 4 p.m. EST

Recognition for  
**WORKPLACES, UNIVERSITIES and SITES**

[bestworkplaces.org](https://bestworkplaces.org)

# Changing How America Commutes

Best Workplaces for Commuters (BWC) is an innovative membership program that provides national recognition to employers offering outstanding commuter benefits.



Recognition for  
**WORKPLACES, UNIVERSITIES and SITES**

## Helping BWCs get the most out of their investment

We're passionate about helping workplaces improve their performance of commuter programs via listserv to foster peer-to-peer exchanges, FAQs, employer case studies, webinars, and other resources.

## Best Workplaces for Commuters (BWC) recognizes employers who are helping change how America commutes

Whether you are concerned with employee job satisfaction, company finances, maintaining a positive organizational image, or improving quality of life in your community and the global environment, BWC is a natural choice to meet your needs.

*"We recognize that meeting all the expectations of our daily schedule requires commuting options and support. By offering a range of services from "Last Mile" shuttles, ride-matching, and transit incentives, we hope that each employee finds multiple solutions that make commuting more productive, giving them more time for the things that matter."*

—Bridger McGaw  
athenahealth

BWC members offer exceptional commuter benefits to more than one million employees

Ready to sign up? Apply online:  
[bestworkplaces.org/join/](https://bestworkplaces.org/join/)



### Contact Info

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[bestworkplaces.org](https://bestworkplaces.org)

# Center for Urban Transportation Research

- Established in 1988 by the Florida Legislature, part of the College of Engineering at the University of South Florida
- Largely supported through contracts and grants
- Research, outreach, training, technical assistance at local, regional, state levels.
- CUTR consists of 28 faculty members, 38 staff/administrative members, 20 students, 25 temporary positions, and 5 post-docs
- CUTR is home of the National Institute for Congestion Reduction (NICR), a National University Transportation Center



**CUTR**  
CENTER FOR URBAN  
TRANSPORTATION  
RESEARCH



**NICR**  
NATIONAL INSTITUTE FOR  
CONGESTION REDUCTION

# Listen to this podcast!



Best Workplaces for Commuters is featured in an “Out of My Lane” podcast episode with Tom Harrington, Intuit and Julie Bond, BWC.

Available on  

**MORE INFO:** [cutr.usf.edu/outofmylane](https://cutr.usf.edu/outofmylane)



Mark your  
calendars for this  
exciting event.  
Register today!

<https://bestworkplaces.org/events>



*Announcing the* **BWC  
2023 List**

**BEST**  
Workplaces  
for Commuters™  
2023

**BEST**  
Universities  
for Commuters™  
2023

**BEST**  
Sites  
for Commuters™  
2023

**PRESENTED BY**

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January 26, 2023 • 3 to 4 p.m. ET

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**Kate Harrington**  
Movability



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Center for Urban Transportation  
Research (CUTR)



**Alecia McGuire**  
Commute with Enterprise

# mo★vability



# WHO WE ARE



## CENTRAL TEXAS' FIRST AND ONLY TRANSPORTATION MANAGEMENT ASSOCIATION (TMA)

- We are an independent 501(c)6 business association
- Provide services to our members and the greater Central Texas area



# WHAT WE DO

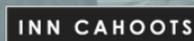
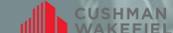
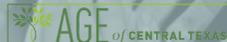


- Educate about mobility options and TDM best practices and trends
- Create custom mobility planning
- Make connections between employers and service providers
- Host networking events
- Provide micro-grants
- Conduct mobility research
- Manage ride-matching and trip planning through *Get There Central Texas*
- Lead in-person and virtual education events

# Our Members



Actionfigure.



# WHY OUR MEMBERS JOIN

## Members benefit by

- Saving money
- Talent attraction & retention
- Sustainability goals
- Networking
- Community recognition

## Community benefits

- Economic: most efficient and effective way to use existing infrastructure
- Equity: more options to move all Central Texans
- Sustainability: financial & environmental
- Health: reduce commute stress
- Protect Central Texas quality of life



# HOW MOVABILITY WORKS WITH BWC MEMBERS

## Movability members receive the following benefits:

- Expert assistance with BWC application
- Automated the application process by making it a Survey.
- Waived BWC membership fees
- Recognition at Movability's annual Mobility Breakfast
- Inclusion in the press release announcing the Central Texas Best Workplaces for Commuters





# BWC MEMBER SPOTLIGHT: DOWNTOWN ALLIANCE

The Downtown Austin Alliance is one of Movability's Founding Partners and has worked to not only improve mobility in Downtown Austin, but to build a great commute culture for its own employees. The Downtown Alliance's commute benefits include:

- \$200 monthly commuter stipend that employees can apply toward any commute mode
  - Telecommute policy allowing employees to work remotely 2x a week
  - Office building has bike storage
  - Movability membership
- 

# MOBILITY BREAKFAST & AWARDS

- Movability's flagship event since 2015
- About 160 attendees
- Movability members who have made the BWC list are recognized and awarded





# movability

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# Overview of Qualified Transportation Fringe Benefits

December 14, 2022

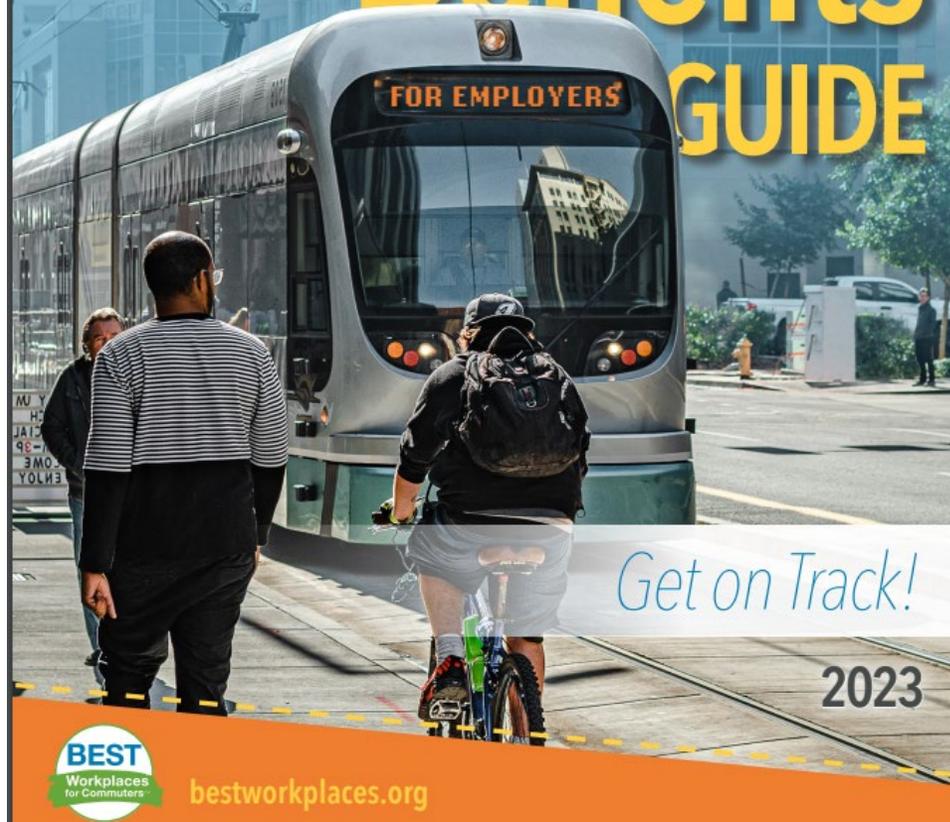


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QUALIFIED TRANSPORTATION FRINGE BENEFITS

# Commuter Benefits GUIDE



*Get on Track!*

2023



[bestworkplaces.org](https://bestworkplaces.org)

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# What's in the Commuter Benefits Guide e-Book?



- Types of qualified transportation fringe benefits
- Tax free limits
- Tax savings for employers and employees
- Frequently asked questions
- IRS rules regarding electronic payment media
- Profiles of organizations providing subsidized commuter benefits
- Eight steps to starting a commuter benefit program as a pre-tax payroll deduction
- Employer decision-making process
- Effects of commuter benefits on travel behavior
- Additional resources
- A brief history of qualified transportation fringe benefits

# Qualified Transportation Fringe Benefits



## *Tax and Legal Advice Disclaimer:*

CUTR and its employees do not provide tax, legal or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any qualified transportation fringe benefit program.

# Presentation



- What are Qualified Transportation Fringe Benefits?
- What's new for 2023?
- What difference does it make?
- What's in the Commuter Benefits Guide eBook?

# Types of Non-Taxable Fringe Benefits



- No-additional-cost services
- Qualified employee discounts
- Working condition fringe benefits
- De minimis fringe benefits
- **Qualified transportation fringe benefits**



# Qualified Transportation Fringe Benefits



- Permits employers to subsidize employees' parking, transit fare, vanpool costs and reimburse bicycling commuting tax free
- Allows commuters to use pre-tax dollars to pay for parking, transit and vanpool costs (but not bicycle commuting)
- Requires employer involvement!
- Qualified Transportation Fringe Benefit is **NOT** a federal tax credit!

# Types of Qualifying Transportation Fringe Benefits



## Transit

- Bus
- Rail
- Ferry
- Subway
- Shuttle bus
- Subscription bus
- UberPool and LyftLine\*

## Commuter Highway Vehicles

- Employer-owned vanpool
- Employee-owned vanpool
- Employee-leased vanpool
- Public transit directly operated vanpool

# Transit Pass



- A transit pass is any pass, token, farecard, voucher, or similar item entitling a person to ride, free of charge or at a reduced rate, on one of the following.
  - On mass transit.
  - In a vehicle that seats at least 6 adults (not including the driver) if a person in the business of transporting persons for pay or hire operates it.
- Mass transit may be publicly or privately operated and includes bus, rail, or ferry.



Source: Employers Tax Guide to Fringe Benefits (IRS Publication 15-B)  
<https://www.irs.gov/pub/irs-pdf/p15b.pdf>



# Commuter Highway Vehicle



- A highway vehicle with a seating capacity of at **least 6 adults** (excluding the driver) and **at least 80 percent** of the vehicle's mileage for a year is reasonably expected to be—
  - For transporting employees in connection with travel between home and work and
  - On trips during which the number of employees transported for commuting is at least one-half of the adult seating capacity of the vehicle (excluding the driver).

# Commuter Highway Vehicle



- Most people refer to Section 132(f) as applying to "vanpools" but "large carpools" might be eligible, too.
- Based on the definition on the previous slide, any 7-passenger vehicle (e.g., large SUV) carrying 4 people and meeting the 80% mileage requirement would qualify.
- e.g., 7-passenger Crossover



# What is new in 2023?



- Qualified transportation fringe benefits under 26 U.S. Code Section 132
  - Tax-free benefit for transit or van pools was increased from \$280 per month to \$300 per month in 2023
  - Parking benefit was increased from \$280 per month to \$300 per month in 2023
- Exceptions
  - No tax free benefit for carpools, bicyclists and pedestrians
  - Some groups excluded

# Unchanged in 2023: Suspension of Exclusion for Qualified Bicycle Commuting Reimbursement



- The Tax Cut and Jobs Act (TCJA) suspended Code section 132(f)(1)(D), which previously excluded up to \$20 a month in qualified bicycle commuting reimbursement from an employee's gross income.
- Suspension of qualified bicycle commuting benefit applies for tax years beginning after December 31, 2017 and before January 1, 2026.

<https://www.federalregister.gov/documents/2020/12/16/2020-27505/qualified-transportation-fringe-transportation-and-commuting-expenses-under-section-274>

# How do QTFBs Work?



- Employers may
  - Pay for employees' parking, transit or vanpool or
  - Allow employees to pay for parking, transit or vanpool fares with pre-tax salary or
  - Use a combination of these two methods

# Savings Come From Reductions in Employer and Employee Taxes



- No tax paid on value of benefit up to the tax-free limit.
- Employer may offer a benefit that is less than the tax-free limit.
- Employers may also offer a benefit greater than the tax-free limit but the amount over the tax free level (e.g., \$300 per month in 2023 for transit) becomes taxable to the worker.

# What difference does it make? Employers Given Flexibility



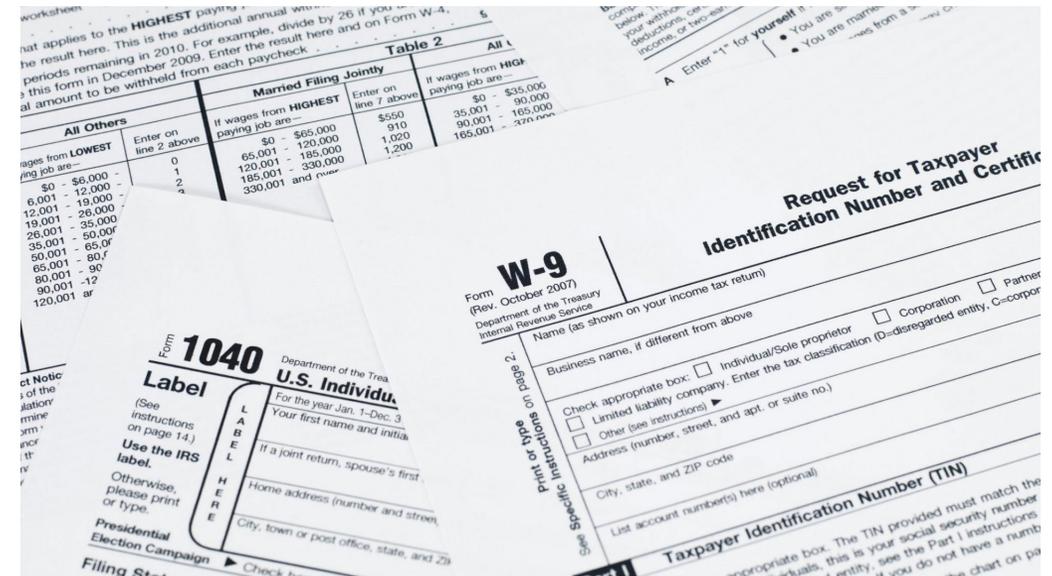
- Employer not required to provide a transit pass benefit\*
- Benefits are exempt from anti-discriminatory requirements
- Can give to any or all employees
- Can give employees any amount tax-free - up to monthly limit
- Can vary amount among employees
- Employer makes the decision IF and WHEN to increase the benefit
- May provide transit passes in lieu of compensation

*\* Unless subject to local or state “transit benefit” ordinance*

# What difference does it make to employers? Ease of Implementation



- May use similar payroll deduction mechanisms to cafeteria plans
- May require annual election (not required)
- No plan filings required
- No irrevocable elections
- No “use it or lose it” rule



# Who Has Access to Subsidized Commuting?



- 12% state and local government employees
- 9% private employees
- 9% civilian employees

# Percent of civilian workers with access to subsidized commuting



Civilian Workers with average wage category within the ...	Estimate (%)
lowest 10 percent	3
second 25 percent	7
third 25 percent	10
highest 10 percent	21

Source: U.S. Bureau of Labor Statistics. National Compensation Survey: Employee Benefits in the United States, March 2022.

# Understanding Employer Concern with Risk



- In Florida, employers are NOT liable for injuries or damages sustained by operators, passengers, or other persons resulting from the operation of a motor vehicle while being used in a ridesharing arrangement between home and work (or nearby).
  - *Florida Statute 768.091 Employer liability limits; ridesharing.—*
- Employers are NOT liable simply because the employer provides information or incentives to, or otherwise encourages, employees to participate in ridesharing arrangements.



# What difference does it make on ridership?



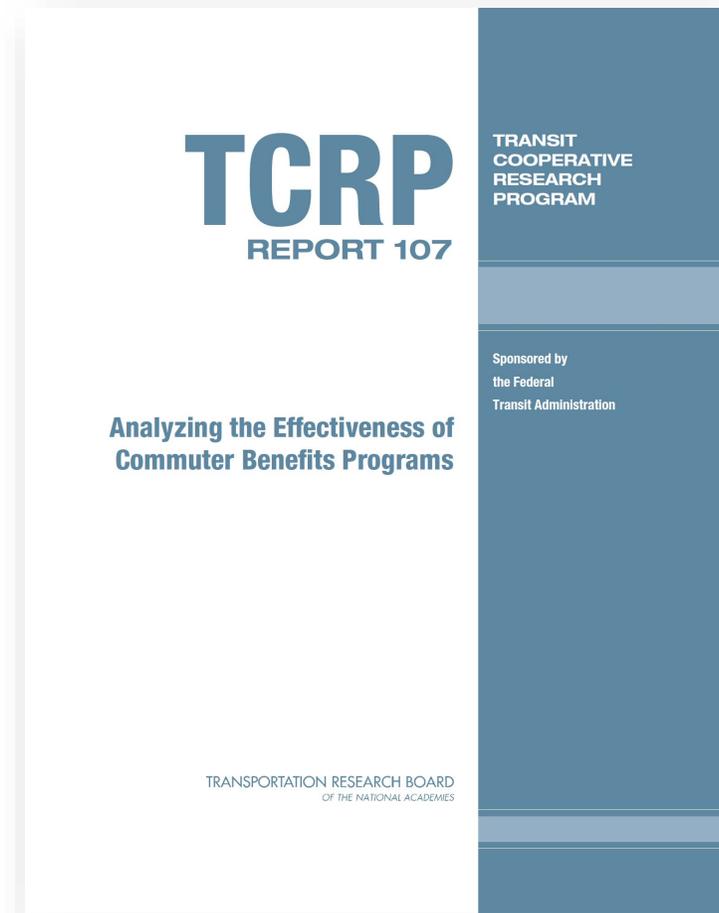
- Commuter benefits generally increase transit ridership, but not in all cases.
- The effectiveness in changing travel behavior differs among programs, based on factors including:
  - transit availability,
  - level of employer payment, and
  - supporting programs.



# What difference does it make on ridership?



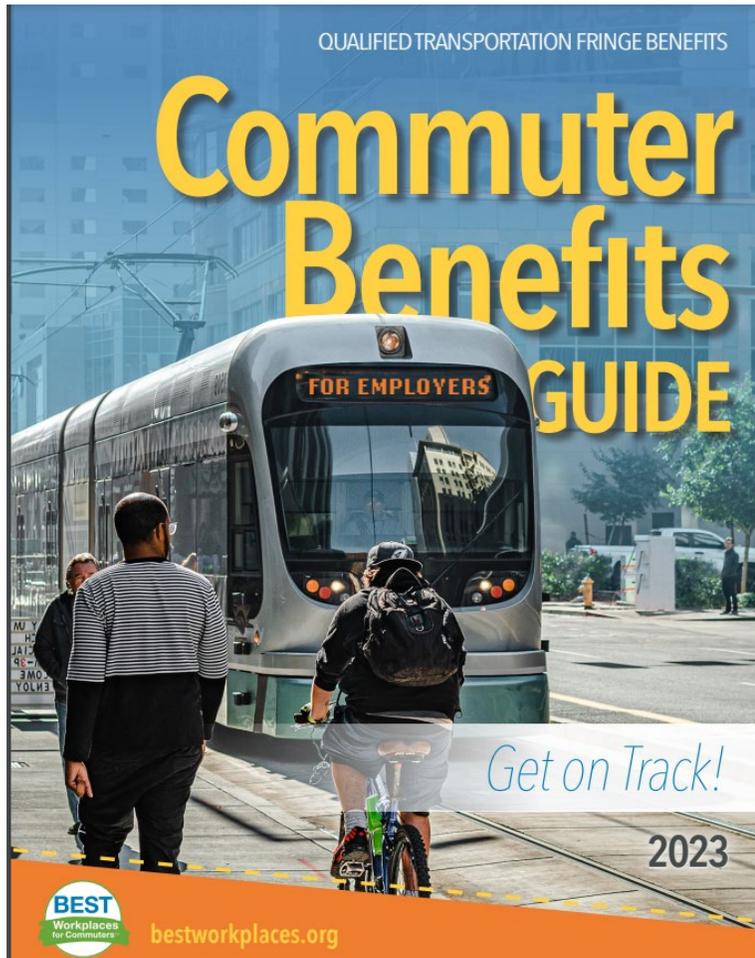
- Commuter benefits help convince commuters who drive alone to ride transit.
  - The majority of the new transit riders reported that they previously commuted to work alone, and the figure was more than 90% in more than half the surveys.
- Commuter benefits induce changes in commute and non-commute behavior.



# What difference does it make on funding?



- Increases in transit and vanpool ridership can increase the federal funding when reported through National Transit Database
  - In Florida, we estimate the 7 vanpool programs will result in a total of over \$5,000,000 more federal funds to Florida in 2022.



Request Yours Today at:

<https://bestworkplaces.org/commuter-benefits-guide-ebook>



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**COMMUTE**  
with **enterprise**

# BUILDING A ROADMAP FOR SUCCESS

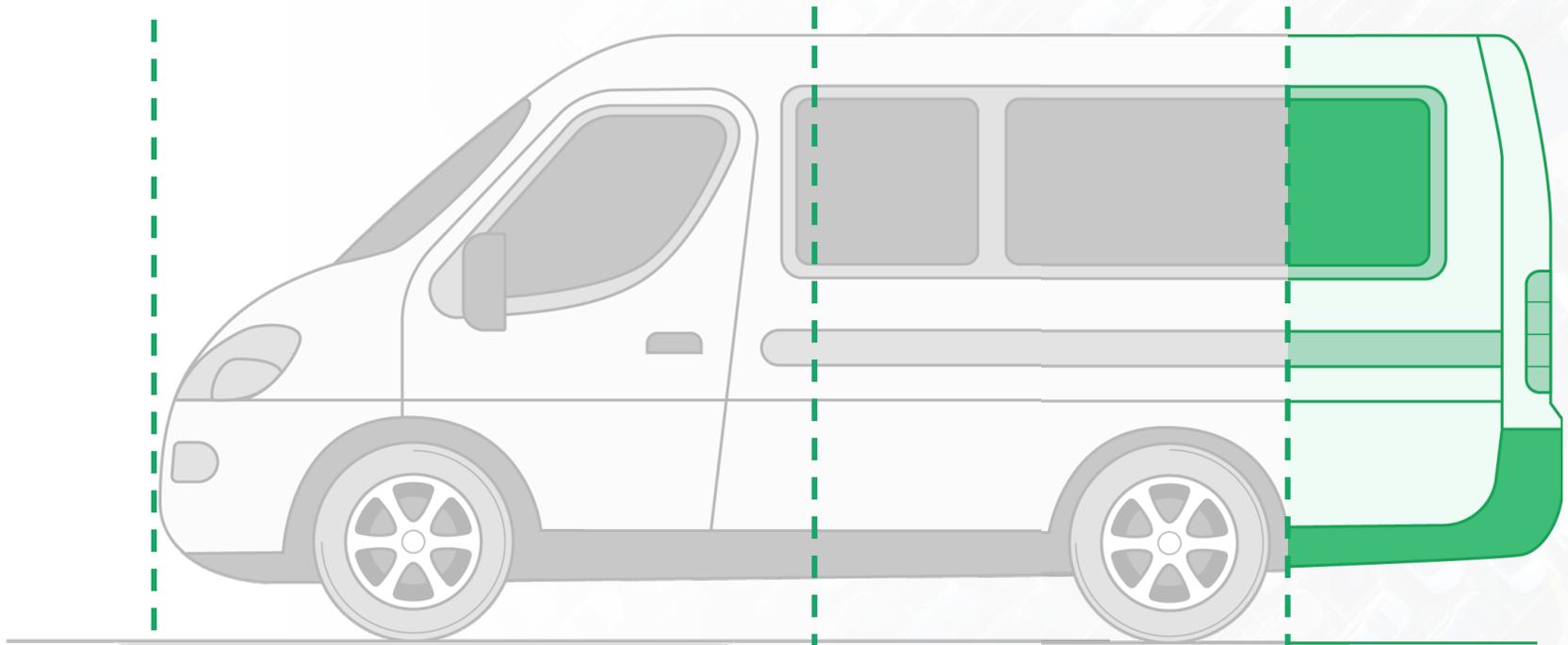
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# VANPOOL COST BREAKDOWN

**Note: This page is for EXAMPLE.**

6 Passengers



Program Cost  
**\$1300**

→ Transit Agency Subsidy  
- \$500  
**\$800**

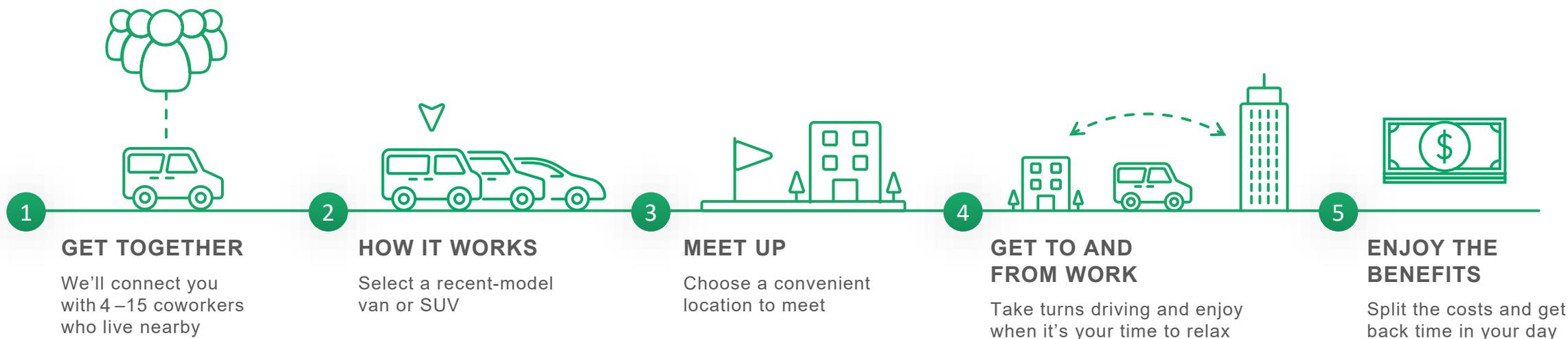
→ Employer Subsidy  
- 50%  
**\$400**

Riders Split the Balance  
 $\$400/6$   
**\$17/wk**

**\$353/Mth Employee Savings**

# HOW TO COMMUTE WITH ENTERPRISE

## FUNCTIONS LIKE A LARGE CARPOOL



# A Better Commute to Work is Good for your Employees

## IN WORKING LIFE

Arrive engaged

---

Co-worker interaction

---

Keep the job that meets your needs and interests

---

Help the company meet its corporate social responsibility goals

## IN PERSONAL LIFE

More personal time for reading and relaxing

---

A convenient option for reducing the stress of driving

---

Contribute to cleaner air and reduced traffic in the community



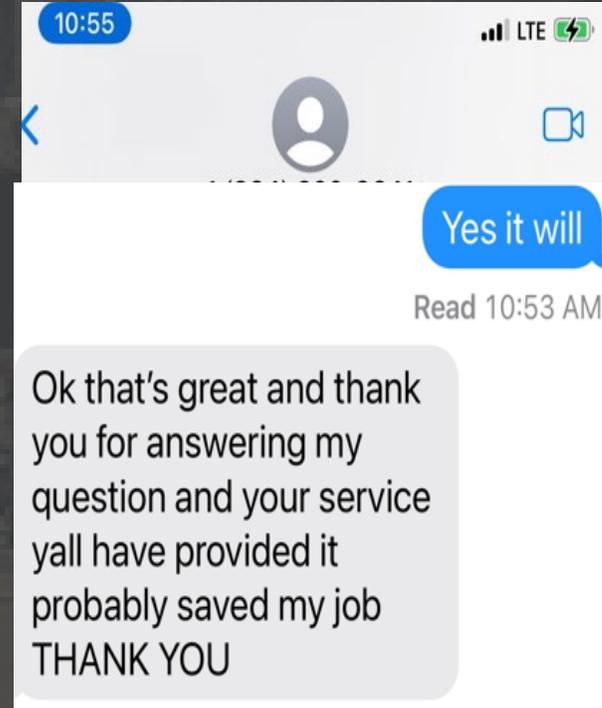
*“Joining the vanpool has provided a chance to unwind and read during the commute, which makes for a better transition to the workday.”*

— Gary V., commuter, Lebanon, OH



***I've been vanpooling for over 25 years. Best way to travel - I only drive 3 times a month, and the amount I pay for gas is equal to 1 week's worth in my personal car.***

Zita G., Commuter & Driver Southern California



*“Provide comprehensive Commuting solutions for Employers, Employees & Communities around the world that make it convenient, reliable, and cost effective to get to work in an environmentally sustainable way.”*

# A SIMPLE WAY TO SAVINGS

## THE COMMUTER TAX BENEFIT CREATES A WIN-WIN FOR EMPLOYERS AND EMPLOYEES

### Implementation Is Easy

When employees commute with qualifying public transit, like Commute with Enterprise, they can take advantage of significant benefits under section 132(f) of the IRS Tax Code – and so can their employers.

#### OPTION A

**ALLOW YOUR EMPLOYEES TO FUND THEIR PORTIONS OF THE VANPOOL WITH UP TO \$300 OF PRE-TAX INCOME EACH MONTH.\***



**FOR EMPLOYEES**, this pre-tax deduction decreases their amount of taxable income, in turn increasing take home pay.

**HOW IT WORKS – PER EMPLOYEE:**  
**\$300/ MONTH x 30% INCOME AND PAYROLL TAX\*\***

**\$90 SAVINGS PER MONTH OR  
 \$1,080 PER YEAR**

*\*\*Percentage may vary based in your tax bracket.*



**FOR EMPLOYERS**, this pre-tax deduction decreases the amount of taxable payroll, which decreases payroll taxes.

**HOW IT WORKS – PER EMPLOYEE:**  
**\$300/ MONTH x 7.65% PAYROLL TAXES**

**\$22.95 SAVINGS PER MONTH OR  
 \$275.40 PER YEAR PER EMPLOYEE**

#### OPTION B

**DIRECTLY FUND YOUR EMPLOYEES' PORTIONS OF THE ENTERPRISE RIDESHARE VANPOOL IN PART OR IN FULL, UP TO \$300 EACH MONTH.**



**FOR EMPLOYEES**, this benefit will not appear on their W-2 form as income, so their taxable income won't increase.



#### KEEP IN MIND

Employers can choose to combine the pre-tax benefit with direct funding up to \$300 a month. For example, if each employee pays \$200 monthly for a vanpool, the employer could directly fund \$100 and offer \$100 through the pre-tax benefit.



#### CREATE A PLAN FOR PAYROLL

Your payroll vendor can help you understand the best way to execute these benefits. If you need, Commute with Enterprise can help connect you with cost-neutral third-party administrators, like Commuter Benefit Solutions or Wage Works, whose admin costs are offset by payroll tax savings.

# THANK YOU

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# Questions

Type your questions in the Q and A box!

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