



## FACT SHEET

### Fact Sheet for Your Employees

#### Q: What is the Bay Area Commuter Benefits Program?

A: The Bay Area Commuter Benefits Program (Program) is a new regulation requiring employers with 50 or more full-time employees within the jurisdiction\* of the Bay Area Air Quality Management District to offer commuter benefits to their employees. This program will help to reduce air pollution and traffic congestion by decreasing single-occupant (drive-alone) commute trips to Bay Area worksites, while providing tax saving for employees and employers.

#### Q: Which employers are required to participate in this Program?

A: This regulation applies to all employers in the Air District’s jurisdiction — whether they are private-sector companies, public agencies or nonprofit organizations — as long as they have 50 or more full-time employees in the Bay Area. For purposes of the Program, a “full-time employee” is an employee who normally works 30 or more hours per week.

#### Q: Which employees are eligible to receive the commute benefit?

A: Employers must provide the commuter benefit to all employees who normally work 20 hours or more per week.

#### Q: What benefits will be offered to employees?

A: The employer must offer one (or more) of the four commuter benefit options described below. The employer decides which benefit to provide.

- **Option 1: Pre-Tax Benefit.** The employer allows you to exclude your transit or vanpooling expenses from taxable income, up to the maximum of \$130 per month allowed by the federal tax code.
- **Option 2: Employer-Provided Subsidy.** The employer provides a subsidy to cover your monthly transit or vanpool costs, up to \$75 per month.
- **Option 3: Employer-Provided Transit.** The employer provides a free or low-cost transit service for employees, such as a bus, shuttle or vanpool service.
- **Option 4: Alternative Commuter Benefit.** The employer provides an alternative commuter benefit that is as effective in reducing single-occupancy commute trips (or motor vehicle emissions) as Options 1-3.

#### Q: How much money can I save?

A: Potential tax savings depends upon your commute mode and the commuter benefit that your employer chooses to provide. Most employers are expected to choose Option 1. With Option 1, the amount that an employee can save depends upon her monthly transit or vanpool cost and tax bracket, as shown in the table below.

Transit or Vanpool Cost	Estimated Savings **	Federal Income Tax Bracket			
		15%	25%	33%	39.6%
\$75/month	Annual Savings	\$285	\$375	\$390	\$450
\$100/month	Annual Savings	\$380	\$500	\$520	\$600
\$130/month	Annual Savings	\$494	\$650	\$678	\$780

\* The District’s jurisdiction includes all of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, and Santa Clara counties, as well as the western portion of Solano County (including Fairfield and points west) and the southern portion of Sonoma County (including Windsor and points south). See [https://mapsengine.google.com/map/edit?mid=zEtIldN2taQk.kBcuja\\_KVQNU](https://mapsengine.google.com/map/edit?mid=zEtIldN2taQk.kBcuja_KVQNU).

\*\* Example based on “single” filing status. Estimated savings include savings on federal income taxes, state income taxes (assuming a 9% state tax rate), and the employee contribution for Social Security and Medicare.



# Bay Area Commuter Benefits Program

*Find a better way to work!*

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**Q: Are there any incentives for alternative commute modes such as carpool, biking, and walking?**

A: The Program is focused on expanding the number of employers that provide commuter tax benefits in the federal tax code. The federal tax benefits primarily apply to transit and vanpooling. However, pursuant to Option 4, employers can comply with the Program by offering measures to promote other alternative commute modes such as carpool, bicycling, walking, telework, or compressed work week schedules.

**Q: My employer already offers commuter benefits. Will the new regulation affect me?**

A: If your employer already provides a commuter benefits program that includes one or more of the four commuter benefits options described above, then this regulation will not affect you.

**Q: When did the Program take effect?**

A: The Program took effect on March 26, 2014. Employers subject to the Program must implement one of the four Commuter Benefit options by September 30, 2014.

**Q: Am I required to use the commuter benefit that my employer offers, or to change my commute mode?**

A: You are not required to change your commute mode or to use the commuter benefit that your employer offers. However, if you take advantage of the commuter benefit and try using an alternative commute mode, you may find that it is easier and more convenient, and that the alternative mode saves you both money and time compared to driving alone to work.

For more information about the Commuter Benefits Program, go to [511.org](http://511.org) and click **Bay Area Commuter Benefits Program**.



# Don't Miss Out on XYZ Company's Commuter Tax Benefit

Available for All Employees

## Meet Susan...



- An employee of XYZ Corporation
- In the 25% Federal Income Tax Bracket
- Rides BART to work

*By deducting the \$130\* maximum for her BART fare from her pre-tax earnings, Susan saves \$62 per month or \$744 per year.*

### How **Susan** benefits from the pre-tax option:

- Saves money on her monthly BART pass
- Enjoys the convenience of getting her pass at work
- Is reminded monthly that her employer is providing her a benefit

### How **XYZ Corporation** benefits from giving Susan a pre-tax option:

- Provides a visible and valued employee benefit at minimal cost
- Enhances Susan's wage and benefits package
- Saves on FICA taxes
- Offers a benefit that is simple to set up and manage

*Don't Miss Out! It's a Win, Win for You and for the Company! Sign Up Now by contacting XXX, at XYZ Company.*

Federal Income Tax Brackets		10%		15%		25%		35%		39.6%	
<b>Monthly Transit/Vanpool Costs</b>		<b>\$75</b>	<b>\$130</b>	<b>\$75</b>	<b>\$130</b>	<b>\$75</b>	<b>\$130</b>	<b>\$75</b>	<b>\$130</b>	<b>\$75</b>	<b>\$130</b>
Federal Income Tax Savings (annual)		\$96	\$156	\$132	\$240	\$228	\$396	\$312	\$552	\$360	\$612
FICA Savings (annual)	Social Security*	\$60	\$96	\$60	\$96	\$60	\$96	--	--	--	--
	Medicare	\$24	\$108	\$24	\$108	\$24	\$108	\$24	\$108	\$24	\$108
State Income Tax Savings** (annual)		\$24	\$36	\$60	\$96	\$84	\$144	\$84	\$144	\$84	\$144
<b>Total Annual Employee Savings</b>		<b>\$204</b>	<b>\$396</b>	<b>\$246</b>	<b>\$540</b>	<b>\$396</b>	<b>\$744</b>	<b>\$420</b>	<b>\$804</b>	<b>\$468</b>	<b>\$864</b>

\*The Social Security tax is currently imposed on the first \$117,000 (in 2014) of an employee's income. Therefore, employees whose annual salary exceeds \$117,000 will not experience any Social Security savings.

\*\*Assumes a 2% state income tax on earners within the 10% federal tax bracket; assumes a 6% state income tax on earners within the 15% federal income tax bracket; and assumes a 9.3% state income tax on earners in higher federal income tax brackets.



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The Bay Area Commuter Benefits Program is a partnership led by the Metropolitan Transportation Commission and the Bay Area Air Quality Management District. (March 2014)



Bay Area

# Commuter Benefits Program

*Find a better way to work!*

## SAMPLE EMPLOYEE NOTIFICATION

This is a sample email or letter to your employees to announce your company's promotion of Option #1, the Pre-Tax Commuter Benefit.

**TO:** All Employees  
**FROM:** High-level Official at COMPANY ABC  
**SUBJECT:** Commuter Benefits Open Enrollment

Do you want to s-t-r-e-t-c-h your dollars? Are you tired of traffic delays and tie-ups on your commute to work? Would you like to ease your commute and make it less stressful? Well, **COMPANY ABC** would like to help you.

To help save money on commuting costs and provide a stress-free way for employees to arrive at work on time, **COMPANY ABC** is implementing a tax-free commuter benefit program. With this benefit, all employees who commute to work by public transit (bus, rail, or ferry) or vanpool can pay their fare with pre-tax dollars. The federal tax code allows employees to exclude **up to \$130 per month (\$1,560 per year)** in transit or vanpool costs from their taxable income. This means that you can save \$600 or more per year in taxes, depending on your tax bracket and your monthly fare.

Representatives from **XXX** will be on site **specific date** from **TIME – TIME P.M.** for an employee orientation on commuter benefits and to answer any questions you might have. Please plan to attend.

To enroll in the commuter benefits program, contact **COMPANY ABC's** staff person by **specific date**. The transportation benefit will begin on **specific date**.

In addition to saving money, by commuting to work by transit or vanpool you can avoid traffic congestion and help to protect the environment. This program will help **COMPANY ABC** to comply with the Bay Area Commuter Benefits Program adopted by the Bay Area Air Quality Management District and the Metropolitan Transportation Commission.

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