



**DEPARTMENT OF
PUBLIC WORKS**

TRANSPORTATION DIVISION

**CITY OF SACRAMENTO
CALIFORNIA**

CITY HALL
ROOM 304
915 I STREET
SACRAMENTO, CA
95814-2608

July 20, 1989



916-449-5307

ROBERT L. LEE
TRANSPORTATION
DIVISION MANAGER

Law and Legislation Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: RESOLUTION SUPPORTING HR 2265 (MATSUI) TO ENACT THE PUBLIC TRANSIT AND VAN POOL RIDERSHIP EQUITY ACT OF 1989

SUMMARY

Under current federal tax law, employer subsidies for transit and van pooling are considered taxable income to the employee, while parking subsidies are tax exempt. To remedy this inequity, Congressman Robert Matsui has introduced HR 2265, which would exempt transit subsidies of up to \$60 per month from personal income tax. It is recommended that the Law and Legislation Committee forward the attached resolution supporting HR 2265 to the full City Council with a recommendation for approval.

BACKGROUND

When an employer provides a transit subsidy to an employee (such as a monthly bus pass) the employee must pay income tax on any subsidy in excess of \$15.00 per month. Employer provided van pooling may be completely taxable to the employee driver. Parking subsidies, on the other hand, are tax free, even if they are offered only to top executives.

To remedy this inequity, Congressman Matsui has introduced HR 2265, which would increase the amount of tax-free subsidy to \$60.00 per month and expand the subsidy to include van pool usage. (The average cost of a monthly bus pass in the U.S. is \$58.00. Regional Transit's monthly pass is \$40.00 per month.) This tax exemption will create an incentive to employers and employees to make greater use of public transit and van pooling for commuting to work.

FINANCIAL IMPACT

None.

POLICY CONSIDERATIONS

Support for HR 2265 is consistent with the City's Transportation Systems Management Ordinance and current policy to encourage a balance among alternative commute modes.

MBE/WBE

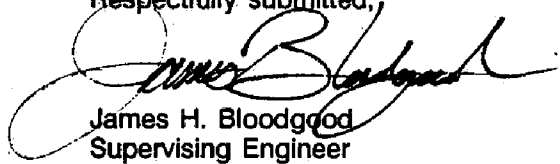
No Impact.

Law and Legislation Committee
July 20, 1989
Page 2

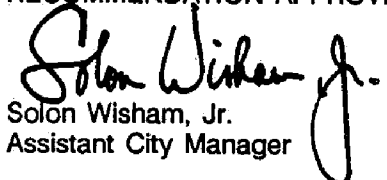
RECOMMENDATION

It is recommended that the Law and Legislation Committee forward the attached resolution supporting HR 2265, the Public Transit and Van Pool Ridership Equity Act of 1989, to the full City Council with a recommendation for approval.

Respectfully submitted,


James H. Bloodgood
Supervising Engineer

RECOMMENDATION APPROVED:


Solon Wisham, Jr.
Assistant City Manager

CONTACT PERSON:

Jim Bloodgood, Supervising Engineer, 449-5307

APPROVED:


Melvin H. Johnson
for Director of Public Works

July 20, 1989
ALL DISTRICTS

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

A RESOLUTION SUPPORTING THE PUBLIC TRANSIT AND VAN POOL RIDERSHIP EQUITY ACT OF 1989 (HR 2265)

WHEREAS, use of public transportation and van pooling results in cleaner air, less energy use, more transportation opportunities for those who cannot drive, and less crowding on already overcrowded streets and highways; and

WHEREAS, the enactment of the Public Transit and Van Pool Ridership Equity Act of 1989 will allow employees up to \$60.00/month in tax exempt benefits for public transit and van pool usage; and

WHEREAS, tax exemption will create an incentive to employers and employees to make greater use of transit for work-related commuting trips;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

- (1) The Public Transit and Van Pool Ridership Equity Act of 1989 (HR 2265) is hereby endorsed and supported;
- (2) The City Manager is hereby authorized and directed to transmit to the author of the legislation this Resolution expressing support for HR 2265.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____