

105TH CONGRESS
1ST SESSION

H. R. 878

To amend the Internal Revenue Code of 1986 to increase the amount of employer-provided transit passes excludable from income and require a cash-out option to excludable parking fringe benefits, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 1997

Mr. LEWIS of Georgia (for himself, Mr. BLUMENAUER, Mr. FOX of Pennsylvania, Mr. SERRANO, Mr. MATSUI, Mr. CUMMINGS, Mr. GUTIERREZ, Mr. McDERMOTT, Ms. NORTON, Mr. McGOVERN, Mr. DELLUMS, Ms. ESHOO, Mr. BONIOR, Ms. JACKSON-LEE of Texas, Mr. BORSKI, Mr. OLVER, Mr. OBERSTAR, Mr. PASTOR, and Mr. JACKSON of Illinois) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to increase the amount of employer-provided transit passes excludable from income and require a cash-out option to excludable parking fringe benefits, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Commuter Choice
5 Act”.

1 **SEC. 2. INCREASE IN AMOUNT OF TRANSIT PASSES AND**
2 **COMMUTER HIGHWAY VEHICLE TRANSPOR-**
3 **TATION EXCLUDABLE FROM GROSS INCOME.**

4 (a) IN GENERAL.—Paragraph (2) of section
5 132(f)(2) of the Internal Revenue Code of 1986 is amend-
6 ed—

7 (1) in subparagraph (A), by striking “\$60” and
8 inserting “\$170”, and

9 (2) in subparagraph (B), by striking “\$155”
10 and inserting “\$170”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 subsection (a) shall apply to months beginning after the
13 date which is 6 months after the date of the enactment
14 of this Act.

15 **SEC. 3. CASH-OUT OPTION REQUIREMENT.**

16 (a) IN GENERAL.—Subsection (f) of section 132 of
17 the Internal Revenue Code of 1986 (relating to qualified
18 transportation fringe) is amended by redesignating para-
19 graphs (4) through (7) as paragraphs (5) through (8), re-
20 spectively, and by inserting after paragraph (3) the follow-
21 ing new paragraph:

22 “(4) CASH-OUT OPTION REQUIREMENT.—

23 “(A) IN GENERAL.—No amount may be
24 excluded from gross income under subsection
25 (a)(5) with respect to any qualified parking pro-
26 vided to any employee during any month unless

1 the employer provides that each employee of
2 such employer may elect to receive a qualified
3 cash-out payment for such month.

4 “(B) QUALIFIED CASH-OUT PAYMENT.—
5 The term ‘qualified cash-out payment’ means a
6 payment, by the employer to an employee of the
7 employer, which meets each of the following re-
8 quirements:

9 “(i) Such payment is not less than
10 \$15 per month.

11 “(ii) Such payment is in lieu of quali-
12 fied transportation fringe for the month
13 but is not in lieu of any other compensa-
14 tion or benefit.

15 “(iii) All employees of the employer
16 are given reasonable notice of the availabil-
17 ity of such payment.

18 “(C) NO INCLUSION BY REASON OF CASH-
19 OUT AVAILABILITY.—In the case of an employee
20 electing to receive a qualified transportation
21 fringe in lieu of a qualified cash-out payment,
22 no amount shall be included in gross income
23 with respect to such qualified transportation
24 fringe solely by reason of the availability of
25 such qualified cash-out payment.”

1 (b) CONFORMING AMENDMENTS.—

2 (1) Paragraph (5) of section 132(f) (relating to
3 benefit not in lieu of compensation), as redesignated
4 by subsection (a), is amended by inserting “de-
5 scribed in subparagraph (A) or (B) of paragraph
6 (1)” after “qualified transportation fringe”.

7 (2) Paragraph (8) of section 132(f) (relating to
8 coordination with other provisions), as redesignated
9 by subsection (a), is amended by striking “para-
10 graph (2)” and inserting “paragraphs (2) and (4)”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to months beginning after the date
13 which is 6 months after the date of the enactment of this
14 Act.

15 **SEC. 4. 5-YEAR FREEZE IN INFLATION ADJUSTMENT OF**
16 **QUALIFIED TRANSPORTATION FRINGE.**

17 (a) IN GENERAL.—Paragraph (7) of section 132(f)
18 of the Internal Revenue Code of 1986 (as redesignated
19 by section 3) is amended to read as follows:

20 “(7) INFLATION ADJUSTMENT FOR YEARS
21 AFTER 2002.—In the case of any taxable year begin-
22 ning in a calendar year after 2002, the dollar
23 amounts contained in paragraph (2) (A) and (B)
24 and the dollar amount contained in paragraph

1 (4)(B)(i) shall each be increased by an amount equal
2 to—

3 “(A) such dollar amount, multiplied by

4 “(B) the cost-of-living adjustment deter-
5 mined under section 1(f)(3) for the calendar
6 year in which the taxable year begins, deter-
7 mined by substituting ‘calendar year 2001’ for
8 ‘calendar year 1992’ in subparagraph (B)
9 thereof.

10 If any increase determined under the preceding sen-
11 tence is not a multiple of \$5, such increase shall be
12 rounded to the next lowest multiple of \$5.”

13 (b) EFFECTIVE DATE.—The amendment made by
14 subsection (a) shall apply to taxable years beginning after
15 the date of the enactment of this Act.

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