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Practice Advisor

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more for their commute starting in January after Congress failed to renew an expiring tax credit that rewards mass transit use.

Current federal law allows bus and rail commuters to withhold up to \$245 a month in pre-tax income. The cap falls to \$130 on Jan. 1 — potentially costing frequent mass transit users hundreds of dollars a year in higher taxes.

"Transit benefits are critical for thousands of Marylanders," said Rep. Donna F. Edwards, a Prince George's County Democrat whose district is home to many federal employees who use the benefit.

"We must extend these benefits at current levels," she said.

Lawmakers approved a budget agreement this month that did not address the tax break. Because Congress has already left Washington for the year, it won't have another opportunity to do so before the higher cap expires.

Both chambers could approve the break when Congress returns the week of Jan. 6. But even if that happens, supporters are concerned it will be hard for companies to quickly readjust the way they administer the program. That could make it difficult for users to capture the full benefit.

The transit provision is part of a larger package of temporary tax breaks that used to be renewed regularly on a bipartisan basis. But those breaks have recently come under increased scrutiny, particularly as lawmakers consider a broad overhaul of the nation's tax code to weed out breaks geared toward specific taxpayers.

The cap on a similar tax benefit for commuters who pay for parking will automatically increase by \$5 to \$250 in 2014. Advocates say the higher threshold for parking encourages people to drive rather than rely on mass transit, adding to traffic congestion.

"We believe that this is a tax fairness issue," said Brian Tynan, a lobbyist for the

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No group keeps track of how many people use the benefit nationwide. One estimate pegs enrollment at around 2.7 million people.

WageWorks, one of the largest administrators of such programs, manages roughly 2 million commuter spending accounts nationwide, a spokesman said.

Phil Priolo commutes to Baltimore's Penn Station from Wilmington, Del., every day for his job at Constellation Energy — about a 45-minute trip. He estimates he spends \$1,000 a month on train tickets, so the size of cap makes a big difference in how much he saves.

He questioned the wisdom of increasing the parking subsidy while decreasing the mass transit break.

"It makes you think they value driving" over mass transportation, he said.

The tax break tends to be a bigger political issue for lawmakers who represent urban areas, so it is Democrats who are usually most vocal in their support. Sen. Charles E. Schumer, a New York Democrat, introduced a bill this year that would permanently extend the break.

That legislation has nine Democratic cosponsors, including Maryland Sens. Barbara A. Mikulski and Ben Cardin.

But many Republicans back the idea, too. Three GOP House members, including Rep. Jim Gerlach of Pennsylvania, joined three Democrats in a letter this month arguing that "the additional burden of a significant tax increase is simply more than many Pennsylvania families can afford."

A 2012 estimate by the Senate Finance Committee pegged the price of extending the break at about \$218 million in lost revenue. The more generous credit was first

created as part of President Barack Obama's 2009 economic stimulus.

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extend the higher cap would "further exacerbate the disparity between the transit and parking benefits."

Mark Packel, who commutes to Baltimore from Philadelphia every day on Amtrak, said it might be cheaper to drive, but driving is "not really realistic."

The train's wireless Internet access allows him to work during his commute, rather than sit in traffic. And he said driving would add stress to his already long work day.

"I've driven once," he said. "At the end of the day, I'm exhausted. The last thing I need is to be behind the wheel."

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