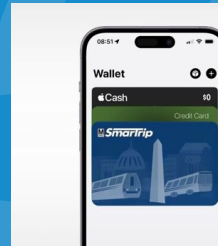




MISSION STATEMENT

The Maryland Department of Transportation is a customer-driven leader that delivers safe, sustainable, intelligent, exceptional, and inclusive transportation solutions in order to connect our customers to life's opportunities.

2024 Edition



COMMUTER CHOICE MARYLAND

Transit Benefits Toolkit

Helping Maryland's Employers and Commuters



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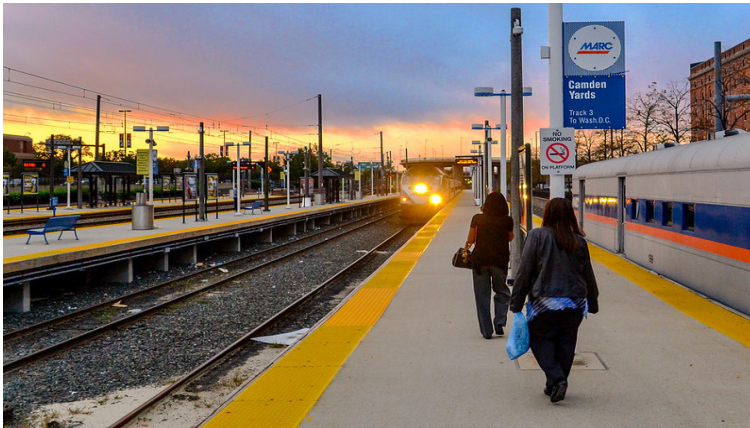
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1 INTRODUCTION

About Commuter Choice Maryland

Commuter Choice Maryland is a free program of the Maryland Department of Transportation (MDOT). We work with employers across the state to build, expand, and promote commuter programs and we deliver transportation solutions and services to employees and residents that can save money, reduce congestion, conserve energy, protect the environment, and facilitate economic opportunity for all Marylanders. We also work in collaboration with 12 local commuter programs, so no matter where you work or manage an organization in Maryland, we have you covered!



How can we help you?

We aim to help take the stress out of the daily commute by promoting alternative options to driving alone such as the use of **public transportation**, carpooling, vanpooling, walking, biking, teleworking, and alternative work schedules, to enhance the quality of life for all Marylanders. The Commuter Choice Maryland team, in conjunction with local TDM specialists, provide free support to help commuters find their best way to work, and to help employers establish commuter benefits programs that help recruit and retain top talent, meet sustainability goals, and qualify for financial benefits including the Federal Transportation Fringe and Maryland Commuter Tax Credit.

Visit CommuterChoiceMaryland.com for more information.

Contact Commuter Choice Maryland

Commuter Choice Maryland

Website: CommuterChoiceMaryland.com

Phone: 410-865-1100

Hours: Monday–Friday from 8:30 AM – 5:00 PM

Email: CommuterChoice@mdot.maryland.gov

Facebook:

LinkedIn: [linkedin.com/in/commuterchoicemd3](https://www.linkedin.com/in/commuterchoicemd3)

Instagram: [instagram.com/commuterchoicemd](https://www.instagram.com/commuterchoicemd)





2 UNDERSTANDING COMMUTER BENEFITS

What are transit benefits?

Transit benefits are financial benefits that an employer offers their employees to use public or private transit (local bus, commuter bus, train, subway, paratransit, ferry, etc.).

In this toolkit, we'll cover the positive aspects of a transit benefit program, the financial incentives, and the logistics that your organization should consider when implementing a transit benefits program.



Why offer transit benefits?

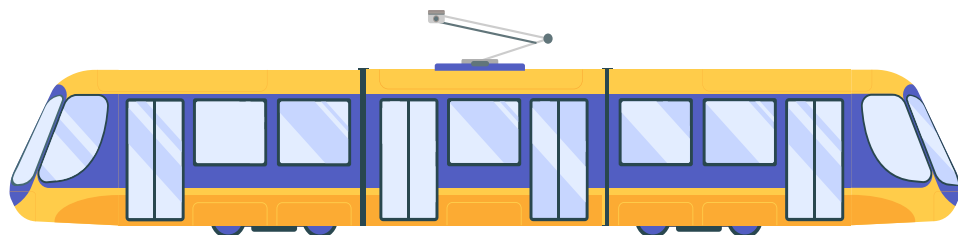
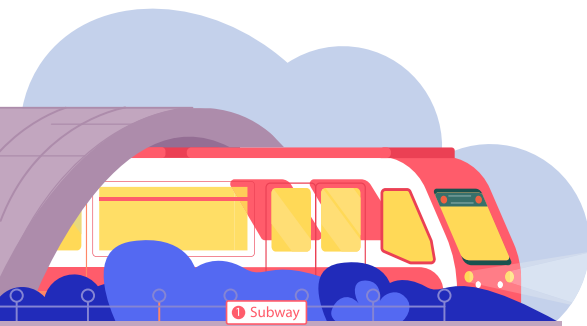
Transit benefits save money for your organization and your team.

- **The 2024 Federal Transportation Fringe Benefit limit for transit is \$315 per employee per month** – that means employees' taxable income can be reduced by up to \$3,780 per year! This benefit can be offered as a pre-tax deduction, employer-provided subsidy, or combination of both.
 - If employees drive to a transit station and pay to park, the IRS also allows employers to offer \$315 in tax-free benefits for commuter-related parking, resulting in even bigger savings for multimodal commuters.
- **FICA payroll taxes are reduced for employers when tax-free transit benefits are offered.**
- With the **Maryland Commuter Tax Credit**, businesses and 501c3 and 501c4 organizations may claim back 50% of the cost of transit subsidies they provide to employees, a tax benefit of up to \$1,200 per employee per year!
- If employees need to drive, bike, or walk as part of their transit commute, employers may also offer financial benefits for those options and claim the Commuter Tax Credit!
- **How much does parking cost your organization?** Reducing the need for physical parking spaces could benefit your organization financially by allowing it to free up demand for clients and reduce costs for providing (or needing to build) on-site or near-site parking.



Increase your ability to recruit and retain talent in your organization.

- Helping employees reduce their cost of commuting can be an impactful recruitment and retention tool. Transit benefits can also be a perfect complement to hybrid work schedules.





Transit benefits are flexible and easy to administer.

- Employers have flexibility in providing transit benefits to help employees whether they commute to work every day or just a few days a month.
- Employees may have flexibility in how they commute; many transit options are located near Park-and-Ride lots throughout Maryland. Many transit stations also offer bike parking and bikeshare sites, and many buses and trains allow bikes to come along for the ride.
- There are many options available to help employers administer transit benefits; WMATA offers a free SmartBenefits platform and MTA offers a free CharmPass Fare Share employer program, but there are also many third-party benefits administrators your organization may already be working with who could help implement a transit benefit.

Public transit users take
30%
more steps per day
than people who
rely on cars.

Source: www.activeliving.com

Support healthy choices and wellbeing.

- Employees who use transit tend to get more steps in during the day compared to driving. Spending time on a bus, train, or ferry might also help employees enjoy some down time before and after work.



Meet organizational sustainability goals.

- Implementing benefits that encourage environmentally sustainable commute options may help contribute to your organization's climate action plan or other sustainability goals and could earn points towards sustainable building, company, and community certifications.



Maryland
Green
Registry

Earn recognition as a leader in providing commuter benefits.

- Commuter Choice Maryland celebrates employers that offer transit benefits—join the free [Employer Partner program](#) to receive the recognition your organization deserves!





3 BUILDING A TRANSIT BENEFITS PROGRAM

What qualifies for the Maryland Commuter Tax Credit?

Employers who subsidize employees' costs for commuting by transit may be eligible to claim the Commuter Tax Credit. The tax credit is equal to 50% of the monthly subsidy provided by an employer (up to \$1,200 per employee per year).

Eligible costs include fare media (monthly passes, tickets, etc.) for use on publicly or privately owned mass transit system to or from a location in Maryland. Commutes must take place weekdays between 5 a.m. and 7 p.m (Table 1).

What qualifies for the Federal Transportation Fringe Benefit?

The Federal Transportation Fringe Benefit offers employers and employees even more options to save money with tax-free transit benefits in the form of a transit pass, defined in [IRS Publication 15-b](#) as:

“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.

- 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.”



Note:

Transit benefits may be offered as pre-tax (employee-paid) only, but an employer must provide a subsidy in order to qualify for the Maryland Commuter Tax Credit.

The IRS determines the amount of tax-free transportation benefits that can be offered each calendar year; for 2024, the limit is \$315 per month, which can be offered as a pre-tax, employee-paid benefit, tax-free employer-provided subsidy, or combination of both (Table 1).

Qualified (commuter-related) parking benefit options

- Like the Federal Transportation Fringe Benefit for transit, the IRS also permits offering tax-free (as pre-tax, subsidized, or both) commuter-related parking, including at transit stations or park-and-ride lots. The 2024 limit is \$315 per employee per month and can be combined with the \$315 monthly transit benefit (Table 1).
- Note: commuter-related parking is NOT an option covered by the Maryland Commuter Tax Credit, but any pre-tax or subsidized options provided would still reduce employees' and employers' tax burdens.

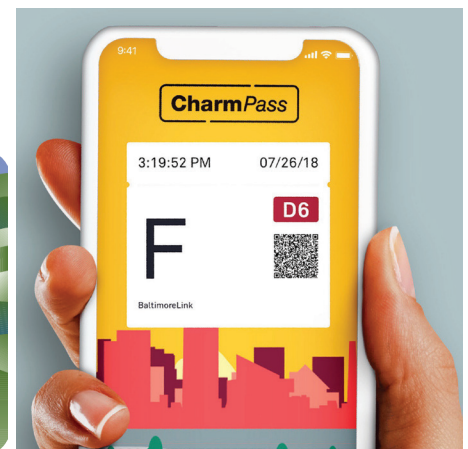




Table 1: Comparison of Transit-Related Benefits

Benefit	Pre-Tax, Subsidy, or Both?	Qualifies for Federal Transportation Fringe Benefit?	Qualifies for MD Commuter Tax Credit?
Transit	Both	Yes	Yes, but only on the amount that is subsidized by the employer
Commuter-Related Parking	Both	Yes	No

Don't forget about Guaranteed Ride Home (GRH)

- Employees who use transit to commute to work at least twice per week may be able to use the GRH program which offers six free rides home from work per year for personal or family illness and unscheduled overtime. Visit www.commuterconnections.org to determine if your company is located in the free GRH service area. If not, consider starting your own GRH program—these costs may also be eligible for the Commuter Tax Credit.

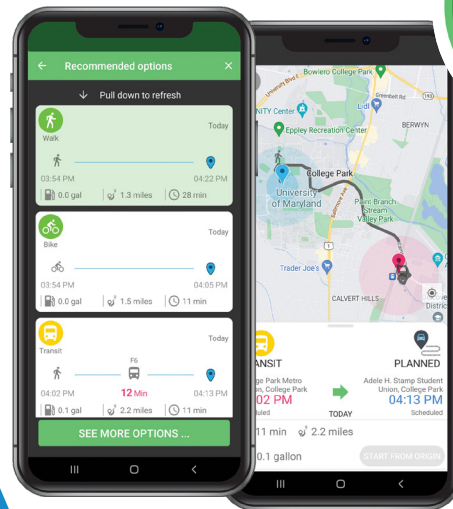
Transit commuters can earn big rewards with incenTrip!

- The free incenTrip app helps Maryland commuters identify commuting options, and logging biking or walking commutes earns more points that can be redeemed for cash and other rewards like gift cards and SmarTrip credit.



Employer Partner Spotlight John's Hopkins University Applied Physics Lab Makes a Job in the Suburbs and a Life Without a Car Possible

Home to more than 600 research programs for the Department of Defense, the National Security Agency, and other government agencies, Johns Hopkins University's Applied Physics Laboratory (APL) relies on its highly educated workforce to carry out research essential to national security. In recent years, APL administrators noticed that attracting in-demand employees to a location far from public transportation was becoming a heavier lift. "A number of younger staff don't even want to own a vehicle, let alone drive to work," says APL's Campus Development Manager Brian Cornell, "and one thing they're weighing in their job choice is the lifestyle factors, like whether they would need a car." What does an employer like APL do, when faced with this kind of challenge? "We looked at it as a management and leadership issue," Cornell says. "We had to figure out what our employees' wants and needs were, and then we had to figure out how to build programs that effectively address those needs."



APL worked with GoHoward, Howard County's commuter services agency, to distribute a commuter survey to all of its employees, and from those results, decided to providing a shuttle service to and from the Laurel MARC commuter rail station, with shuttles timed to meet arriving trains in the morning and departing trains in the afternoon. Employees reported less stress related to traffic and parking and were even able to reduce the number of cars in their family because of APL's commuter benefits.

Read the full APL Employer Partner profile and become part of this free and easy program at: www.mdot.maryland.gov/employerpartner.



4 IMPLEMENTING A TRANSIT BENEFIT

Before you get started, we encourage your organization to join the Commuter Choice Maryland Employer Partner program for free guided assistance at any point in your organization's program development. Complete our brief enrollment form at: www.mdot.maryland.gov/employerpartner.



1

Survey your team as a first step to gauge your employees' interest in these options; this also gives them an opportunity to describe their needs to overcome any barriers to participating.



2

Decide **what types of transit benefits** will be offered to employees, and determine the logistics of administering them, including whether the benefits will be offered pre-tax, subsidized, or both; if the program will be administered in-house or using a third-party administrator; how employees will enroll in the program and receive their benefits (e.g., SmarTrip card, commuter debit card, etc.).



3

Pick a date to announce and kick-off the new commuter benefits options.



4

Develop materials that explain the benefits offered and how employees may apply for or use them, including digital content for webpages, intranet sites, and digital screens, and hard copy materials to distribute to employees or display around your building. Don't forget to promote these benefits as part of the recruitment and new hire onboarding processes!



5

Launch the program—make it fun and engaging with a kick-off party or transit stop celebration, offer information sessions, and promote the new benefit throughout the year!



6

Plan on **regular surveys and evaluation** of the new program.



7

Start filing for the **Maryland Commuter Tax Credit** if eligible. Be sure to take advantage of the Federal Transportation Fringe Benefits as well!



8

Register as a **Commuter Choice Maryland Employer Partner** to receive statewide recognition through our newsletters, webinars, social media, and website: www.mdot.maryland.gov/employerpartner.



5 HOW CAN MY ORGANIZATION CLAIM THE MARYLAND COMMUTER TAX CREDIT?

For-profit businesses, 501c3, and 501c4 employers with a physical location in Maryland may be eligible to claim back 50% of the cost of the subsidies they provide to transit commuters for qualifying purchases through the Maryland Commuter Tax Credit. Once you start offering qualifying commuter subsidies to your employees, follow these easy steps to claim the tax credit:

1. Visit www.onestop.md.gov and set up a free account for your organization.
2. Complete the Commuter Tax Credit form outlining the total amount of subsidy provided for qualifying commute options and monthly breakdown of subsidy amounts provided to employees*.
3. Once the form is approved, file the confirmation (sent by email) with the company's annual business tax returns. The Commuter Tax Credit may be claimed against the state personal income tax, corporate income tax, or insurance premium tax.

* Employers are not required to submit receipts or other backup documentation as part of the Commuter Tax Credit claim form but should keep good records of the qualifying subsidies they provide to their employees during the year and their method for calculating the amount of tax credit claimed in case an audit is performed.

More information on the Maryland Commuter Tax Credit is available at: mdot.maryland.gov/mdcommutertaxcredit



Employer Partner Spotlight: Horizon Transit Benefits Offer an Easy Return on Investment!

Kari Swenson, the co-owner of Horizon, started offering transit benefits to all 325 of her employees shortly after getting into the McDonald's franchise business and learning from the North Bethesda Transportation Management District about programs offered by Montgomery County Commuter Services. Taking advantage of the Maryland Commuter Tax Credit, she provides free SmarTrip transit cards to her employees at half of the cost to the business. Each month, Horizon automatically "tops up" the cards for employees to use to get to work, so the company only pays for the trips their employees actually take. Kari notes that "transit benefits are more than just the money" because they are "such a livable benefit that the staff see every day." She also suggests that employers can meet retention goals with transit benefits: "When I ask people what keeps them here, it's paid time off and it's SmartBenefits."





6 RESOURCES

[IRS Publication 15-b Commuter Tax Credit webpage](#)

MDOT Transit Administration (MTA)
Website: www.mta.maryland.gov

Washington Metropolitan Area Transit
Authority (WMATA)
Website: www.wmata.com

Local Commute/Transit Programs

Allegany County
Website: gov.allconet.org/315/Transit

Anne Arundel County
Website: <http://www.aacounty.org/commutercrew>

Baltimore City
Website: transportation.baltimorecity.gov

Baltimore County
Website: <http://metrorideshare.com/>

Calvert County
Website: www.tccsmd.org/transportation

Caroline County
Website: www.mustbus.org

Carroll County
Website: <http://metrorideshare.com/>

Cecil County
Website: <https://www.ccgov.org/government/community-services/cecil-transit>

Charles County
Website: www.tccsmd.org/transportation

Dorchester County
Website: www.mustbus.org

Frederick County
Website: frederickcountymd.gov/transit

Garrett County
Website: <https://garrettcac.org/transportation>

Harford County
Website: <http://www.harfordcountymd.gov/1233/Harford-Commute-Smart>

Howard County
Website: www.gohoward.org

Kent County
Website: www.kentcountyrides.com

Montgomery County
Website: <http://montgomerycountymd.gov/commute>

Prince George's County
Website: www.ridesmartsolutions.com

Queen Anne's County
Website: www.qac.org/1390/Commuter-Options

St. Mary's County
Website: www.tccsmd.org/transportation

Somerset, Wicomico, and Worcester Counties
County
Website: www.shoretransit.org

Talbot County
Website: www.mustbus.org

Washington County
Website: www.washco-md.net/transit

Transit Benefits Administration

An abbreviated list of third part administrators is listed below. Commuter Choice Maryland does not endorse any particular company.

American Benefits Group
Website: Amben.com

Benefit Resource, Inc.
Website: BenefitResource.co

Commuter Direct
Website: CommuterDirect.com

Navia Benefit Solutions
Website: naviabenefits.com

P&A Group
Website: naviabenefits.com

Sterling Health Services Administration
Website: padmin.com

WMATA SmartBenefits
Website: www.wmata.com/business/smartbenefits



7201 Corporate Center Drive, Hanover, Maryland 21076
Local: (410) 865-1000
Toll Free: (888) 713-1414
Maryland Relay TTY: (800) 735-2258

