

Parking Cashout

HOW TO COMPLY WITH DC LAW



What is “Parking cashout” law?

The Basics

Covered employers that are offering parking benefits to employees, must do one of the following:



1. Provide a Parking Cashout to employees that opt-out of the parking benefit



2. Create a Transportation Demand Management Plan



3. Pay a Clean Air compliance fee of \$100/employee/month

Who is required to comply?

All covered employers must comply.

A covered employer is:

- ✓ Company in DC with 20 or more employees
- ✓ Who leases parking or offers parking it to employees at a free or subsidized rate.



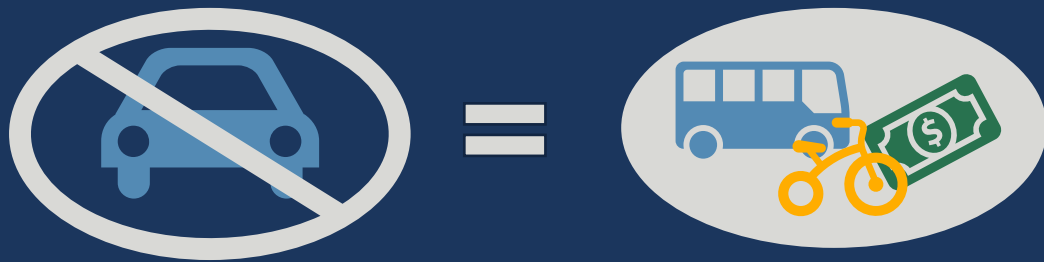
Potential exceptions:

Who doesn't need to comply (now)?

- ✓ Employers who own their **own parking** are not currently required to comply.
- ✓ **Hospitals / universities** with existing campus plans (through the expiration of their campus plan)
- ✓ Employers who, prior to October 1, 2020, were under a **current lease term** can delay implementation until the end of the lease term.

Three Options to Comply

Offer a parking cashout



Option 1

Employees who opt-out of parking, must receive a benefit equal to or greater to the fair market cost of the parking benefit.

1. Offer a Clean Air Transportation Fringe Benefit
 - Must include both transit benefits and bicycle commute benefits
2. Credit to health plan benefits
3. Taxable compensation

If the value of the transportation benefit is lower than the parking benefit, the difference in value must be provided in another means.

Develop a Transportation Demand Management (TDM) Plan

TDM Plan



Option 2

- A **Transportation Demand Management plan** must reduce single occupancy vehicle commuting by 10% from the previous year until 25% or less of employees' commute by car.
- Subject to approval by the DDOT.

Pay a Clean Air Compliance Fee



Option 3

Compliance fee of \$100 per month, per employee offered parking benefits payable to District Department of Transportation (DDOT).

Eliminate free or subsidized parking



Since a covered employer is defined as an employer that offers parking benefits, employers can comply with the law by not offering parking benefits in the form of free or subsidized parking.

What to know about parking cashout

Who is eligible for a parking cashout?



- All employees who are eligible or would have received a free or reduced parking benefit AND
- Have opted out of the parking benefit.



How is cashout value set?

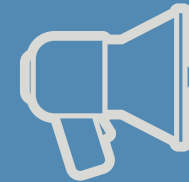
The Parking Cashout Value is based on the **publicly-advertised rate** in the direct vicinity of the business.

If no public parking is available within $\frac{1}{2}$ mile, employers may use a **default value of \$175 per month.**

Example of Cashout Value



Company negotiated rate for parking = \$200/mo./parking space.



The public-advertised rate for similar parking is \$250/mo.



Company A must provide a cashout value of \$250/mo.

What reporting is required?

- Reporting requirements vary based on the compliance options selected.



OPTION 1: PARKING CASHOUT -- Report the number of employees offered and accepted benefits under the option. Required every two year. Format set by DDOT. First report due January 15, 2023.



OPTION 2: TDM PLAN

- Within 90 days of plan approval, must provide evidence that plan is being implemented.
- Annual data report to the DDOT. Additional details available on DDOT website.
- If during annual review, employers deemed non-compliant, they will have 180 days to comply.



OPTION 3: COMPLIANCE FEE – Proof of payment required annually to DDOT.

- Reporting templates to be provided on the DDOT website.

How can **BRI** help?

4 Steps to support parking cashout

1

Provide subsidy
for pre-tax mass
transit benefit

2

Offer Bicycle
Commute
Benefit Program
(Taxable
compensation)

3

Alternative FSA,
HRA or HSA
contribution
subsidy

4

Alternative
Specialty
Account Benefit
(Taxable
compensation)



Thank You!

ANY QUESTIONS?