



# DC Parking Cashout Law

A Guide for Employers

Updated September 2023



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# What is goDCgo?

goDCgo is an initiative of the District Department of Transportation (DDOT) that encourages the use of sustainable transportation. Our award-winning Employer Services team provides complimentary consultations to businesses starting or enhancing their commuter benefits programs, making it easier for your employees to choose sustainable, affordable, and healthy ways to get to work.

## How goDCgo can help you:

- Complimentary consultations
- Guidance on implementing commuter transit benefits
- Communications tools, templates, and customized marketing materials
- Design and analysis of employee commute surveys
- Help setting up carpools and vanpools
- Transportation brochures and information sessions for your employees
- Monthly news and timely transportation updates
- Education and assistance to support compliance with local TDM ordinances



**Contact us today:**

202-299-2186

[info@goDCgo.com](mailto:info@goDCgo.com)



## Did You Know?

**800**  
employers

goDCgo engages with over 800 DC employers each year, providing them with free services that have proven to help reduce traffic congestion and improve air quality in the District.



# Background

The DC Parking Cashout Law requires DC employers with 20 or more covered employees that offer free, subsidized, or reimbursed parking to their employees to either offer a Clean Air Fringe Benefit to employees offered a parking benefit, develop a transportation demand management plan, or pay a Clean Air Compliance fee.

## What is Parking Cashout?

A parking cashout is a type of commuter benefit where an employer offers their employees the option to receive monetary compensation or alternative transportation benefits in exchange for giving up their parking benefit.

## What is required to comply?

DC employers with 20 or more covered employees that offer a parking benefit (free, subsidized, or reimbursed parking) to their employees.

## What is a covered employee?

A covered employee is a part-time or full-time employee that works in a District of Columbia office or those on a hybrid schedule where at least 50% of their working time is in the District of Columbia. DDOT has provided clarification that those that telework over 50% of the time (outside of the District) are not considered covered employees.

## Who is exempt?

Businesses that owned (and continue to own) their parking before October 1, 2020; businesses that are under a current parking lease that began before October 1, 2020 are exempt until the lease terms are up (regardless of possible extensions); and hospitals and universities with pre-existing campus plans (with two key exceptions: if hospitals or universities build outside of an existing campus plan, such construction will have to comply with the law. Additionally, upon the expiration of their campus plan, universities and hospitals will have to implement compliance measures). Although not directly outlined in the law, not offering free, subsidized, or reimbursed parking acts as an exemption.

## Who is required to report?

DC employers with 20 or more covered employees, regardless of if they offer a parking benefit, need to submit a report to DDOT detailing how they are complying or if an exemption applies.

## DC employers are required to comply with the law in one of the following ways:

1. Offer a Clean Air Transportation Fringe Benefit. Often referred to as the parking cashout option, employers offer employees the option to receive a Clean Air Transportation Fringe Benefit equal to or greater than the market value of their parking space.
2. Develop and implement a Transportation Demand Management (TDM) plan. TDM plans are subject to approval by DDOT and must reduce single occupancy vehicle commuting by at least 10% from the previous year until 25% or less of employees' commuter trips are made by car.
3. Pay a Clean Air Compliance Fee. Pay DDOT a fee of \$100 per month, per employee offered parking benefits.

## What are the advantages of offering employees a Clean Air Fringe Benefit?

- **Improve parking management:** with fewer employees choosing to utilize subsidized parking, you have the opportunity to downsize or potentially eliminate subsidized parking altogether.
- **Sustainability:** offering a Clean Air Fringe Benefit incentivizes employees to choose sustainable transportation options such as Metro, bus, or bike for commuting.
- **Recruitment and retention:** choosing to offer a Clean Air Fringe Benefit cultivates a culture of sustainability that can attract and retain top talent.

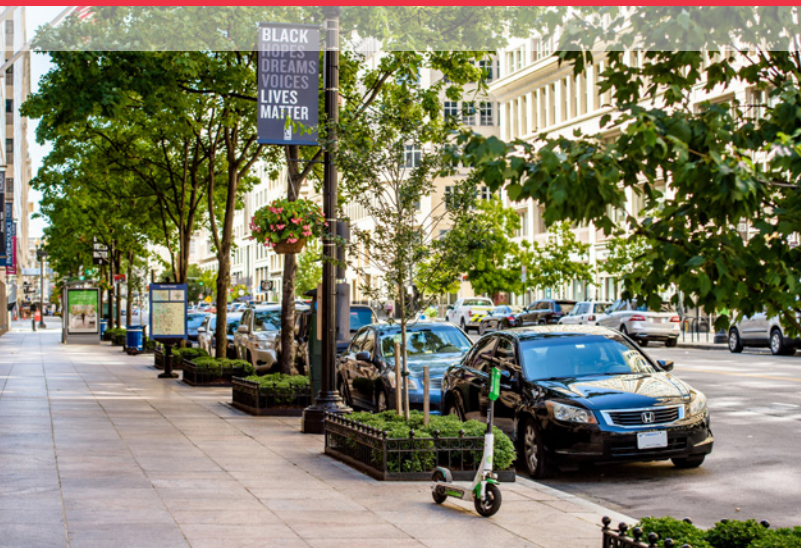
For more information about compliance and to get a copy of the rulemaking, please visit [goDCgo.com/employer](https://goDCgo.com/employer).



### Compliance Tip: Discontinue Free, Subsidized, or Reimbursed Parking

By discontinuing free, subsidized, or reimbursed parking, you remove the criteria that requires you to implement a compliance option, hence qualifying you for an exemption. Out of all the options, removing parking benefits is the quickest and most cost-effective way of complying with the law.

Note: If you choose this option you still need to report your exemption to DDOT every two years.



# Official Language

## from the SUSTAINABLE DC OMNIBUS AMENDMENT ACT OF 2014:

### Transportation Benefits Equity Amendment Act

*“To amend the Sustainable DC Omnibus Amendment Act of 2014 to require covered employers that offer parking benefits to any employees to offer those employees a Clean Air Transportation Fringe Benefit, pay a Clean Air Compliance fee, or successfully implement a Transportation Demand Management plan, and to require covered employers and the Mayor to submit reports.”*

#### **Sec. 301. Definitions**

For the purpose of the subtitle, the term:

1. “Covered employer” means an employer with 20 or more covered employees; provided that the Mayor may issue rules pursuant to section 303 to expand the definition to include employers with fewer than 20 employees.
2. “Covered employee” means full-time and part-time employees (a) who perform 50% of their work in the District of Columbia, or (b) whose employment is based in the District of Columbia, and a substantial amount of their work is performed in the District of Columbia with less than 50% of their work performed in any other state.
3. “Employee” shall have the same meaning as provided in section 3(2) of the Minimum Wage Act Revision Act of 1992, effective March 25, 1993 (D.C. Law 9-248; D.C. Official Code 32-1002(2)).
4. “Employer” shall have the same meaning as provided in section 3(3) of the Minimum Wage Act Revision Act of 1992, effective March 25, 1993 (D.C. Law 9-248; D.C. Official Code 32-1002(3)).
5. “Parking benefit” means personal motor vehicle parking, on or within 0.5 miles of the business premises and located in the District, offered to an employee, in addition to compensation, either directly by the employer or through an employer subsidy, on or near the business premises, for which the employee pays nothing or less than market value. The term “parking benefit” does not include parking that is offered to an employee who is required to use a personal motor vehicle in the regular performance of their work.
6. “Clean Air Transportation Fringe Benefit” means the following benefits that are provided in addition to compensation: “(A) Transportation in a commuter highway vehicle, as that term is defined in Section 132(f)(5)(B), if such transportation is in connection with travel between the employee’s residence and place of employment;”(B) Any transit pass, as that term is defined in Section 132(f)(5)(A); and (C) Any qualified bicycle commuting reimbursement, as that term is defined in Section 132(f)(5)(F)(i).

### Sec. 302a. Parking Benefit Equivalent

If a covered employer offers a parking benefit to an employee, the covered employer shall:

1. Offer the employee a Clean Air Transportation Fringe Benefit in an amount equal to or greater than the monthly market value of the parking benefit offered to the employee, pursuant to subsection (c) of this section;
2. Pay to (DDOT) a Clean Air Compliance fee of \$100 per month for each employee who is offered a parking benefit;
3. Implement a transportation demand management plan, pursuant to subsection (d) of this section.

(c)(1) An employee shall not accept the Clean Air Transportation Fringe Benefit offered Pursuant to subsection (b)(1) of this section unless the employee has declined the parking benefit offered by the covered employer.

(2)(A) An employee who accepts a Clean Air Transportation Fringe Benefit shall, in a form determined by the Department, estimate the amount of the Clean Air Transportation Fringe Benefit that the employee will use each month.



## How goDCgo Can Help You Comply

**goDCgo can help you:**

- **Survey employees to determine the best compliance option for your organization**
- **Set up a Parking Cashout Program/Clean Air Transportation Benefit**
- **Create & implement a Transportation Demand Management (TDM) plan**






Option  
01

# Clean Air Transportation Fringe Benefit

Also known as Parking Cashout, the Clean Air Transportation Fringe Benefit compliance option requires employers to offer a qualified transportation fringe benefit (section 132(f) of the internal revenue code) equal to or greater than the market rate of the parking spot in exchange for their parking benefit. Each year, employees who accept the Fringe Benefit are required to estimate the amount that will be used towards transportation expenses. See page 3 for more information on the Fringe Benefit, as defined in the law. If they will not use the full amount of the Fringe Benefit for transportation expenses, the law states that employers will make up the difference through additional compensation, increase contribution to health coverage, or a combination of both.

By implementing a Parking Cashout program, you can save money on parking costs, while incentivizing sustainable commuting and providing employees with a valuable benefit. goDCgo can assist you with implementing a Parking Cashout program at your workplace. Contact our employer team to get started today.

## How to Implement the Clean Air Transportation Fringe Benefit

 <p><b>Survey employees to determine interest in receiving the benefit</b></p>	<p>goDCgo can develop and analyze a Parking Cashout survey that will help you gain insight into employee preference on Parking Cashout, allowing you to make an informed decision on which compliance measure you will take.</p>
 <p><b>Calculate Market Value</b></p>	<p>The fringe benefit must be equal to or greater than the “market value of the parking space”. To calculate this take the median of publicly available monthly parking rates at parking facilities within 1/4 mile of your office. If no publicly available rates within 1/2 mile, expand distance to 1/2 mile. If not publicly available rates within 1/2 mile, use \$175 as the “market value”. Use this <a href="#">mapping tool</a> to find parking facilities near your business address.</p>
 <p><b>Notify employees and collect responses</b></p>	<p>Employers must notify their employees about the option to cashout their parking benefit and have them complete official forms necessary to accept or reject the fringe benefit.. Download the <a href="#">Employee Clean-Air Transportation Fringe Benefit Worksheet</a> and corresponding <a href="#">notification email template</a> and send them to your employees that are offered a parking benefit. In addition, goDCgo can lead webinars or Q&amp;A sessions, and provide educational materials that will help with outreach and marketing.</p>
 <p><b>Administer the benefit</b></p>	<p>Set up a process to administer the benefit for those that opted to cash out their parking and receive the benefit.</p>
 <p><b>Report to DDOT</b></p>	<p>Every two years, employers will need to <a href="#">submit a report</a> to the District Department of Transportation providing a breakdown of the number of employees offered and accepting benefits under this option.</p>






Option  
02

# Transportation Demand Management Plan

Develop a **Transportation Demand Management (TDM) plan** to comply with the Transportation Benefits Equity Amendment Act. The TDM plan must list strategies and a timeline for reducing the number of employee commuter trips made by car (excluding carpools) by at least 10% from the previous year, until 25% or less of employee commuter trips are made by car, including for-hire vehicles.

Note: Your TDM Plan is subject to DDOT review and approval; revisions may be required after the reporting deadline has passed.

## How to Develop and Implement a TDM Plan

 <p><b>Conduct a commuter survey</b></p>	<p>Conduct a commuter survey to determine how your employees currently commute, and what would incentivize a 10% reduction in drive-alone commuting. You can implement your survey using DDOT’s online reporting portal. The online portal will automatically populate your results and determine if you have met your required response rate. Alternatively, if you conduct a survey on your own, you must include <a href="#">three required questions</a>. Only send the survey to covered employees (defined on page 2). Then you will need to enter your survey results manually into the reporting portal.</p>
 <p><b>Create your TDM Plan</b></p>	<p>Use the DDOT <a href="#">reporting portal</a> to create your TDM Plan. If you already created a TDM Plan on your own, you can enter your information manually into the reporting portal.</p>
<p>d.</p> <p><b>Submit to DDOT for review</b></p>	<p>Submit your TDM Plan to DDOT via the <a href="#">reporting platform</a>. After review, DDOT will either approve your TDM plan, or ask for additional clarification until all conditions have been met for the TDM plan. TDM plans must be submitted by the reporting deadline of January 15, 2024, and will then be reviewed and approved or rejected by DDOT.</p>
 <p><b>Implement your TDM plan, or resubmit to DDOT with revisions</b></p>	<p>Once your plan has been approved by DDOT, work with goDCgo to implement the strategies and reduce the drive alone trips to your worksite.</p>
<p>d.</p> <p><b>Report to DDOT</b></p>	<p>Employers with an approved TDM plan must conduct an annual survey and submit their results yearly.</p>

Option  
03

# Pay a Clean Air Compliance Fee

Under the DC Parking Cashout Law, employers who choose not to implement Parking Cashout/Clean-Air Transportation Fringe Benefit or develop a TDM plan have the option to pay a **Clean Air Compliance Fee**. The fee is equal to \$100/per month for each employee who is offered a parking benefit.

Aside from the cost of this compliance measure, there is also minimal impact on sustainability, and employees receive no benefits. To reduce costs and improve sustainability, consider implementing a parking cashout incentive or working with goDCgo to develop a TDM plan.

## How to Implement a Clean Air Compliance Fee



**Determine the value of your Clean Air Compliance Fee**

To determine the monthly amount owed to DDOT, multiply the number of employees offered parking benefits by \$100. Multiply that by 12 months for each of the years that you choose to pay. Payments must be made in yearly increments, monthly payments not accepted.



**Pay the Clean Air Compliance Fee**

Make a check payable to the order of DC Treasurer and mail to the following address:  
DC Treasurer  
Attn: Olga Provotorova  
Frank D. Reeves Center of Municipal Affairs  
6th Floor  
2000 14th Street NW  
Washington, DC 20009

d.

**Report to DDOT**

Employers must submit proof of payment to DDOT via the [reporting platform](#). Employers can choose to pay for 1 year and report every year, or pay for 2 years and report every other year, etc.



**Reduce costs and improve sustainability.**

Contact goDCgo for assistance with planning a Parking Cashout program or developing a Transportation Demand Management Plan to reduce costs and improve sustainability.

# Reporting Requirements

Employers need to submit a report to DDOT by January 15, annually or biannually, depending on the compliance option, or applicable exemption. All reporting templates can be found on DDOT's website. Employers should report via DDOT's [reporting dashboard](#).

## Compliance Option 1: Clean Air Fringe Benefit Reporting

Every two years, employers will need to submit a report to the District Department of Transportation providing a breakdown of the number of employees offered and accepting benefits under this option.

1. Total number of employees;
2. The number of employees:
  - a. Offered a parking benefit;
  - b. Using a parking benefit;
  - c. Offered a Clean Air Transportation Fringe Benefit;
  - d. Using a Clean Air Transportation Fringe Benefit, and
3. The market value of the Clean Air Transportation Fringe Benefit for the covered employer

## Compliance Option 2: TDM Plan Reporting

Employers who have not yet done so must submit their TDM Plans by the reporting deadline of January 15, which will then be reviewed and approved or rejected by DDOT. Additionally, within 90 calendar days of the approval of an organization's TDM plan, the employer must provide DDOT with evidence demonstrating the employer's implementation of the plan. Satisfactory evidence may include enrollment in WMATA's SmartBenefits program or an employer's notifications to its employees concerning transit options and benefits.

Employers with an approved TDM plan must conduct an annual survey and submit their results yearly. Surveys can be implemented through the reporting portal.

Furthermore, DDOT will conduct an audit annually to make sure employers are compliant with their TDM plan. Employers deemed to be non-compliant with their TDM plan will have 180 days to comply. It is recommended that employers reach out to goDCgo at [info@godcgo.com](mailto:info@godcgo.com) for assistance with compliance.

## Compliance Option 3: Clear Air Compliance Fee

Employers must submit proof of payment to DDOT via the reporting platform. Employers can choose to pay for one year and report every year, pay for two years and report every other year, etc.

# Reporting Requirements

## Reporting Your Exemption

**Every two years, covered employers that are exempt from the law must report their exemption to the District Department of Transportation. Reporting must include:**

Whether any of the exceptions in [§ 3312](#) apply to the covered employer, including:

- 1.** For a covered employer that owns their parking, the date on which any owned parking spot was purchased by the employer.
- 2.** For a covered employer that is under a current parking lease that began before October 1, 2020, the date on which the current lease term will end, disregarding any contemplated lease extensions beyond the current term.
- 3.** For a covered employer who is party to a transportation demand management (TDM) plan, the date on which the transportation demand management plan approved by DDOT prior to October 1, 2020 will expire.
- 4.** For a covered employer who, before October 1, 2020, is party to a Campus Plan, the date on which the current Campus Plan expires, disregarding any contemplated term extensions.
- 5.** For those not providing a parking benefit, the policy, memorandum, benefits statements, or other documentation showing that you do not offer any free, subsidized, or reimbursed parking to employees. See [page 2](#) for information on who is exempt.





**goDCgo Employer Services**

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[goDCgo.com/employer](http://goDCgo.com/employer)