



South Coast
Air Quality Management District

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Information on California's Parking Cash-Out Program

Parking Cash-Out programs are not only regulated by State law, but also are an option available to employers for compliance with SCAQMD's Rule 2202 – On-Road Motor Vehicle Mitigation Options. State law requires certain employers who provide subsidized parking for their employees to offer a cash allowance in lieu of a parking space. This law is called the *parking cash-out program* (Assembly Bill 2109, Katz; Chapter 554, Statutes of 1992), and the main provision of the law is California Health & Safety Code Section 43845. It was enacted after studies showed cash allowances in lieu of parking encourage employees to find alternate means of commuting to work, such as public transit, carpooling, vanpooling, bicycling, or walking. Parking cash-out offers the opportunity to improve air quality and reduce traffic congestion by reducing vehicle trips and emissions. For years, negative tax implications limited the implementation of the law. But in 1998, the federal Transportation Equity Act for the 21st Century (TEA-21) included amendments to the Internal Revenue Code that fixed this problem.

The parking cash-out law does not apply to all employers or all employees. Employers with over 50 employees in an air basin designated nonattainment for any state air quality standard must offer a parking cash-out program to those employees who have the availability of subsidized parking that meets certain criteria. The questionnaire on the back page can help employers determine whether they are subject to the parking cash-out law.

SCAQMD's Rule 2202 provides that employers implementing a parking cash-out program may receive vehicle trip emission credits (VTECs) toward their emission reduction target. Employers interested in obtaining these VTECs, may contact their designated SCAQMD Transportation Specialist for further information.

The California Air Resources Board is the agency authorized by the Legislature to interpret and administer the parking cash-out law. They have developed an informational guide to answer questions about implementing a parking cash-out program. To obtain a copy of "California's Parking Cash-Out Program: An Informational Guide For Employers," you can download it from: www.arb.ca.gov/planning/tsaq/cashout/cashout.htm or you can request a copy by calling Transportation Programs Hotline at (909)396-3271.

Parking Cash-Out: Are You Subject to this Law?

Employers answering “yes” to all of the following questions are subject to the parking cash-out law. Employers answering “no” to one or more questions are currently exempt.

	<u>Yes</u>	<u>No</u>
<p>1. Do you employ over 50 persons (regardless of how many work sites)? - Persons are considered “employees” for purposes of parking cash-out if they are considered employees for unemployment insurance, state or federal tax purposes. (For a legal reference, see the definition of “employee” in Sections 621 and 621.5 of the Calif. Unemployment Insurance Code.)</p>		
<p>2. Are any of your work sites located in an air basin designated nonattainment for any state air quality standard? - The answer is “yes” if any of your work sites are located in Orange, or the non-desert portions of Los Angeles, San Bernardino, Riverside counties.</p>		
<p>3. Do you subsidize employee parking? - A “yes” means you pay all or part of the cost of parking for any employee.</p>		
<p>4. Do you subsidize any employee parking on property that you do not own? -In most cases a “yes” answer means you subsidize employee parking that you lease. But reimbursing an employee on a regular basis for his/her commute-related parking costs in a lot that you neither own nor lease is also a parking subsidy subject to cash-out. -Parking spaces owned by employers are exempt from parking cashout.</p>		
<p>5. Can you calculate the out-of-pocket expense of the parking subsidies you provide? -A “yes” answer for leased parking means your parking costs are separated in your lease agreement, and/or you claimed parking as a separate itemized business expense on your state or federal tax returns.</p>		
<p>6. Can you reduce the number of parking spaces in any of your leases without penalty? -If reducing the number of parking spaces would cause you to (1) continue to pay for unused spaces, (2) violate local planning regulations, or (3) break the lease, then the answer is “no.” If not, then the answer is “yes.”</p>		