

INTERNAL REVENUE SERVICE

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September 12, 2000

The Honorable Daniel P. Moynihan
United States Senate
Washington, D.C. 20510

Dear Senator Moynihan:

I am responding to your letter to Commissioner Rossotti dated July 19, 2000. The Commissioner's office forwarded your letter to this office for response. You express concern that the recent proposed regulations under section 132(f) of the Internal Revenue Code (65 C.F.R. 4388) dealing with qualified transportation fringes, including employer-provided transit passes, do not adequately encourage the use of vouchers.

Your comments are especially welcome since we are working on finalizing the regulations for qualified transportation fringes. We appreciate your insights as an author of provisions in the Energy Policy Act of 1992 dealing with transportation fringe benefits. In addition to your letter, the many public comments on this issue in response to the proposed regulations have made us more aware this is an important issue to employers and employees, as well as to voucher programs. We will consider all these comments as we finalize the regulations.

If we can be of further assistance in this matter, please contact me at (202) 622-6000 or John Richards (ID # 50-08837) of this office at (202) 622-6040.

Sincerely,

SARAH HALL INGRAM
Division Counsel/
Associate Chief Counsel
(Tax Exempt and Government Entities)