STATEMENT TO

SENATE, No. 1567

STATE OF NEW JERSEY

DATED: MARCH 12, 2018

The Senate Transportation Committee reports favorably Senate Bill No. 1567.

As reported, this bill requires every employer in New Jersey that employs at least 20 persons, not subject to a collective bargaining agreement, to offer a pre-tax transportation fringe benefit to all of the employer’s employees that are not subject to a collective bargaining agreement. The bill does not apply to: (1) employers who employ persons covered by a collective bargaining agreement and employ less than 20 employees who are not covered by a collective bargaining agreement; and (2) federal employees who are eligible for a transit benefit equal to or greater than the pre-tax transportation fringe benefit.

Under the bill, a pre-tax transportation fringe benefit is defined as a pre-tax election transportation fringe benefit that provides commuter highway vehicle and transit benefits, consistent with the provisions and limits of the United States Internal Revenue Code of 1986, at the maximum benefit levels allowable under federal law, to be deducted for those programs from an employee’s gross income pursuant to the United States Internal Revenue Code of 1986. The pre-tax transportation fringe benefit allows an employee to set aside wages on a pre-tax basis, which is then only made available to the employee for the purchase of certain eligible transportation services, including transit passes and commuter highway vehicle travel.

Any employer found to be in violation of the bill is liable for a civil penalty of not less than $100 and not more than $250 for the first violation. An employer has 90 days from the date of the violation to offer the pre-tax transportation fringe benefit program before the civil penalty is imposed. After 90 days, each additional 30 day period in which an employer fails to offer a pre-tax transportation fringe benefit is a subsequent violation subject to a $250 civil penalty. The civil penalty is to be imposed only once in any 30 day period. The Commissioner of Labor and Workforce Development is required to ensure that eligible employers provide the pre-tax transportation fringe benefit and is authorized to issue citations for noncompliance.

The bill also requires the New Jersey Transit Corporation, in conjunction with the New Jersey Turnpike Authority and the South Jersey Transportation Authority, to establish a public awareness campaign to encourage the public to contact employers about pre-tax transportation fringe benefits.