

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1567

STATE OF NEW JERSEY

DATED: DECEMBER 10, 2018

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1567.

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.

As reported, this bill is identical to Assembly Bill No. 2425, as also reported by the committee.

FISCAL IMPACT:

The bill will result in an indeterminate increase in State revenue from fines imposed on employers that do not provide pre-tax transportation fringe benefits as required by the bill. The amount of revenue from the fines is unknown because the level of employer compliance with the bill cannot be known until the bill takes effect.

The bill requires a public awareness campaign promoting the availability of pre-tax transportation fringe benefits. These programs would entail a new State cost; however, the State currently provides marketing funding for pre-tax fringe benefit programs in the annual transportation capital program. If additional capital program funding were to be provided to market the program, it would not likely impact overall state expenditures as the size of the capital program is already statutorily limited to \$16 billion from FY 2017 through FY 2024. If the public awareness campaign is expanded and funded outside of the capital program, it will require an increase in State expenditures of an amount that will depend upon the types of marketing activities undertaken.