



GOV. MSG. NO. 1145

EXECUTIVE CHAMBERS  
HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

April 23, 2012

The Honorable Shan Tsutsui, President  
and Members of the Senate  
Twenty-Sixth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

The Honorable Calvin Say, Speaker  
and Members of the House  
Twenty-Sixth State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

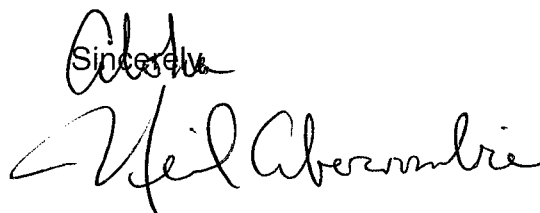
Dear President Tsutsui, Speaker Say and Members of the Legislature:

This is to inform you that on April 23, 2012, the following bill was signed into law:

HB2254 HD1

RELATING TO THE PRETAX TRANSPORTATION  
BENEFIT.

**Act 045 (12)**

Sincerely,  


NEIL ABERCROMBIE  
Governor, State of Hawaii

APR 23 2012

HOUSE OF REPRESENTATIVES  
TWENTY-SIXTH LEGISLATURE, 2012  
STATE OF HAWAII

H.B. NO. 2254  
H.D. 1

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# A BILL FOR AN ACT

RELATING TO THE PRETAX TRANSPORTATION BENEFIT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. The legislature finds that the department of  
2 human resources development currently operates a pretax  
3 transportation benefit pilot program in the city and county of  
4 Honolulu for any employee of the state government who:

5 (1) Is an employee of the State executive branch  
6 (excluding the department of education) who is  
7 eligible to participate in the State of Hawaii  
8 employees' retirement system;

9 (2) Lives and works on Oahu; and

10 (3) Does not have parking in a state-controlled lot with a  
11 parking payroll deduction.

12 The pilot program is operated under the State's qualified  
13 transportation fringe benefit plan, in accordance with section  
14 132(f) of the Internal Revenue Code, and authorized under the  
15 federal Transportation Equity Act for the 21st Century for  
16 eligible State of Hawaii executive branch employees. This means  
17 that eligible employees may purchase public bus passes, Handi-  
18 Van fare coupons, and vouchers for the cost of their vanpool



1 Hawaii seat fares through payroll deductions before federal,  
2 State, and Federal Insurance Contributions Act taxes are  
3 withheld, thereby increasing their take-home pay. In other  
4 words, an eligible employee on Oahu may authorize the State to  
5 have the employee's bus pass expense, the cost of a preset  
6 amount of Handi-Van fare coupons, or vanpool Hawaii seat fees  
7 deducted from the employee's paycheck on a pretax basis. The  
8 State, as employer, will purchase bus passes, Handi-Van fare  
9 coupons, or vouchers redeemable with vanpool Hawaii to cover  
10 seat fees for eligible employees and distribute them to eligible  
11 employees on a monthly basis. As of June 2008, the enrollment  
12 for senior and disability annual bus passes was also included in  
13 the pilot program.

14 The duration of the pilot program is determined by the  
15 director of human resources development, and as of 2008, the  
16 maximum allowance per month for combined commuter highway  
17 vehicle transportation and transit pass expenses was \$115.

18 The savings for each employee will vary depending on the  
19 employee's tax bracket. For example, based on an annual salary  
20 of \$24,000, a tax savings of \$138.24, \$253.68, or \$181.53 can be  
21 gained through participation in the pilot transportation benefit



1 plan for eligible employees who buy bus passes, ride the Handi-  
2 Van, or carpool via vanpool Hawaii, respectively.

3 The legislature finds that the pilot program has been  
4 successful on Oahu and should be expanded to other jurisdictions  
5 of the State.

6 The purpose of this Act is to allow the chief executive of  
7 certain jurisdictions of the state, including the counties, to  
8 establish a wage and salary reduction benefit program which  
9 qualifies as a pretax transportation benefit program within the  
10 meaning of section 132 of the Internal Revenue Code of 1986, as  
11 amended.

12 SECTION 2. Chapter 78, Hawaii Revised Statutes, is amended  
13 by adding a new section to be appropriately designated and to  
14 read as follows:

15 "§78- Pretax transportation benefit program. (a) Each  
16 chief executive may establish a wage and salary reduction  
17 benefit program which qualifies as a pretax transportation  
18 benefit program within the meaning of section 132 of the  
19 Internal Revenue Code of 1986, as amended. The pretax  
20 transportation benefit program shall allow eligible employees to  
21 elect to reduce their pretax compensation in return for payment  
22 by the jurisdiction of the expenses of eligible benefits.



1           (b) In addition to any other powers and duties authorized  
2 by law, each chief executive may enter into all contracts  
3 necessary to establish, administer, or maintain the pretax  
4 transportation benefit programs."

5           SECTION 3. New statutory material is underscored.

6           SECTION 4. This Act shall take effect upon its approval.

APPROVED this 23 day of APR , 2012



GOVERNOR OF THE STATE OF HAWAII

