

STAND. COM. REP. NO.

2909

Honolulu, Hawaii

MAR 22 2012

RE: H.B. No. 2254
H.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred
H.B. No. 2254, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE PRETAX TRANSPORTATION
BENEFIT,"

begs leave to report as follows:

The purpose and intent of this measure is to allow chief
executives of the State and counties to establish a wage and
salary reduction benefit program that qualifies as a pretax
transportation benefit program under section 132 of the Internal
Revenue Code.

Your Committee received testimony in support of this measure
from the Department of Human Resources Development and Hawaii
Government Employees Association, AFSCME Local 152, AFL-CIO.

Your Committee finds that the Department of Human Resources
Development currently operates a pretax transportation benefit
pilot program in the City and County of Honolulu for public
employees of the state executive branch (excluding the Department
of Education) who are eligible to participate in the state
Employees' Retirement System, live and work on Oahu, and do not
have parking in a state-controlled lot with a parking payroll
deduction. This pilot program operates pursuant to section 132 of
the Internal Revenue Code and the federal Transportation Equity
Act for the 21st Century and allows employers to offer employees
the opportunity to deduct certain qualified transportation
expenses, such as public bus fares or vouchers for the cost of

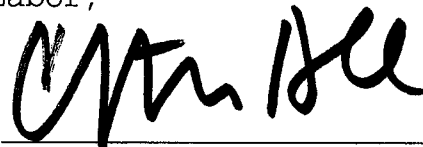


vanpool seat fares, from their paychecks on a pretax basis. This transportation fringe benefit is similar to the pretax flexible spending accounts available for medical expenses and dependent care.

Your Committee further finds that the savings from participating in this program depend on the employee's tax bracket and type of transportation benefit the employee purchases through the program. For example, based on an annual salary of \$24,000, a tax savings of \$134.24, \$253.68, or \$181.53 may be gained through participation in the program. This measure provides savings to employees by authorizing the establishment of a permanent pretax transportation benefit program statewide, including counties.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2254, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,



CLAYTON HEE, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Judiciary and Labor
JDL

Bill / Resolution No.:* HB 2254, HD1	Committee Referral: JDL, WAM	Date: 3/14/12		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	✓			
SHIMABUKURO, Maile (VC)	✓			
GABBARD, Mike	✓			
IHARA, Jr., Les				✓
SLOM, Sam	✓			
TOTAL	4			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes