

Honolulu, Hawaii

**Feb 17**, 2012

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

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committees on Labor & Public Employment and  
Transportation, to which was referred H.B. No. 2254 entitled:

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

beg leave to report as follows:

The purpose of this measure is to increase the use of  
alternative modes of transportation while providing cost savings  
to both employees and employers by requiring the Director of the  
Department of Human Resources Development to:

- (1) Make the Pre-Tax Transportation Benefit Pilot Program  
for Oahu State employees permanent;
- (2) Extend the Program to all islands that have a public  
transit system; and
- (3) Extend the Program to employees of the Legislature  
residing in counties having a population of over 500,000  
persons.

Two concerned individuals testified in support of this  
measure. The Department of Human Resources Development testified  
in opposition to this measure.



The Pre-Tax Transportation Benefit Pilot Program is currently offered to eligible Oahu employees of the State Executive Branch. The Program is a tax savings benefit program which is authorized under the Federal Transportation Equity Act for the 21st Century, Section 132(f) of the Internal Revenue Code, that allows employees to pay for qualified transportation expenses before federal, State, and Federal Insurance Contributions Act taxes are computed. Under the current Program, eligible employees may authorize their employer to have their designated transportation expenses deducted from their paycheck on a pre-tax basis saving the employee money on certain forms of transportation.

While the Program has proven to be successful on Oahu, your Committees find that the transportation needs of each county are different and the chief executive of each county should be granted the authority and flexibility to develop a pretax transportation benefit program that meets the needs of their respective jurisdictions. As such, your Committees have amended this measure by deleting its contents and replacing it with language that:

- (1) Allows the chief executive of certain jurisdictions of the state, including the counties, to establish a wage and salary reduction benefit program which qualifies as a pretax transportation benefit program within the meaning of Section 132 of the Internal Revenue Code; and
- (2) Authorizes the chief executive to enter into all contracts necessary to establish, administer, and maintain a pretax transportation benefit program.

Technical, nonsubstantive amendments have also been made for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Labor & Public Employment and Transportation that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2254, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2254, H.D. 1, and be referred to the Committee on Finance.



Respectfully submitted on  
behalf of the members of the  
Committees on Labor & Public  
Employment and Transportation,

  
\_\_\_\_\_  
JOSEPH M. SOUKI, Chair

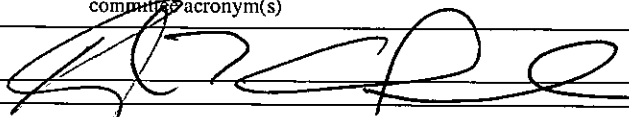
  
\_\_\_\_\_  
KARL RHOADS, Chair



HSCR 544-12

State of Hawaii  
House of Representatives  
The Twenty-sixth Legislature

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: #RD 2254	Committee Referral: LAB/TRN, FIN	Date: 2-14-12		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. AQUINO, Henry J.C.	/			
4. CULLEN, Ty	/			
5. ICHIYAMA, Linda	/			
6. LEE, Marilyn B.				/
7. LUKE, Sylvia	/			
<del>8. OKAMURA, Tom</del>				
9. SAIKI, Scott K.	/			
10. SOUKI, Joseph M.	/			
11. TAKUMI, Roy M.				/
12. FONTAINE, George R.	/			
13. JOHANSON, Aaron Ling	/			
TOTAL (13)	10	-	-	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				

State of Hawaii  
House of Representatives  
The Twenty-sixth Legislature

HSOR 544-12

**Record of Votes of the Committee on Transportation**

<b>Bill/Resolution No.:</b> HB 2254	<b>Committee Referral:</b> LAB/TRN, FIN	<b>Date:</b> 2/14/12		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
<b>TRN Members</b>	<b>Ayes</b>	<b>Ayes (WR)</b>	<b>Nays</b>	<b>Excused</b>
1. SOUKI, Joseph M. (C)	✓			
2. ICHIYAMA, Linda (VC)	✓			
3. AQUINO, Henry J.C.	✓			
4. CULLEN, Ty	✓			
5. LEE, Marilyn B.				✓
6. LUKE, Sylvia	✓			
7. <del>OKAMURA, Tom</del>				
8. SAIKI, Scott K.	✓			
9. TAKUMI, Roy M.				✓
10. YAMASHITA, Kyle T.	✓			
11. FONTAINE, George R.	✓			
12. JOHANSON, Aaron Ling	✓			
<b>TOTAL (12)</b>	9			2
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 10pt;">committee acronym(s)</div>				
<b>Vice Chair's or designee's signature:</b> <i>Linda Ichiyama</i>				
<b>Distribution:</b> Original (White) – Committee      Duplicate (Yellow) – Chief Clerk's Office      Duplicate (Pink) – HMSO				