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The Twenty-Sixth Legislature, State of Hawaii
The Senate
Committee on Judiciary and Labor

Testimony by
Hawaii Government Employees Association
March 14, 2012

H.B 2254, H.D. 1 - RELATING TO THE
PRETAX TRANSPORTATION BENEFIT

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B 2254, H.D. 1, which allows the 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.

Internal Revenue Code Section 132 and the Transportation Equity Act for the 21st Century (TEA-21) allows employers to offer employees the opportunity to set aside a portion of their salary to pay for certain transportation expenses. The employee will not be taxed on amounts that are set aside and used for qualified expenses. That is, pre-tax dollars are used to pay commuting expenses. Qualified transportation expenses generally include payments for the use of mass transportation, such as bus fare, and for parking.

The transportation fringe benefit is similar to the pre-tax flexible spending accounts available for medical expenses and dependent care. The savings to employees, which can be significant, will depend on the employee's tax bracket and type of transportation benefit they purchase through the program.

We believe this type of employee benefit deserves expansion and encourages the use of public transportation. Thank you for the opportunity to testify in support of H.B 2254, H.D. 1.

Respectfully submitted,

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