

Honolulu, Hawaii

APR 05 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 Ways and Means, 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 the chief executive of certain jurisdictions of the State, including the counties, to establish a wage and salary reduction benefit program that qualifies as a pretax transportation benefit program within the meaning of section 132 of the Internal Revenue Code.

Your Committee finds that the Department of Human Resources Development currently operates a pretax transportation benefit pilot program for employees of the state government who:

- (1) Are employees of the state executive branch, excluding the Department of Education, who are eligible to participate in the Employees' Retirement System of the State of Hawaii;
- (2) Live and work on Oahu; and
- (3) Do not have parking in a state-controlled lot with a parking payroll deduction.

The pilot program is operated under the State's qualified transportation fringe benefit plan, in accordance with section



132(f) of the Internal Revenue Code, and authorized under the federal Transportation Equity Act for the 21st Century for eligible State of Hawaii executive branch employees. This means that eligible employees may purchase public bus passes, Handi-Van fare coupons, and vouchers for the cost of their Vanpool Hawaii seat fares through payroll deductions before federal, state, and Federal Insurance Contributions Act taxes are withheld, thereby increasing their take-home pay.

The savings for each employee varies depending upon the employee's tax bracket. For example, based upon an annual salary of \$24,000, an annual tax savings of \$138.24, \$253.68, or \$181.53 can be gained through participation in the pilot transportation benefit plan for eligible employees who buy bus passes, ride the Handi-Van, or carpool via Vanpool Hawaii, respectively. Your Committee finds that the pilot program has been successful on Oahu and should be expanded to other jurisdictions of the State.

As affirmed by the record of votes of the members of your Committee on Ways and Means 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 Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
\_\_\_\_\_  
DAVID Y. IGE, Chair



The Senate  
Twenty-Sixth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>HB2254 HDI</b>	Committee Referral: <b>JDL, WAM</b>	Date: <b>3-28-12</b>												
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____														
The Recommendation is: <div style="display: flex; justify-content: space-between;"> <div> <input checked="" type="checkbox"/> Pass, unamended 2312         </div> <div> <input type="checkbox"/> Pass, with amendments 2311         </div> <div> <input type="checkbox"/> Hold 2310         </div> <div> <input type="checkbox"/> Recommit 2313         </div> </div>														
Members	Aye	Aye (WR)	Nay	Excused										
IGE, David Y. (C)	✓													
KIDANI, Michelle N. (VC)	✓													
CHUN OAKLAND, Suzanne	✓													
DELA CRUZ, Donovan M.	✓													
ENGLISH, J. Kalani	✓													
ESPERO, Will				✓										
FUKUNAGA, Carol	✓													
KIM, Donna Mercado				✓										
KAHELE, Gilbert	✓													
KOUCHI, Ronald D.	✓													
RYAN, Pohai	✓													
TOKUDA, Jill N.	✓													
WAKAI, Glenn	✓													
SLOM, Sam	✓													
<b>TOTAL</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>2</b>										
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted         <input type="checkbox"/> Not Adopted         </div>														
Chair's or Designee's Signature: <div style="text-align: right; margin-top: 10px;"> </div>														
<table style="width: 100%; font-size: small;"> <tr> <td style="width: 25%;">Distribution:</td> <td style="width: 25%;">Original</td> <td style="width: 25%;">Yellow</td> <td style="width: 25%;">Pink</td> <td style="width: 25%;">Goldenrod</td> </tr> <tr> <td></td> <td>File with Committee Report</td> <td>Clerk's Office</td> <td>Drafting Agency</td> <td>Committee File Copy</td> </tr> </table>					Distribution:	Original	Yellow	Pink	Goldenrod		File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy
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\*Only one measure per Record of Votes