



New Jersey Passes First Statewide Commuter Benefit Ordinance

Issue Date: March 2019

On Friday, March 1, 2019, New Jersey became the first state to adopt a commuter benefit ordinance with the passage of [S.1567](#). Some of the details regarding the implementation are still outstanding, but we do know a few things. Every employer in the State of New Jersey that [employs at least 20 people](#) shall offer all employees the opportunity to utilize a pre-tax transportation fringe benefit (commuter benefit plan) as defined by Section 132(f) of the Internal Revenue Code. Non-profit employers could face significant tax implications and should consult with their legal and tax professionals.

Who Counts as an Employee?

An employee is identified as anyone hired or employed by the employer and who reports to the employer's work location. This mirrors the definition used in unemployment compensation law.

There are exceptions and special timing considerations for employees covered by a collective bargaining agreement and those employed by the Federal Government.

Who Is Responsible for the Implementation and Oversight?

The Commission of Labor and Workforce Development will adopt rules and regulations concerning the administration and enforcement of the benefit. Civil penalties will apply for non-compliance. Additionally, The New Jersey Transit Corporation will aid in public awareness efforts.

When Does It Take Effect?

The ordinance is effective immediately but will not be enforced until final rules and regulations are released. The earliest enforcement is anticipated to be March 1, 2020, although it is subject to change.

Please be aware that this does not represent legal or tax advice and is only Frenkel's interpretation of the laws, regulations and statutes. It is highly recommended that you seek the advice of your legal and tax professional as to the applicability of this information to your particular situation.