

# HOUSE BILL REPORT

## HB 1518

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**As Reported by House Committee On:**  
State Government & Tribal Affairs

**Title:** An act relating to pretax payroll deductions for qualified transit and parking benefits.

**Brief Description:** Authorizing pretax payroll deductions for qualified transit and parking benefits.

**Sponsors:** Representatives Hunt, Reykdal and Kenney.

**Brief History:**

**Committee Activity:**

State Government & Tribal Affairs: 2/3/11, 2/9/11 [DPS].

**Brief Summary of Substitute Bill**

- Authorizes pretax payroll deductions for qualified transit and parking benefits.

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### HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL AFFAIRS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Hunt, Chair; Appleton, Vice Chair; Overstreet, Assistant Ranking Minority Member; Alexander, Condotta, Darneille, Dunshee, Hurst, McCoy and Miloscia.

**Minority Report:** Do not pass. Signed by 1 member: Representative Taylor, Ranking Minority Member.

**Staff:** Thamas Osborn (786-7129).

**Background:**

Subject to specified requirements, public officers and state employees may request payroll deductions for the following:

- credit union deposit deductions;
- parking fee payment deductions;

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

- United States savings bond deductions;
- deductions for board, lodging, or uniforms, when furnished by the state;
- membership dues and other fees to professional organizations;
- insurance contributions for payment of premiums under contracts authorized by the Washington State Health Care Authority;
- deductions for payments to a bank, savings bank, or savings and loan association; and
- contributions to the Washington State Combined Fund Drive.

Parking fee payroll deductions are authorized only for payments made for parking facilities furnished by an agency or by the Department of General Administration.

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**Summary of Substitute Bill:**

Pretax payroll deductions are authorized for qualified transit and parking benefits. Eligibility for the pretax deduction requires that payment of the parking fee be made to the agency, the Department of General Administration, or a private parking vendor.

**Substitute Bill Compared to Original Bill:**

The substitute bill clarifies that eligibility for the pretax deduction for qualified transit and parking benefits requires that payment of the parking fee be made to the agency, the Department of General Administration, or a private parking vendor.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) The Internal Revenue Service (IRS) regulations allow for the pretax salary deduction of the costs of parking and transit provided by a public agency to its employees. However, current state statutes do not authorize this pretax deduction. This bill provides the necessary statutory authority for a public entity to give its employees the benefit of the pretax deduction allowed by the IRS. If passed, this bill will create cost savings for both the state and public employees. Furthermore, the bill will serve state trip reduction goals.

(Opposed) None.

**Persons Testifying:** Dennis Eagle, Washington Federation of State Employees; and Joan Cullen, Washington State Department of Transportation.

**Persons Signed In To Testify But Not Testifying:** None.