

New Jersey Commuter Benefits

The Definition

New Jersey's law requires employers in the state to offer pre-tax commuter benefits to employees. While the law is currently in effect, it is not operative until the earlier of 365 days following the date of enactment (March 1, 2019), or the effective date of rules and regulations that the law directs the Commission of Labor and Workforce Development to adopt.

Who is Qualified?

The state's new commuter benefits law requires employers that employ at least 20 workers to offer a pre-tax transportation fringe benefit to all employees who are not subject to a collective bargaining agreement.

For purposes of this law, an "employee" means anyone hired or employed by the employer and who reports to the employer's work location (this follows the definition under the state's unemployment compensation law).

What is a Transportation Fringe Benefit?

A pre-tax transportation fringe benefit is a benefit that allows an employee to set aside wages on a pre-tax basis, which is then only made available to the employee for the purchase of certain eligible transportation services, including transit passes and commuter highway vehicle travel.

Under the Internal Revenue Code, the value of a "qualified transportation" fringe benefit provided by an employer to an employee is treated as tax-free, subject to monthly limits. A qualified transportation fringe benefit is defined as:

- Transportation in a commuter highway vehicle for travel between the employee's residence and place of employment.
- Transit passes.
- Qualified parking.
- Qualified bicycle commuting reimbursement.