

## The Washington D.C. Transit Ordinance

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The **DC Transit Ordinance** is a new regulation *requiring* employers with 20 or more employees in Washington D.C. to offer [pre-tax transit benefits](#) in one of three ways:

1. A pre-tax transit fringe benefit, where employees set aside up to \$130/month in pre-tax money directly from their paycheck to use for commuter transit.
2. An employer benefit program where the employer supplies up to \$130/month towards transit or covered reimbursement of van pool or bicycling cost ( \$20/month).
3. Employer provided transportation at no cost to the covered employee in a van pool or bus operated by or for the employer.

These options are the same benefits authorized by Internal Revenue Code (IRC) Section 132(f), which is voluntary for employers.

This ordinance, which was passed by Mayor Vincent Gray on July 29, 2014, became effective after Congressional review on December 31, 2014. The ordinance, which is part of **The Sustainable DC Omnibus Amendment Act of 2014**, aims to encourage the use of public transportation to reduce use of single occupancy vehicles. The ordinance provides authority for the Mayor to expand the ordinance to include employers with fewer than 20 employees beginning January 1, 2017.

An employer may have resisted providing the commuter benefits because of the administrative hassles of setting up the program which involves adding eligible employees, determining the election amounts, setting up payroll deductions, and remitting funds monthly to the various agencies. The ordinance allows for benefit administration by either in-house staff or a third party provider. The DC government anticipates the ordinance will benefit the employer by savings in FICA, Medicare, and Federal and



state income taxes, while the employee saves on the out-of-pocket cost of commuting. And, according to D.C. marketing for the ordinance, “increase job satisfaction and reduce the stress of driving.” Incidental benefits may come in the recognition of LEED status and other environment friendly awards.

If an employer already offers a commuter benefit under one of the IRC Section 132(f) options, the employer is in compliance with the D.C. Transit Ordinance and no additional action or filings are required. If the employer does not offer a commuter benefit after December 31, 2014, as authorized under IRC Section 132(f) and has 20 or more employees in Washington D.C., the employer will not be complaint with the ordinance and will be subject to civil fines and penalties as governed by the Department of Consumer and Regulatory Affairs Civil Infraction Act. Fines increase based on the severity of the office and for repeat offenses.

As of this date there is no guidance regarding how compliance will be monitored or how fines and penalties will be assessed.

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