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New York City Enacts Affordable Transit Act

Beginning January 1, 2016, employers with twenty or more full-time employees in New York City must offer their full-time employees the opportunity to utilize pre-tax earnings for qualified transportation fringe benefits, other than qualified parking, in accordance with federal law. For the purposes of the new law, a “full-time employee” works for the employer an average of thirty hours or more per week. Federal law currently allows up to \$130 per month in pre-tax spending for transit passes.

The law does not apply to the federal, state, and local governments or to employers exempt from federal, state, and city payroll taxes. Employees covered by a collective bargaining agreement (CBA) also do not qualify for the benefits under the law; however, if the employer has twenty or more full-time employees not covered by a CBA, those employees are eligible for the transit benefit. The Department of Consumer Affairs may waive the requirements upon an employer’s showing of financial hardship.

Employers found to be in violation of the law will be liable for civil penalties as of July 1, 2016, though employers will first be given 90 days to cure the violation. The Commissioner of the Department of Consumer Affairs may promulgate rules implementing the law.

If you have any questions about the new law or would like detailed information about the law to ensure compliance, please contact Tina Grimshaw at (212) 758-7792 or any other attorney at the Firm.

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