

LC004341

JANUARY SESSION, A.D. 2026

(5) "Pre-tax transportation fringe benefit" means a pre-tax election transportation fringe benefit, that provides commuter highway vehicle and transit benefits, consistent with the provisions and limits of § 132(f)(1) of the Internal Revenue Code of 1986 (26 U.S.C. §132(f)(1)) at the

1 maximum benefit levels allowable under federal law, to be deducted for those programs from an
2 employee's gross income, pursuant to § 132(f)(2) of the Internal Revenue Code of 1986 (26 U.S.C.
3 § 132(f)(2)).

4 (6) "Transit pass" means a pass for travel by bus or vehicle, operated by the Rhode Island
5 public transit authority (RIPTA).

6 **28-61-3. Commuter employee transportation benefit.**

7 (a) Except as provided in subsection (b) of this section, every covered employer with five
8 hundred (500) or more employees, shall offer employees a pre-tax transportation fringe benefit
9 program, that provides commuter transit benefits consistent with § 132(f)(1) of the Internal
10 Revenue Code of 1986 (26 U.S.C. § 132(f)(1)) at the maximum benefit levels allowable under
11 federal law, to be deducted from an employee's gross income, pursuant to § 132(f)(2) of the Internal
12 Revenue Code of 1986 (26 U.S.C. § 132(f)(2)).

13 (b) Subsection (a) of this section shall not apply to:

14 (1) The government of the United States;

15 (2) The State of Rhode Island including any office, department, agency, authority,
16 institution, association, society or other body of the state;

17 (3) Any local government or entity;

18 (4) Any group of employees covered by a collective bargaining agreement in effect on
19 January 1, 2027, until the expiration of the collective bargaining agreement; or

20 (5) Any employer who has demonstrated to the satisfaction of the director that the offering
21 of such benefits would result in a severe financial hardship for the employer.

22 **28-61-4. Rules and regulations.**

23 The director shall promulgate rules and regulations as he or she deems necessary to
24 effectuate the provisions of this chapter.

25 **28-61-5. Civil penalty.**

26 Any employer found to be in violation of the provisions of this chapter shall be liable for
27 a civil penalty of not less than one hundred dollars (\$100) and not more than two hundred fifty
28 dollars (\$250) for a first violation. An employer shall have ninety (90) days to offer a pre-tax
29 transportation fringe benefit, before the civil penalty is imposed. After ninety (90) days, each
30 additional thirty (30) day period in which an employer fails to comply with the provisions of this
31 chapter, shall constitute a subsequent violation and a civil penalty of two hundred fifty dollars
32 (\$250) shall be imposed for each subsequent violation. No civil penalty shall be imposed on any
33 single employer, more than once in any thirty (30) day period.

34 **28-61-6. Public awareness campaign.**

1 The department of transportation, in conjunction with the department of labor and training,
2 shall conduct a public awareness campaign, encouraging the public to contact employers about
3 commuter transportation benefits.

4 SECTION 2. This act shall take effect on January 1, 2027.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO LABOR AND LABOR RELATIONS -- THE COMMUTER
TRANSPORTATION BENEFITS ACT

1 This act would establish the commuter transportation benefit chapter. Employers with five
2 hundred (500) or more employees would be required to establish a pre-tax commuter transportation
3 fringe benefit program.

4 This act would take effect on January 1, 2027.

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