



# Seattle Office of Labor Standards Summary

## Commuter Benefits Ordinance

The [Seattle Commuter Benefits Ordinance](#) becomes effective on **January 1, 2020**. The ordinance encourages employees to take transit or vanpool to work, which reduces traffic congestion and carbon emissions. Pre-tax deductions result in savings for both workers and businesses. The Seattle Office of Labor Standards (OLS) is responsible for implementing the ordinance. OLS will work diligently alongside the Seattle Department of Transportation (SDOT), Commute Seattle, and other community partners to provide information and resources that the Seattle community, including small businesses, need to understand these new rights and requirements.

## Pre-tax Deductions for Commuter Benefits

Under this ordinance, an employer must allow an employee to make a pre-tax deduction from their monthly paycheck to cover transit and vanpool expenses. Each year, the Internal Revenue Service sets the total allowable amount that an employee can deduct. In 2019, the limit is \$265 per employee per month for transit (bus, light rail, ferry, and water taxi) and vanpool. OLS will update this document with relevant future amounts when available. Please also see the [Internal Revenue Service Employer's Tax Guide to Fringe Benefits \(2019\)](#) for more information.

Covered employers can meet their obligation under the ordinance by doing one of the following:

1. Allowing employees to make a pre-tax deduction up to the full amount allowed by federal law; or,
2. Subsidizing all or part of the purchase price of a transit pass.

*Note: Future rulemaking will impact these requirements, including about how using an employer subsidy will satisfy the ordinance's requirements. Please check back with us in 2019 for more details.*

## Employers & Employees

The ordinance applies to businesses who employ at least 20 employees worldwide. The ordinance does not apply to government entities and tax-exempt organizations.

Whether the ordinance applies to an employee depends on the number of hours the employee worked in the previous month. The ordinance will apply to an employee if they worked at least an average of 10 hours per week in the previous month. Employers must offer the pre-tax deduction within 60 days of the employee commencing employment. Once an employee selects the pre-tax deduction, the business must provide the deduction within 30 calendar days.

## Education & Enforcement

In 2019 and 2020, the Office of Labor Standards will develop administrative rules and enforcement procedures for the ordinance. Employers are required to comply with the ordinance beginning **January 1, 2020**. However, OLS will not take enforcement action until **January 1, 2021**. During the two-year period before enforcement begins, OLS, SDOT, Commute Seattle and other community partners will focus on educating workers and the business community, including small businesses, about the ordinance.

**For information about ordinance requirements and future rulemaking**, visit the [Office of Labor Standards' web site](#) or by calling our office at 206-256-5297.



Seattle Office of Labor Standards (Last updated: 11/19/2018, 02/08/19, 02/14/2019, 05/02/2019)

**Note** – This document provides a preliminary explanation of ordinance requirements. OLS is not providing this information as legal advice and may modify this information after issuing administrative rules.



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For information on creating a commuter benefits program, contact Commute Seattle, a community partner contracted by the Seattle Department of Transportation, by visiting the [Commute Seattle web site](#), by calling 206-613-3243, or by emailing [Pre-Tax@commuteseattle.com](mailto:Pre-Tax@commuteseattle.com).

*Note: Information provided by the Office of Labor Standards, Commute Seattle, or the Seattle Department of Transportation does not constitute legal advice, create an agency decision, or establish an attorney-client relationship with the recipient of the information.*

After January 1, 2021, OLS will accept complaints about alleged violations of this ordinance. The ordinance is designed with voluntary compliance in mind. Even after OLS enforcement begins, OLS may provide a business with a 90-day voluntary “cure” period during which an employer has an opportunity to achieve compliance. In that event, OLS will not pursue further investigation.

## Written Resources

[Seattle Municipal Code \(SMC\) – Commuter Benefits Ordinance \(Chapter 14.30\)](#)

[Commuter Benefits Questions and Answers \(Q&A\)](#) (downloadable document under Resources Section)



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