

**CITY OF HAMILTON  
PRE-TAX TRANSPORTATION PROGRAM  
PLAN DOCUMENT**

The City of Hamilton will implement a Pre-Tax Transportation Program (PTP) that gives employees the ability to pay for qualified transportation expenses with pre-tax dollars. Qualified expenses and dollar limits are defined by the Internal Revenue Code.

**Benefit to Employee**

City of Hamilton employees will save Medicare, federal, and state income taxes on the dollars that are redirected to the PTP program.

**Election**

Employees can elect to have a portion of their taxable salary credited to their own personal Reimbursement Account to be used to reimburse them, tax free, for qualified transportation expenses. **Qualified transportation expenses are paid to the service provider by the employee and then the employee is reimbursed from their account by the City.** This election must be made by filling out an *Annual Enrollment Election and Election Change Form* during the enrollment period each year. New employees may enroll in the program by filling out an *Annual Enrollment Election and Election Change Form* within thirty (30) days of their hire date. The completed form should be sent to the PTP Coordinator (an employee designated by the Finance Department to administer the PTP Program). An election may be changed at any time. However, its effective date may be subject to payroll timing.

The deductions from an employee's pay will be made in equal installments on the first and second bi-weekly check of the month. Therefore, there will be no deductions taken on the third pay in months where there are three pays.

The stock of election forms will be maintained by the PTP Coordinator and completed forms will be filed in Finance.

**Qualified Expenses**

Qualified expenses are defined by the Internal Revenue Code and must have been incurred while the employee is a participant and may not be otherwise reimbursed. Qualified expenses include the following:

- The cost for an employee to park their car at a facility located near their employer's place of business or at or near a location for which the employee commutes to work.
- Transit pass for a mass transit facility to get to work.

**Reimbursement**

The City will reimburse employees once a month for qualified expenses. The employee must complete the *Expense Reimbursement Form* and submit it to the PTP Coordinator along with a legitimate receipt. The receipt should be issued by the service provider and give the date of service, the type of service, and the amount of the payment. In the event that a receipt is not available, the employee will certify to the city that the requested reimbursement amounts are correct. The employee may be subject to a random audit.

Reimbursement checks will be issued to employees by the last day of the month. In order to get a reimbursement check, the employee must return the completed form to the PTP Coordinator by the 15<sup>th</sup> of the month.

**Unused PTP Funds**

Amounts remaining in a PTP account from a previous year after February 15<sup>th</sup> will be returned to the employee after holding out the applicable taxes and will become a part of their taxable income for the calendar year in which the unused funds are given back to the employee.