

**Memorandum of Understanding  
Between  
The Patent Office Professional Association (POPA),  
National Treasury Employees Union (NTEU), Chapters 243 and 245  
and the  
United States Patent and Trademark Office (USPTO)  
Regarding Pre-Tax Parking**

The Parties hereby agree to the following conditions/procedures for implementation of the USPTO Pre-Tax Parking Program Policy (Program):

1. All paid USPTO employees are eligible to participate on a voluntary basis.
2. The Program allows employees to allot pre-tax money to pay for eligible parking expenses (also known as qualified parking). According to the Internal Revenue Service (IRS), eligible parking expenses are:
  - a. limited to parking either at one of the USPTO's offices or at or near a place, other than the employee's home, from which the employee takes mass transit.
  - b. limited to the amount the covered employee has allocated for reimbursement of eligible parking expenses for the plan year, less any prior reimbursement of eligible parking expenses during the plan year.
  - c. limited to the amount in the covered employee's pre-tax parking benefit account at the time a claim is reimbursed; and
  - d. not covered, paid, reimbursed, or reimbursable from any other source.

*See* 26 U.S.C. § 132(f)(5)(C); 26 C.F.R. § 1.132-9 (Qualified transportation fringes).

3. Employees may voluntarily participate in both the Public Transit Subsidy Program (PTS) and this Program provided that the employee independently meets the eligibility requirements for both the PTS and this Program. Eligibility requirements for the PTS are outlined in section 3 of the PTS guidelines. The PTS guidelines are available for viewing at [http://ptoweb.uspto.gov/ptointranet/ohr/employees/transit\\_subsidy/transit.htm](http://ptoweb.uspto.gov/ptointranet/ohr/employees/transit_subsidy/transit.htm)
4. Enrollment in the Program will begin on or about January 9, 2012. Deductions from an enrolled employee's paycheck will begin in the following pay period. Money deducted from an employee's paycheck for this Program will be deposited into a reimbursement account. In future years, the Program year will run from January 1st through December 31st, coinciding with the tax year.
5. Enrollments will be processed through the contractor's website: <http://uspto.shps.com>. After enrollment is complete, each employee will be emailed a confirmation statement to the email address provided by the employee. This confirmation statement will also be accessible via the contractor's website.

6. The employee does not have to re-enroll in the Program each month. Once the contribution election is made, that election will continue until the employee changes the election, the employee cancels the election, the employee separates from the USPTO, or the USPTO terminates the Program.
7. Pre-tax money deducted as a result of an election to participate in the Program can only be used to pay for parking expenses incurred after the election to participate in the Program is made. 26 C.F.R. § 1.132-9 (A-14).
8. Each month the amount of the compensation deduction cannot exceed the applicable statutory limit for qualified parking. For 2012, the IRS limits the amount of money an employee can deduct on a pre-tax basis to pay for eligible parking expenses to \$240.00 per month. If the IRS changes the maximum amount of money that may be excluded from taxable income to pay for eligible expenses, the USPTO will make changes to align with the revised limits.
9. To participate in the Program, an employee must elect to have deducted a minimum of \$2.00 per month.
10. An employee can enroll, change or cancel his or her participation in the Program at any time. Any enrollments or changes an employee makes to his or her election by the first day of each pay period will be effective the first day of the current pay period. Any elections made after the first day of each pay period will be effective the first day of the following pay period.
11. Deductions will be made from an employee's paycheck on a twenty-four pay period cycle as opposed to the normal twenty-six pay period cycle. In that regard, deductions will occur each bi-week with the exception of the two times annually when there are three paychecks in the month. The third paycheck in any given month will not include a deduction for pre-tax parking.
12. Mandatory deductions are taken first before pre-tax parking money is deducted. To see the full list of "Order of Precedence for Payroll Deductions", visit [http://i2i.nfc.usda.gov/Publications/All\\_Title\\_1/title1-10-6att.pdf](http://i2i.nfc.usda.gov/Publications/All_Title_1/title1-10-6att.pdf)
13. If an employee is on leave without pay (LWOP) or any other non-pay status, no new contributions will be taken from that employee during the LWOP/non-pay period. An employee planning to be on LWOP/non-pay status may pre-pay the deductions that would have occurred during that period.
14. Any unused money in an employee's reimbursement account at the end of the month will roll over to the next month. Any unused money in an employee's reimbursement account at the end of the plan year will automatically roll over to the next year. Money deposited into a reimbursement account can only be used to pay for eligible parking expenses.

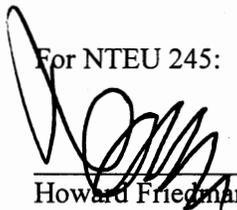
15. Money must be available in an employee's reimbursement account before reimbursements can be made. Employees will receive the maximum amount available to them based on their reimbursement account balance. *(example: If an employee requests \$100 and only \$90 is in the reimbursement account, the employee will receive \$90).*
16. An employee's reimbursement will not be disbursed until a minimum of \$8.00 in reimbursement requests has been received. The reimbursement can be based on more than one receipt.
17. Reimbursement requests must be submitted no later than 180 days after the date the employee incurs the expense.
18. For a parking expense to be eligible for reimbursement, an employee must be a Program participant at the time that the expense is incurred.
19. Reimbursements will only be for qualified parking expenses incurred up to the date of separation from the USPTO. If an employee separates from the USPTO, the employee must file all reimbursement claims within 180 days of the date the employee incurred the expense while employed by the USPTO. Any money remaining 181 or more days after the employee separates from the USPTO will be forfeited.
20. Changes to the Pre-tax Parking Program
  - a. If changes to a law, regulation, or IRS Publication 15-B occur that require modification to the program, the Agency will promptly notify POPA and NTEU. Except for changes to the maximum amount of pre-tax money that can be deducted each month to pay for qualified parking as discussed in paragraph 8 above, the parties will meet to discuss any changes and determine if agreement can be reached on the modifications. The Agency need not delay modifying the program until the completion of informal or formal bargaining if the modifications are required to conform to a change in law, regulation, or IRS Publication 15-B.
  - b. With respect to other proposed modifications by any party, the parties shall meet and discuss the proposed modifications to determine if agreement can be reached informally. Modifications will be implemented upon agreement of the parties. If agreement cannot be reached informally, the proposing party may present the modifications and, upon request, will negotiate consistent with the mid-term bargaining procedures of the relevant union(s) and the Agency and to the extent required by law.

Pre-Tax Parking Memorandum of Understanding Signature Page

For NTEU 243:

 1/17/12  
\_\_\_\_\_  
Harold Ross DATE  
President

For NTEU 245:

 1/17/12  
\_\_\_\_\_  
Howard Friedman DATE  
President

For POPA:

 1/17/2012  
\_\_\_\_\_  
Robert D. Budens DATE  
President

For the Agency:

 1/17/12  
\_\_\_\_\_  
Patricia Richter DATE  
Chief Administrator Officer