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**Date:** January 17, 2001

**Code: TECHNICAL LETTER  
HR/BENEFITS 2001-01**

**To:** Human Resources Directors

**From:** Cathy Robinson, Senior Director  
Human Resources Administration

**Subject: TRANSPORTATION INCENTIVE PROGRAM**

Please note the 2001 exclusion rates for qualified transportation fringe benefits are as follows:

<u>Qualified Transportation Fringe Benefit</u>	<u>2000 Rate</u>	<u>2001 Rate</u>
Transportation in a commuter highway vehicle	\$65/month	\$65/month
Transit passes	\$65/month	\$65/month
Qualified parking (Employer-provided parking)	\$175/month	\$180/month

Amounts exceeding these exclusion rates are taxable, reportable income.

As a reminder, qualified transportation fringe benefits are excluded from gross income. A qualified transportation fringe benefit means any of the following provided by an employer to an employee:

- a. Transportation in a "commuter highway vehicle" if such transportation is in connection with travel between the employee's residence and place of employment.

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CSU Presidents  
Vice Chancellor, Human Resources  
Vice Presidents, Administration  
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A commuter highway vehicle is a vehicle with seating capability of at least six adults, not including the driver. There must be a reasonable expectation that at least 80 percent of the mileage vehicle use is for transporting employees between their residences and places of employment, using at least one-half of the adult seating capacity of the vehicle, not including the driver.

Please note that personal use of a commuter highway vehicle is reportable as taxable income.

b. Any transit pass

A transit pass includes any pass, token, farecard, voucher or similar item entitling a person to transportation, or transportation at a reduced price, on mass transit or in certain vehicles for hire.

c. Qualified parking

Qualified parking is parking provided to an employee on or near the business premises of the employer or on or near a location from which the employee commutes to work by mass transit, in a commuter highway vehicles or by carpool.

CSU transportation program incentives such as prizes, gift certificates, gifts or merchandise earned through point accumulation programs, and script which may be used to purchase merchandise at discounted prices are taxable fringe benefits.

If you have any questions, please call Human Resources Administration at (562) 951-4411. This technical letter is also available on the Human Resources Administration's web site at: <http://www.calstate.edu/tier3/HR-Adm/memos.html>.

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