The 2013 exclusion rates for qualified transportation fringe benefits are being provided for campuses with transportation incentive programs developed to comply with regional air quality programs. The rate for transportation in a commuter highway vehicle or use of a transit pass corresponds to Van Pools and Pre-Tax Transit Pass Reimbursement(s) that may be available on campuses (availability may vary). The qualified parking rate corresponds to the CSU Pre-Tax Parking Deduction Program.

**Qualified Transportation Fringe Benefit (QTFB) 2013 Rate**

| Transportation in a commuter highway vehicle/transit pass | $245/month |

For 2013, the maximum monthly amount that may be excluded from an employee’s gross income has been increased to $245 per month for the aggregate benefits of transportation in a commuter highway vehicle and by transit pass, as a result of the American Taxpayer Relief Act signed by the President on January 2, 2013. The exclusion amount of $245 per month is now equivalent to the maximum exclusion amount for qualified parking, and is retroactive to January 1, 2013.
Qualified Transportation Fringe Benefit (QTFB)

Qualified parking (Employer-provided parking) 2013 Rate

$245/month

For 2013, the maximum monthly amount that may be excluded from an employee’s gross income has been increased to $245 for qualified parking.

Please note: The monthly exclusion rate for all QTFBs cannot exceed the combined rate of $490/month ($245 + $245) for 2013.

Qualified transportation fringe benefits under Internal Revenue Code (IRC) Section 132(f) are excluded from gross income. Amounts exceeding these exclusion rates are taxable, reportable income. To ensure that benefits are excluded from gross income, campus transportation incentive programs must comply with federal regulations. Please refer to the State Controller’s Office (SCO) Payroll Procedures Manual (PPM) for guidance, as appropriate.

As a reminder, a qualified transportation fringe benefit means any of the following:

a. Transportation in a “commuter highway vehicle” if such transportation is in connection with travel between the employee’s residence and place of employment.

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, fare card, 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 vehicle or by carpool.

The CSU Pre-Tax Parking Deduction Plan allows eligible employees to pay for qualified parking expenses via salary reduction with pre-tax dollars. Information pertaining to this systemwide benefit program is available on the Human Resources Management’s web site at: http://www.calstate.edu/Benefits/flexible/parking.tl.shtml.

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.

Common Management Systems (CMS) Processing Instructions

This technical letter has no impact to CMS Baseline.

General Information

Questions regarding this Technical Letter may be directed to Human Resources Management at (562) 951-4411. This document is also available on the Human Resources Management Web site at: http://www.calstate.edu/HRAdm/memos.shtml.

EN/mh