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Date: May 15, 1995

To: Personnel Officers

From: Cathy Robinson, Director
Human Resources Administration

Subject: Transportation Incentive Program

In January 1994 we released Technical Letter, HR/Benefits 94-01 which addressed tax issues of various benefits provided under the CSU transportation incentive programs. This was a result of the State Controller's Office Payroll Letter #94-02 which identified the programs with tax withholding and reporting requirements.

In general, CSU transportation program incentives are taxable fringe benefits. However, certain fringe benefits are excluded from gross income, and those benefits include qualified transportation fringe benefits. Qualified transportation fringe benefit amounts exempt from taxation have monetary limits. These limits are annually indexed for inflation. The 1995 IRS exclusion rates for the qualified transportation fringe benefits are as follows:

<table>
<thead>
<tr>
<th>Qualified Transportation Fringe Benefit</th>
<th>1995 Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation in a commuter highway vehicle</td>
<td>$60/month</td>
</tr>
<tr>
<td>Transit passes</td>
<td>$60/month</td>
</tr>
<tr>
<td>Qualified parking</td>
<td>$160/month</td>
</tr>
</tbody>
</table>

Please note the 1995 exclusion rates for transportation in a commuter highway vehicle and for transit passes remain the same as the 1994 rate at $60/month. However, the 1995 rates for qualified parking have increased from $155/month to $160/month. Any amounts exceeding the exclusion rates would be reportable and taxable income.

If you have any questions, please contact Human Resources Administration at (310) 985-2672.

CR/lb

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