

1999 DRAFTING REQUEST

Bill

Received: **06/07/1999**

Received By: **champra**

Wanted: **As time permits**

Identical to LRB:

For: **Employe Trust Funds**

By/Representing: **Pam Henning**

This file may be shown to any legislator: **NO**

Drafter: **champra**

May Contact:

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Subject: **Employ Pub - employe benefits**

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Qualified transportation fringe benefits

Instructions:

See Attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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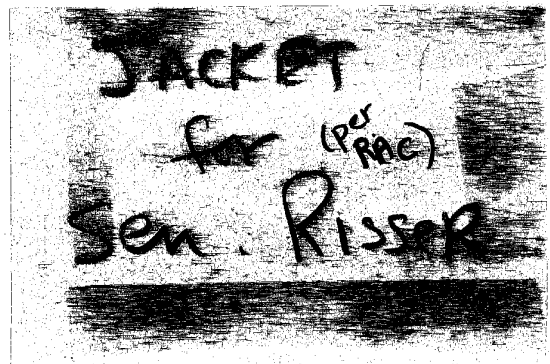
See Attached.

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QUALIFIED TRANSPORTATION FRINGE BENEFITS

The Taxpayer Relief Act of 1997, enacted in August 1997, amended Internal Revenue Code (IRC) Section 132(f)(4) to allow employers to offer employees a choice between cash and qualified parking benefits, effective January 1, 1998. The Transportation Equity for the 21st Century Act (TEA'98), signed into law on June 9, 1998, liberalizes IRC Section 132(f) by placing mass transit and vanpooling subsidies on the same footing as employee parking.

Before 1998, qualified transportation fringes could not be excluded unless they were provided in addition to (and not in lieu of) any compensation that is otherwise payable to the employee. That is, employers could not reduce their employee compensation in exchange for providing qualified transportation fringes.

Now employers may permit their employees to set aside some of their pre-tax income to pay for eligible transportation expenses before taxes are computed. Employees save on Federal payroll and income taxes on the amount of the benefit they purchase, since that amount is no longer treated or reported as taxable salary. Employers' payroll costs are reduced since payroll taxes do not apply to the set aside amount since it is treated as a benefit.

Neither the new Transportation Equity law enacted in June, nor the Taxpayer Relief law enacted last year, amended Section 125 which governs cafeteria plans. The long-standing prohibition in Section 125 against offering any types of transportation benefit under a cafeteria plan remains the same. Thus, a qualified transportation fringe benefit may not be included as a benefit in the Wisconsin Employee Reimbursement Accounts program.

What is a "Qualified Transportation Fringe"?

Three types of qualified transportation fringe (QTF) benefits are available:

1. **Parking** at or near the employer's business premises or at or near a location from which the employee commutes to work by car pool, commuter highway vehicle, mass transit facilities. It does not include parking at or near the employee's home.
2. **Transit passes, tokens, fare cards, vouchers, or similar items** entitling an employee to ride, free of charge or at a reduced rate:
 - Mass transit, which may be publicly- or privately-operated and includes bus, rail, or ferry, or
 - In a vehicle seating at least six passengers plus a driver, if a person in the business of transporting persons for pay or hire operates it.

3. **Van-pooling**, in a commuter highway vehicle, with seating capacity of at least six passengers plus a driver. At least 80% of the vehicle mileage will be for transporting employees between their homes and workplace with employees occupying at least one-half of the vehicle's seats (not including the driver's).

Exclusion Limits

For 1999, the following exclusion limits apply:

1. \$175 per month for qualified parking.
2. \$65 per month for combined commuter highway vehicle transportation and transit passes. The limit will increase to \$100/month beginning in 2002..

If, for any month, the value of a benefit is more than its limit, only the amount over the limit, minus any amount paid for the benefit by or for the employee, should be included in the employee's wage.

Benefits limited to employees

Qualified transportation fringes may be provided only by employers to employees. For this purpose, employees are individuals who are employees within the meaning of Section 1.132-1(b)(2)(l) of the Regulations. Benefits cannot be provided to non-employees or to former employees. Individuals who are employees within the meaning of Section 401(c)(1), such as self-employed individuals or independent contractors, are not employees for purposes of Section 132(f).

Program Administration

The benefit can be provided in several ways:

1. The employer can purchase vouchers or passes under a public transportation program and distribute the vouchers to employees. Employees can then use the vouchers to pay for transit tickets or passes.
2. The employer can reimburse employees (over and above regular wages) for transit passes, van-pooling or parking expenses.

Cash reimbursement for a transit pass is an option only if a voucher or similar item for the pass is not readily available for the employer to directly distribute to the employee. [IRC Section 132(f)(3)] A voucher or similar item is "readily available" if an employer can obtain it on terms no less favorable than those to an individual employee and without incurring a significant administrative cost. A cash reimbursement option may not include cash advances.

Employers making cash reimbursements must establish a "bona fide reimbursement arrangement" to ensure that employees have, in fact, incurred the expenses. An employee must be able to demonstrate that he or she spent

an amount equal to the reimbursement for one of the qualified transportation fringes.

For example, an employee may present a used or new transit pass or parking receipt to the employer and may certify that he or she purchased the pass or parking permit and used it (or will use it) during the month. Facts and circumstances, including the method or methods of payment used within a mass transit system, may dictate what constitutes a bona fide reimbursement arrangement.

An employer who disburses vouchers to employees need not maintain a bona fide reimbursement arrangement for these transit expenses because they are not making cash reimbursements. The vouchers disbursed to employees are qualified transportation fringes.

As with other fringe benefits, employers may treat benefits as paid on a pay period, quarterly, semi-annually, annually, or other basis, provided that the benefits are treated as paid no less frequently than annually. However, cash reimbursements for QTF benefits in excess of the exclusion limitation must be treated as paid for tax purposes when actually paid.

The IRS has not yet issued official guidance on administering these pre-tax arrangements. Since QTF's are separate from flexible spending accounts, they are not subject to the restrictions applicable under IRC Section 125, such as non-discrimination, limits on revocation of employee elections, written plans, filing of Form 5500, and the "use it or lose it" provision. However, pending guidance, some employers who are implementing a pre-tax arrangement are designing their programs using cafeteria plan requirements, such as adopting and maintaining a written plan document, collecting salary reduction elections prior to the date the salary is earned, and requiring proof that eligible expenses have been incurred.

Third Party Administration

IRC 132 requires that a "bona fide reimbursement arrangement" be established when administering a cash reimbursement program. The State does not have the resources available to administer such a program internally, therefore, a third-party administrator (TPA) should be considered to administer the program.

A TPA would be responsible for the processing of claims and the disbursement of funds under a contractual arrangement with the State. The State would deduct monies designated by the employees from their gross pay and place the funds into an account for disbursement by a third party. An employee would make the initial payment of the expense and then submit a claim (quarterly, monthly, bi-weekly) to the TPA. Disbursement would occur

after the TPA audited and approved employee claims for disbursement. The TPA would also distribute reports to employees showing deductions, payments, balances and other appropriate information.

The overseeing agency would have the responsibility for selection of the administrator, of insuring compliance with the law, and maintaining a contact with the third-party administrator on all matters relating to the program operation.

DETF may act as the overseer to the third party administrator, however, this function can not be absorbed within its current resources. The DETF administrative budget consists of exclusively of segregated funds which are derived from the individual benefits plans. In other words, there are neither GPR funds available nor other funds that can legally be utilized to fund the ERA program.

Chapter 40 clearly states that segregated funds from one benefit program cannot be used for the purposes of a different benefits plan (s. 40.01(2)):

"Revenues collected for and balances in the accounts of a specific benefits plan shall be used only for the purposes of that benefit plan, including amounts allocated under s. 40.04(2), and shall not be used for the purposes of any other benefit plan. . ."

Impact on Other Benefits

The impact of pre-tax salary reductions for QTF benefits will be similar to the impact of ERA contributions. Wis. Stat. §40.02(22)(a) defines "earnings" as "the gross amount paid to an employe by a participating employer as salary or wages, including amounts provided through deferred compensation or tax shelter agreement. . ." (*emphasis added*). This statute protects the gross amount of earnings that are used to calculate retirement, life insurance, ICI insurance, sick leave conversion credits, unemployment or Worker's Compensation.

A QTF reimbursement plan will reduce salary used for calculating social security benefits at retirement and the amount of contributions to QTF plan will reduce the includable compensation used to compute the maximum amount that can be deferred under a tax shelter annuity or deferred compensation plan.

Legislative Changes

Changes in statute may be necessary if a reimbursement program for transportation fringe benefits administered by a third-party administrator were to be offered. Such legislative changes could probably parallel the current ERA statutes Wis. Stats §§40.85 through 40.875 as to the treatment of the income for benefit purposes, selection of the TPA, contribution limits for eligible categories

and other administrative matters. (See attached document for legislative changes.)

According to the Dept. of Employment Relations, because this is simply an implementation of allowable tax law provisions, collective bargaining is not an issue.

The Wisconsin income tax law does not currently provide for pre-tax treatment of QTF, however, that law may be amended to follow the federal law later this year.

Cost

At the outset, start-up funds will be necessary for program implementation, benefit communication to employees and enrollment costs. Costs would also be incurred by the payroll processing centers for changes needed within the payroll system and for the maintenance of records on a permanent basis.

The cost for administering a QTF program is not known at this time, but could presumably be similar to costs for administering the ERA program. Fringe Benefits Management Company does not currently administer such a program, nor have I been able to find a TPA who does. I suspect that many employers self-administer, or include administration of such a program as just part of a benefits administration contract with a TPA. The most cost-effective way for Wisconsin to implement such a program would be to include administration of this program with the administration of another program, such as the ERA.

Agencies will realize FICA savings from parking expenses deducted from payroll on a pre-tax basis, as well as those reimbursed through a reimbursement arrangement. The agency FICA savings may eventually pay for the on-going program expenses.

There are currently 3,608 employees on Central payroll with parking deductions totaling \$61,522 bi-weekly and 432 employees with vanpool deductions totaling \$13,701 bi-weekly. The employer FICA savings (7.65%) on these deductions alone would be \$149,630 annually. Additional savings would of course be realized by an unknown number of employees who would participate in the program who will have private parking or other transportation costs reimbursed.

If agency FICA savings are insufficient to cover administration costs, an agency fee similar to the ERA program fee may need to be considered.

Create New Statutes

40.90 Qualified transportation benefit reimbursement plan.

~~40.90(1)~~

(1) The board shall select and contract with qualified transportation benefit reimbursement plan providers to be used by state agencies.

~~40.90(2)~~

(2) (intro.) The board shall do all of the following:

~~40.90(2)(a)~~

(a) Determine the requirements for and the qualifications of the qualified transportation benefit reimbursement plan providers.

~~40.90(2)(b)~~

(b) Approve the terms and conditions of the proposed contracts for administrative and related services.

~~40.90(2)(c)~~

(c) Determine the procedure for the selection of the qualified transportation benefit reimbursement plan providers in accordance with s. 16.705.

~~40.90(2)(d)~~

(d) Approve the terms and conditions of model agreements which shall be used by each state employe to establish a qualified transportation benefit reimbursement account.

~~40.90(2)(e)~~

(e) Require as a condition of the contractual agreements entered into under this section that qualified transportation benefit reimbursement plan providers may provide service to state agencies only as approved by the board.

~~40.90(2)(f)~~

(f) Require as a condition of the contracts entered into under sub. (1) that the qualified transportation benefit reimbursement plan providers reimburse the department, to be credited to the administrative account of the public employe trust fund under s. 40.04 (2) (c), for administrative costs incurred by the department in connection with qualified transportation benefit reimbursement plans.

~~40.90(2)(g)~~

(g) Deposit into the account established under s. 40.04 (9n) (a) that part of an employe's gross compensation that the employe wants placed in a qualified transportation benefit reimbursement account.

40.91 (intro.) Covered expenses. A qualified transportation benefit reimbursement plan may provide reimbursement to an employe for only the expenses that are actually incurred by an employe and that the board determines are consistent with the applicable requirements of the internal revenue code section 132(f).

(The allowable expenses and limits are defined in IRC section 132(f). These could be listed in the statute, but it's probably better to simply reference IRC 132(f). Then, if the requirements of 132(f) change, the statute does not need to be amended.)

40.92 Treatment of compensation. Any part of gross compensation that an employer places in a reimbursement account under a qualified transportation benefit reimbursement plan established under this subchapter which would have been treated as current earnings or wages if paid immediately to the employee shall be treated as current earnings or wages for purposes of any retirement or group insurance benefit plan provided by the department.

40.93 Administrative and contract costs.

40.93(1)

(1) (intro.) The department shall do all of the following:

40.93(1)(a)

(a) (intro.) Beginning on ?????, collect from each state agency with employees eligible to participate in a qualified transportation benefit reimbursement plan, a fee in an amount determined by the department to equal that state agency's share of all of the following:

40.93(1)(a)1.

1. Costs under contracts with qualified transportation benefit reimbursement plan providers.

40.93(1)(a)2.

2. The department's administrative costs under this subchapter.

40.93(1)(b)

(b) Establish a formula, subject to approval by the board, to determine the fees charged to state agencies under par. (a).

40.93(1)(c)

(c) Establish procedures for collecting the fees charged under par. (a).

40.93(1)(d)

(d) Deposit fees collected under par. (a), and interest earned on the fees in the fund, credited to the account established under s. 40.04 (9n) (a) to pay costs described in par. (a) 1. and 2.

40.93(1)(e)

(e) Charge costs described in par. (a) 1. and 2. to the account established under s. 40.04 (9n) (a).

40.93(2)

(2) The department may base the fees charged under sub. (1) (a) on estimates of anticipated administrative and contract costs.

20.515(1)(?)

(?) *Qualified transportation benefit reimbursement plan.* All moneys deposited in the public employe trust fund under s. 40.?? (1) (d), for the purpose of reimbursing qualified transportation benefit reimbursement plan providers for claims payments to employees under the qualified transportation benefit reimbursement plan and to pay costs under contracts with qualified transportation benefit reimbursement plan providers.

40.02(??)

(??) "Qualified transportation benefit reimbursement plan" means a plan in accordance with section 132 of the internal revenue code under which an employe may direct an employer to place part of the employe's gross compensation in an account to pay for certain future expenses of the employe under section 132 of the internal revenue code.

40.02(??)

(26r) "Qualified transportation benefit reimbursement plan provider" means a person who provides administrative services related to qualified transportation benefit reimbursement plans.

40.04(9n)

(9n) (intro.) The department shall do all of the following:

40.04(9n)(a)

(a) Maintain a separate account in the fund for the qualified transportation benefit reimbursement plan authorized under subch. ??

40.04(9n)(b)

(b) Credit to the account established under par. (a) money received from employees in connection with the qualified transportation benefit reimbursement plan and income from investment of the reserves in the account.

40.04(9n)(c)

(c) Charge to the account established under par. (a) payments made to qualified transportation benefit reimbursement plan providers for payments made to employees under the qualified transportation benefit reimbursement plan under subch. ???.

Amended Statutes

40.02(10)

(10) "Benefit plan" includes the Wisconsin retirement system, employee-funded reimbursement account plan, ~~qualified transportation benefit reimbursement plan~~, deferred compensation plan, OASDHI, group health insurance, group income continuation insurance, group life insurance or any other insurance plan established under this chapter, regardless of whether each type of insurance is provided through one or multiple contracts or provides different levels of benefits to different employees.

40.04(1)

(1) The separate accounts and reserves under subs. (2) to ?? and any additional accounts and reserves determined by the department to be useful in achieving the fund's purposes, or necessary to protect the interests of the participants or the future solvency of the fund, shall be maintained within the fund. The accounts and reserves maintained for each benefit plan shall fairly reflect the operations of that benefit plan. Any deficit occurring within the accounts of a benefit plan shall be eliminated as soon as feasible by increasing the premiums, contributions or other charges applicable to that benefit plan. Until eliminated, any deficit shall be charged with interest at the rate the funds would have earned if there had been no deficit.

40.04(2)(c)

(c) The secretary shall estimate the administrative costs to be incurred by the department in each fiscal year and shall also estimate the investment income which will be credited to this account in the fiscal year. The estimated administrative costs less the estimated investment income shall be equitably allocated by the secretary, with due consideration being given to the derivation and amount of the investment income, to the several benefit plans administered by the department. In determining the amount of the allocation, adjustments shall be made for any difference in prior years between the actual administrative costs and investment income from that originally estimated under this paragraph. An amount equal to the adjusted allocated costs shall be transferred to this account from the investment earnings credited to the respective benefit plan accounts and from payments by the respective insurers or employee-funded reimbursement plan providers ~~or qualified transportation benefit reimbursement plan provider~~ for administrative services.

Not needed



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-3190/1

RAC:/.....

Wlj

1999 BILL

Gen Cat

1 AN ACT ...; relating to: qualified transportation fringe benefits and making an
2 appropriation.

Analysis by the Legislative Reference Bureau

This bill creates a qualified transportation fringe benefit plan for state employees. This plan is authorized under the federal Internal Revenue Code (IRC) and permits covered employees to set aside pre-tax income that may be used to pay eligible transportation expenses before taxes are computed. Under the applicable IRC provisions, three types of eligible transportation expenses are covered under a qualified transportation fringe benefit plan: parking expenses incurred at or near an employer's premises; expenses incurred to pay for an employee's use of mass transportation; and expenses incurred by an employee in paying his or her share of the cost of using a van pool. The bill provides that the department of employee trust funds is to administer the qualified transportation fringe benefit plan.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 SECTION 1. 20.515 (1) (c) of the statutes is amended to read:
4 20.515 (1) (c) *Contingencies*. A sum sufficient to make all payments due other
5 parties under subchs. III to VI, VIII and, IX and X of ch. 40 when the moneys for the

BILL**SECTION 1**

1 payment have not yet been received by the public employe trust fund. The public
 2 employe trust fund shall reimburse this appropriation as soon as moneys are
 3 received for the cost of the payments.

History: 1971 c. 40 s. 93; 1971 c. 125; 1973 c. 90, 151, 337; 1975 c. 39; 1977 c. 29, 84; 1979 c. 34, 38; 1979 c. 102 s. 236 (4); 1981 c. 96; 1981 c. 187 s. 10; 1981 c. 250; 1983 a. 27, 247, 255; 1983 a. 394 s. 2; 1985 a. 29; 1987 a. 27, 107; 1987 a. 403 s. 256; 1989 a. 14, 31; 1989 a. 56 s. 259; 1991 a. 269; 1995 a. 27, 88, 89, 240; 1997 a. 26, 27.

4 **SECTION 2.** 20.515 (1) (ud) of the statutes is created to read:

5 20.515 (1) (ud) *Qualified transportation benefit reimbursement plan.* All
 6 moneys deposited in the public employe trust fund under s. 40.955 (4) (a) 4.,[✓] for the
 7 purpose of reimbursing qualified transportation benefit reimbursement plan
 8 providers for claims payments to employes under the qualified transportation
 9 benefit reimbursement plan and to pay costs under contracts with qualified
 10 transportation benefit reimbursement plan providers.

11 **SECTION 3.** 20.921 (1) (a) 6.[✓] of the statutes is created to read:

12 20.921 (1) (a) 6. Payment into a qualified transportation benefit
 13 reimbursement plan account maintained by a qualified transportation benefit
 14 reimbursement plan provider under subch. X of ch. 40.[✓]

15 **SECTION 4.** 40.02 (10)[✓] of the statutes is amended to read:

16 40.02 (10) "Benefit plan" includes the Wisconsin retirement system,
 17 employe-funded reimbursement account plan, qualified transportation benefit
 18 reimbursement plan, deferred compensation plan, OASDHI, group health
 19 insurance, group income continuation insurance, group life insurance or any other
 20 insurance plan established under this chapter, regardless of whether each type of
 21 insurance is provided through one or multiple contracts or provides different levels
 22 of benefits to different employes.

History: 1981 c. 96, 187, 250, 274, 386; 1983 a. 9, 27; 1983 a. 81 s. 11; 1983 a. 83 s. 20; 1983 a. 106, 140; 1983 a. 141 ss. 1 to 3, 20; 1983 a. 191 ss. 1, 6; 1983 a. 192 s. 304; 1983 a. 255 s. 6; 1983 a. 275, 290, 368; 1983 a. 435 s. 7; 1985 a. 29, 225; 1985 a. 332 ss. 52, 251 (1); 1987 a. 27, 62, 83, 107, 309, 340, 356, 363, 372, 399; 1987 a. 403 ss. 43 to 45, 256; 1989 a. 13, 14, 31; 1989 a. 56 s. 259; 1989 a. 166, 182, 189, 218, 230, 240, 323, 327, 336, 355, 357, 359; 1991 a. 32, 39, 113, 152, 229, 269, 315; 1993 a. 16, 263, 383, 490, 491; 1995 a. 27, ss. 1946 to 1953, 9130 (4); 1995 a. 81, 88, 89, 216, 240, 302, 381, 417; 1997 a. 3, 27, 39, 69, 110, 162, 237, 238.

23 **SECTION 5.** 40.02 (48n)[✓] of the statutes is created to read:

BILL

1 40.02 (48n) “Qualified transportation benefit reimbursement plan” means a
2 plan in accordance with section 132 of the Internal Revenue Code under which an
3 employe may direct an employer to place part of the employe’s gross compensation
4 in an account to pay for certain future expenses of the employe under section 132 of
5 the Internal Revenue Code.

6 **SECTION 6.** 40.02 (48p) of the statutes is created to read:

7 40.02 (48p) “Qualified transportation benefit reimbursement plan provider”
8 means a person who provides administrative services related to qualified
9 transportation benefit reimbursement plans.

10 **SECTION 7.** 40.04 (2) (c) of the statutes is amended to read:

11 40.04 (2) (c) The secretary shall estimate the administrative costs to be
12 incurred by the department in each fiscal year and shall also estimate the
13 investment income which will be credited to this account in the fiscal year. The
14 estimated administrative costs less the estimated investment income shall be
15 equitably allocated by the secretary, with due consideration being given to the
16 derivation and amount of the investment income, to the several benefit plans
17 administered by the department. In determining the amount of the allocation,
18 adjustments shall be made for any difference in prior years between the actual
19 administrative costs and investment income from that originally estimated under
20 this paragraph. An amount equal to the adjusted allocated costs shall be transferred
21 to this account from the investment earnings credited to the respective benefit plan
22 accounts and from payments by the respective insurers ~~or~~, employe-funded
23 reimbursement plan providers or qualified transportation benefit reimbursement
24 plan providers for administrative services.

BILL

1 SECTION 8. 40.04 (9p)[✓] of the statutes is created to read:

2 40.04 (9p) The department shall do all of the following:

3 (a) Maintain a separate account in the fund for the qualified transportation
4 benefit reimbursement plan authorized under subch. X.[✓]

5 (b) Credit to the account established under par. (a)[✓] money received from
6 employes in connection with the qualified transportation benefit reimbursement
7 plan and income from investment of the reserves in the account.

8 (c) Charge to the account established under par. (a)[✓] payments made to
9 reimburse qualified transportation benefit reimbursement plan providers for
10 payments made to employes under the qualified transportation benefit
11 reimbursement plan under subch. X.[✓]

12 SECTION 9. 40.05 (9)[✓] of the statutes is created to read:

13 40.05 (9) QUALIFIED TRANSPORTATION BENEFIT REIMBURSEMENT PLAN FEE. For the
14 administration and implementation of ^oqualified transportation reimbursement
15 plans authorized under subch. X,[✓] each state agency with employes eligible to
16 participate in a qualified transportation reimbursement plan shall contribute the fee
17 charged under s. 40.955 (4) (a) 1.[✓]

18 SECTION 10. Subchapter X of chapter 40 [precedes s. 40.955] of the statutes is
19 created to read:

20 **CHAPTER 40**

21 **SUBCHAPTER X**

22 **QUALIFIED TRANSPORTATION BENEFIT**

23 **REIMBURSEMENT PLAN**

24 **40.955 Qualified transportation benefit reimbursement plan. (1)**

25 **SELECTION OF QUALIFIED TRANSPORTATION BENEFIT REIMBURSEMENT PLAN PROVIDER. (a)**

BILL

1 The board shall select and contract with qualified transportation benefit
2 reimbursement plan providers to be used by state agencies.

3 (b) The board shall do all of the following:

4 1. Determine the requirements for and the qualifications of qualified
5 transportation benefit reimbursement plan providers.

6 2. Approve the terms and conditions of the proposed contracts for
7 administrative and related services relating to a qualified transportation benefit
8 reimbursement plan.

9 3. Determine the procedure for the selection of the qualified transportation
10 benefit reimbursement plan providers in accordance with s. 16.705.✓

11 4. Approve the terms and conditions of model agreements which shall be used
12 by each state employe to establish a qualified transportation benefit reimbursement
13 plan account.

14 5. Require as a condition of the contractual agreements entered into under ² this

15 subsection ⁹ / par. (a) that approved qualified transportation benefit reimbursement plan
16 providers may provide service to state agencies only as approved by the board.

17 6. Require as a condition of the contracts entered into under par. (a) ✓ that the
18 qualified transportation benefit reimbursement plan providers reimburse the
19 department, to be credited to the administrative account of the public employe trust
20 fund under s. 40.04 (2) (c), ✓ for administrative costs incurred by the department in
21 connection with qualified transportation benefit reimbursement plans.

22 7. Deposit into the account established under s. 40.04 (9p) (a) ✓ that part of an
23 employe's gross compensation that the employe wants placed in a qualified
24 transportation benefit reimbursement plan account.

BILL

SECTION 10

1 (2) COVERED EXPENSES. A qualified transportation benefit reimbursement plan
2 may provide reimbursement to an employe only for expenses that are actually
3 incurred by an employe and that the board determines are consistent with the
4 applicable requirements of section 132 (f) of the Internal Revenue Code.

5 (3) TREATMENT OF COMPENSATION. Any part of gross compensation that an
6 employer places in a reimbursement account under a qualified transportation
7 benefit reimbursement plan established under this section ~~which~~^{that} would have been
8 treated as current earnings or wages if paid immediately to the employe shall be
9 treated as current earnings or wages for purposes of any retirement or group
10 insurance benefit plan provided by the department.

11 (4) ADMINISTRATIVE AND CONTRACT COSTS. (a) The department shall do all of the
12 following:

13 1. Collect from each state agency with employes eligible to participate in a
14 qualified transportation benefit reimbursement plan a fee in an amount determined
15 by the department to equal that state agency's share of all of the following:

16 a. Costs under contracts with qualified transportation benefit reimbursement
17 plan providers.

18 b. The department's administrative costs under this section.

19 2. Establish a formula, subject to approval by the board, to determine the fees
20 charged to state agencies under subd. 1.✓

21 3. Establish procedures for collecting the fees charged under subd. 1.✓

22 4. Deposit fees collected under subd. 1., and interest earned on the fees in the
23 fund, in the account established under s. 40.04 (9p) (a) to pay costs described in subd.
24 1.✓

