

RESOLUTION R2023 - 21

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOUTH JORDAN, UTAH, ADOPTING REVISED CITYWIDE POLICIES 200-01 THROUGH 200-14 REGARDING FRINGE BENEFITS

WHEREAS, City of South Jordan Ordinance 2.12.030 requires that the City Manager's proposed regulations governing the administration of the City be promulgated by resolution; and

WHEREAS, the City Manager has determined these policies are Citywide in nature; and

WHEREAS, the proposed policies ensure the proper tax treatment of payments, allowances, and reimbursements offered by the City on behalf of its employees per Internal Revenue Service (IRS) guidelines for Fringe Benefits.

WHEREAS, City staff recommends updating the Citywide Policies to align with the most recent IRS Fringe Benefit Guide for Government Entities (Publication 5137 (Rev. 10-2022)) and revising Citywide Policies to clarify provisions of those policies so they are easier to use; and

WHEREAS, the South Jordan City Council finds it in the best interest of the City to adopt the proposed Citywide Policies 200-01 through 200-14 in place of the previously adopted versions of those policies.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SOUTH JORDAN, UTAH:

SECTION 1. Adoption of Citywide Policy 200-01 through 200-14. The City of South Jordan Citywide Policies 200-01 through 200-14, attached, are hereby adopted.

SECTION 2. Effective Date. This Resolution shall become effective immediately upon passage.

[SIGNATURES ON FOLLOWING PAGE]

**APPROVED BY THE CITY COUNCIL OF THE CITY OF SOUTH JORDAN, UTAH,
ON THIS _____ DAY OF _____, 2023 BY THE FOLLOWING VOTE:**

	YES	NO	ABSTAIN	ABSENT
Patrick Harris	_____	_____	_____	_____
Bradley Marlor	_____	_____	_____	_____
Donald Shelton	_____	_____	_____	_____
Tamara Zander	_____	_____	_____	_____
Jason McGuire	_____	_____	_____	_____

Mayor: _____
Dawn R. Ramsey

Attest: _____
City Recorder

Approved as to form:

Charity BrienZ
Charity BrienZ (Mar 29, 2023 16:22 MDT)

Office of the City Attorney

**City of South Jordan
Citywide Policy 200-01
Accountable Plans**

POLICY STATEMENT

The purpose of this policy is to ensure proper tax treatment of allowances and reimbursements offered by the City on behalf of its employees per IRS guidelines. The City has adopted the following requirements for “Accountable Plans” so that eligible payments are non-taxable from wages and are not subject to withholding when such exclusion is contingent on the City having an Accountable Plan.

RESPONSIBILITY

The responsibility for compliance of this policy rests with employees, Department Directors, ~~the~~ Finance, ~~Division~~ and ~~the~~ Human Resources ~~Division~~.

DEFINITIONS

An Accountable Plan requires:

A business connection to the expenditure;

Adequate accounting by the employee within a reasonable time; and

Excess reimbursements or advances returned within a reasonable period of time. ~~(IRC 62(c); Reg. 1.62(c)-2(c)(2))~~

POLICY AND PROCEDURES

1. *Business Connection* - To qualify as part of a City Accountable Plan, the expense must be a deductible business expense incurred in connection with services performed as an employee. ~~If not reimbursed by the employer, the expense must qualify as a deductible expense by the employee on the employee's 1040 income tax return. (Reg. 1.62-2(d))~~
2. *Adequate Accounting* – The employee must verify the date, time, place, amount, and business purpose of expenses. ~~(Reg. 1.62-2(e); Reg. 1.274-5(b)(2)(9))~~

Employees should have documentary evidence, such as bills, receipts, canceled checks, or similar items to support their claimed expenses. This rule does not apply in the following circumstances:

- a. Meal or lodging expenses that the City reimburses on a per diem basis, at a rate at or below the allowable maximum under the Accountable Plan.
- b. Expenditures for transportation expenses for which a receipt is not readily available. ~~(Reg. 1.274-5(c)(2))~~

In unusual situations in which the employee cannot obtain or loses the documentation, a signed explanation form must be submitted by the employee.

3. *Timely Substantiating Expenses / Return of Excess Reimbursements* – The City has adopted the Fixed Date Method of reimbursement.
- a. An advance may be made within 30 days of when an expense is paid or incurred,
 - b. An expense must be substantiated within 60 days after it is paid or incurred, and
 - c. Any excess amount is returned to the employer within 120 days after the expense is paid or incurred.

Under this method, the maximum number of days for repayment of an advance is 150 (up to 30 days in advance plus 120 days maximum for settlement).

~~Reg. 1.62(g)(2)(i)~~

APPROVED AND PASSED THIS ____ DAY OF _____, 2023.

CITY OF SOUTH JORDAN COUNCIL

DAWN RAMSEY, MAYOR

APPROVED AS TO FORM:

Charity Brien

Charity Brien (Mar 29, 2023 16:22 MDT)

City Attorney's Office

City of South Jordan
Citywide Policy 200-02
Professional Licenses, Dues, and Organizational Memberships Fringe Benefits

POLICY STATEMENT

The purpose of this policy is to ensure proper tax treatment of professional licenses, dues, and organizational memberships paid by the City on behalf of its employees per IRS guidelines.

RESPONSIBILITY

The responsibility for compliance of this policy rests with Department Directors, ~~the Finance, Division~~ and ~~the Human Resources Division~~.

POLICY AND PROCEDURES

1. Department Directors are authorized to pay or reimburse employees for professional licenses, dues, and organizational memberships which allow the employee to perform his or her job, **when the following have been met:**
 - a. The City has adopted an Accountable Plan;
 - b. City reimbursements to employees for the cost of their professional licenses, dues, and organizational memberships are excludable if they are directly related to the employee's job and are ordinary and necessary business expenses. ~~that if not paid by the employer would be eligible for the employee to claim as an unreimbursed business expense itemized deduction.~~
 - c. Once an employee has completed the education or experience required for a professional license, the expenses necessary to maintain a license or status are also excludable.
 - d. If a business league, professional organization, or trade association membership is related to City business, payment or reimbursement of dues to those organizations is excludable to the employee. This exclusion occurs only when the employee is performing duties for the City that are related to the organization's focus or mission.

APPROVED AND PASSED THIS ____ DAY OF _____, 2023.

CITY OF SOUTH JORDAN COUNCIL

DAWN RAMSEY, MAYOR

APPROVED AS TO FORM:

Charity Brien
Charity Brien (Mar 29, 2023 16:22 MDT)

City Attorney's Office

City of South Jordan
Citywide Policy 200-03
Moving Expenses Fringe Benefits

POLICY STATEMENT

The purpose of this policy is to ensure proper tax treatment of payments or reimbursements for moving expenses per IRS guidelines.

RESPONSIBILITY

The responsibility for compliance of this policy rests with the City Manager or Mayor, the employee, the Finance ~~Division~~, and the Human Resources ~~Division~~.

DEFINITIONS

Moving Expenses – all expenses that are reimbursed to an employee to relocate for a job with the City of South Jordan.

POLICY AND PROCEDURES

General Rule – Under current IRS guidelines, all moving expenses are taxable (effective through the end of year 2025). ~~A moving expense reimbursement received directly or indirectly from the City (under an Accountable Plan) is excludable taxable to the employee, if the following tests are met. (IRC 217; IRC 82) Any moving expenses paid by the City outside the Accountable Plan restrictions or allowances by IRS guidelines above are taxable as wages to the employee.~~

~~a. Individual must be an employee.~~

~~b. Employee must actually incur or pay the expenses.~~

~~c. Expenses are closely related to starting work at the new job location (generally, moving expenses incurred within one year from the date the employee first reports to work at the new location qualify).~~

~~d. The move must meet the time and distance tests:~~

~~(1) Time Test: The employee must work at least 39 weeks full time in the first year after arriving in the new location~~

~~(2) Distance Test: The new job is at least 50 miles farther from the former home than the old job location was from the former home.~~

1. ~~Allowable Expenses~~ – The following expenses are allowable under the Accountable Plan:

~~a. Expenses incurred moving household goods and personal effects.~~

- ~~b. Travel costs between the former and the new residence by the shortest and most direct route.~~
- ~~c. Certain in-transit storage expenses for up to 30 consecutive days.~~
- 2. ~~Period for Traveling Expenses — Employees can be reimbursed for the cost of transportation and lodging for themselves and members of their households while traveling from their former home to their new home. This includes the expenses for the day they arrive.~~
 - ~~a. An employee can include any lodging expenses he/she had in the area of his/her former home within one day after he/she could not live in his/her former home.~~
 - ~~b. An employee can be reimbursed for traveling expenses for only one trip to his/her new home for the employee and the members of his/her household. However, all family members do not have to travel together or at the same time.~~
- 3. ~~Approval — All moving expenses must be approved by the City Manager, except for those employees reporting to the City Attorney, which must be approved by the City Attorney. Moving expenses for the City Manager or City Attorney must be approved by the Mayor.~~

APPROVED AND PASSED THIS ____ DAY OF _____, 2023.

CITY OF SOUTH JORDAN COUNCIL

DAWN RAMSEY, MAYOR

APPROVED AS TO FORM:

Charity Brienzi

Charity Brienzi (Mar 29, 2023 16:22 MDT)

City Attorney's Office

City of South Jordan
Citywide Policy 200-04
Group-Term Life Insurance Fringe Benefits

POLICY STATEMENT

The purpose of this policy is to ensure proper tax treatment of group-term life insurance provided to employees per IRS guidelines. All federal law based dollar references are current at this time of passage of this policy and changes are adopted by reference if amended.

RESPONSIBILITY

The responsibility for compliance of this policy rests with ~~the Finance Division~~ and ~~the Human Resources Division~~.

POLICY AND PROCEDURES

1. *Coverage of up to \$50,000* – The City excludes the imputed cost of up to \$50,000 of City-provided coverage under a group-term life insurance plan, as the City's plan meets the following requirements:
 - a. It provides a general death benefit that is not included in income.
 - b. It is provided to a group of employees (generally, at least ten full-time employees at some time during the year).
 - c. It provides an amount of insurance to each employee based on a formula that prevents individual selection. This formula uses factors such as the employee's age, years of service, pay, or position. This benefit is provided to all full-time employees and elected officials.
 - d. The benefit is provided under a policy carried directly by the City.
2. *Coverage of more than \$50,000* – The City will include in employee's wages the imputed cost of group-term life insurance for more than \$50,000 worth of coverage, reduced by the amount the employee paid towards the insurance. The IRS provides tables to show the employee taxable amount to be included on the employee's W-2.
3. *Dependent Coverage* – Group-term life insurance coverage paid by the City for the spouse or dependents of an employee may be non-taxable income as a de minimis fringe benefit if the face amount is not more than \$2,000. If the face amount is greater than \$2,000, the entire amount of the dependent coverage must be included in income unless the amount over \$2,000 is purchased with employee contributions on an after-tax basis. (Notice 89-110)

4. *Former Employees* – The City does not provide group-term life insurance to any former employee.

APPROVED AND PASSED THIS ____ DAY OF _____, 20____.

CITY OF SOUTH JORDAN COUNCIL

DAWN RAMSEY, MAYOR

APPROVED AS TO FORM:

Charity Brien

Charity Brien (Mar 29, 2023 16:22 MDT)

City Attorney's Office

City of South Jordan
Citywide Policy 200-05
Education Reimbursements and Allowances Fringe Benefits

POLICY STATEMENT

The purpose of this policy is to ensure proper tax treatment of education reimbursement and allowances provided to employees per IRS guidelines. Education reimbursement and allowances may fit into either the IRS rules for Qualified Education Assistance or as a Working Condition Educational Fringe Benefit. All federal law based dollar references are current at the time of passage of this policy and changes are adopted by reference if amended.

RESPONSIBILITY

The responsibility for compliance of this policy rests with Department Directors, the employee receiving education benefits, ~~the Finance, Division and the Human Resources Division.~~

POLICY AND PROCEDURES

1. *Qualified Educational Assistance* – Under an educational assistance plan the City may exclude up to \$5,250 ~~annually~~, paid or incurred, from wages of each employee. The education may be at undergraduate or graduate level and is not required to be job-related. ~~(IRC 127)~~
 - a. The City's written plan is part of the Employee Handbook.
 - b. The plan does not offer other benefits that can be selected instead of education assistance.
 - c. The plan does not discriminate in favor of highly compensated employees, as all non-probationary full-time employees are eligible.
2. *Working Condition Educational Fringe Benefit* – Job-related educational expenses provided by the City may be non-taxable from an employee's income as a working condition fringe benefit. ~~Educational job-related expenses may be excludable from an employee's income as a working condition fringe benefit when provided by the City to an employee when, if the employee had paid for it, it could have been deducted as an unreimbursed employee business expense on Form 1040.~~ The exclusion is generally available for any form of educational instruction or training that improves or develops the job-related capabilities of an employee. ~~(IRC 132(d); Reg. 1.162-5)~~

The educational course must be job related, and either maintains or improves job skills, or be expressly required by the City or by law. It includes:

- a. Tuition, books, supplies, and equipment.
- b. Certain travel and transportation costs.

- c. Graduate or undergraduate level courses. ~~(IRC 132(d); Reg. 1.162-5)~~

Exception: To be non-taxable, the educational course must not:

- a. Be needed to meet the minimum educational requirements of the current job, or,
 - b. Qualify the employee for a new trade or business. Generally, education courses that qualify an employee for a new position of specialty within his/her existing trade or business are not non-taxable as a working condition fringe benefit and are considered qualifying an employee for a new trade or business. ~~(Reg. 1.162-5(b)(2); Reg. 1.162-5(b)(3))~~
- 3. Education reimbursement and allowances that are not non-taxable under 2 are non-taxable if, under the Qualified Educational Assistance rule, all applicable expenses do not exceed \$5,250 annually. ~~(Reg. 1.162-5(b)(3))~~
 - 4. All undergraduate and graduate level coursework must be coordinated through the Human Resources Director. Department Directors are authorized to approve other education reimbursements and allowances.

APPROVED AND PASSED THIS ____ DAY OF _____, 2023.

CITY OF SOUTH JORDAN COUNCIL

DAWN RAMSEY, MAYOR

APPROVED AS TO FORM:

Charity Brien
Charity Brien (Mar 29, 2023 16:22 MDT)

City Attorney's Office

City of South Jordan
Citywide Policy 200-06
Awards & Prizes Taxable Fringe Benefits

POLICY STATEMENT

The purpose of this policy is to ensure proper tax treatment of awards and prizes to employees per IRS guidelines.

RESPONSIBILITY

The responsibility for compliance of this policy rests with employees, Department Directors, ~~the~~ Finance ~~Department~~, and ~~the~~ Human Resources ~~Division~~.

DEFINITION

Achievement Award – an award of tangible property given to an employee for length of service that is awarded as part of a meaningful presentation, and under conditions and circumstances that do not create a significant likelihood of disguised pay.

Cash and Cash Equivalent – includes cash, gift cards, gift coupons, gift certificates, vacations, or other similar items not considered tangible property.

De Minimis – any property or service the value of which is so small as to make accounting for it unreasonable or administratively impracticable.

Non-Qualified – an award, or awards in combination, that is not part of an accountable plan and does not exceed \$400 in a given calendar year per employee.

Tangible Property – anything other than real property (land and buildings).

POLICY AND PROCEDURES

1. TAXABLE AWARDS AND PRIZES

- a. Cash and cash-equivalent awards and prizes are always taxable as wages.
- b. Annual City holiday cash, gift card or gift certificate (as authorized by action of the City Council).
- c. Non-qualified awards or prizes that in any combination are \$400 or more within a calendar year.
- d. Length of Service Awards that do not meet the nontaxable requirements listed below.

2. NON-TAXABLE AWARDS AND PRIZES

- a. *De Minimis Awards and Prizes* - De minimis and infrequent awards or prizes of tangible property (that is not cash or cash equivalent) are not taxable unless the value of the award or prize is above the permitted amount. In the event the value is higher than the de minimis value identified below, the entire amount is taxable. Below are limits and examples of de minimis awards:
 - i. Gifts for holidays or birthdays not to exceed \$50 (not gift cards or other cash equivalent items).
 - ii. Plaques, cups, or similar items for special occasions, not to exceed \$100.
 - iii. Clothing logoed for specific City events, not to exceed \$50.
 - iv. Flowers for a birth, death, or serious medical conditions, not to exceed \$100 (excluding delivery charges).
 - v. A retirement plaque or gift, not to exceed \$500. Unless purchased by the employee at fair market value, the gift of a badge, firearm, helmet, or other memento is part of the gift value calculation.
 - vi. Theater or sporting event tickets, not to exceed \$50 (cannot be applied toward season tickets).
- b. *Award or Prize of \$400 or Less* – Any award or prize of tangible property not part of any qualified plan as identified by the IRS. These awards or prizes are not taxable if the following conditions are met:
 - i. The employee has not received other awards or prizes that in combination are over \$400 in the calendar year. (This does not include de minimis awards and prizes as identified above.)
- c. *Third Party Awards and Prizes* – Taxability of third-party donated non-cash awards are the responsibility of the employee.
- d. *Length of Service Achievement Award* – An award made for length of service within the organization. Length of service awards must be part of a written plan and approved by the City Manager. Length of service achievement awards are not taxable if the following conditions are met:

- i. The employee has not received other awards or prizes that in combination are over \$1,200 in a calendar year.
- ii. The employee receives the award after his or her first 5 years of employment.
- iii. The employee has not received another length of service award during the same year or in any of the prior 4 years (a traditional retirement award is an exception to the 5-year rule).

POLICY AND PROCEDURES

- ~~1. Cash and cash equivalent awards and prizes are always taxable as wages.~~
- ~~2. Non cash awards and prizes are taxable as wages, except as excludable consistent with the IRS requirements outlined in sections 4, 5, and 6 below.~~
- ~~3. In order to avoid the extensive recordkeeping and tracking required for determining the taxability of awards and prizes, City awards and prizes are limited to:~~
 - ~~a. An annual City holiday cash, gift card or gift certificate (as authorized by action of the City Council). [Taxable]~~
 - ~~b. Job performance recognition awards not to exceed \$400.00 per employee annually, consistent with the Qualified Plan criteria of section 4. [Taxable]~~
 - ~~c. Non cash prizes donated by third parties directly to employees (such as drawings at Open Enrollment). [Excludable]~~
 - ~~d. Length of Service Awards consistent with 5. as provided for in the Employee Handbook. [Excludable]~~
 - ~~e. Safety Achievement Awards consistent with 6. [Excludable]~~
 - ~~f. Safety Achievement Awards not consistent with 6. (requires a written policy approved by the Chief Financial Officer and the City Manager, including reporting on the Monthly Fringe Benefit Report). [Taxable]~~
 - ~~g. "On the spot" recognition gift cards or tickets, not to exceed \$25.00. [Taxable]~~
 - ~~h. Infrequent non cash or cash equivalent de minimis [Excludable] awards limited to~~
 - ~~i. gifts for holidays or birthdays not to exceed \$25.00;~~

- ~~ii. plaques, cups, or similar items for special occasions, not to exceed \$25.00;~~
- ~~iii. shirts logoed for specific City events, not to exceed \$25.00;~~
- ~~iv. flowers for a birth, death, or serious medical condition, not to exceed \$60.00 (excluding delivery charges); or~~
- ~~v. a retirement plaque or gift, not to exceed \$100.00. Unless purchased by the employee at fair market value, the gift of a badge, firearm, helmet, or other memento is part of the gift value calculation.~~

~~Note: If the value of any of the items listed as de minimis above is higher than the permitted amount, the entire amount is taxable.~~

~~4. Qualified Plan — All job performance recognition awards (cash) will:~~

- ~~a. Be made consistent with this written plan.~~
- ~~b. Be available to all City employees except members of the Leadership Team or Elected Officials.~~
- ~~c. Not exceed \$400 per employee annually.~~
- ~~d. Be documented by memo and in Munis. IRC 274 (j) (3) (B) (i); Reg. 1.274-8 (c) (5); IR 2013-86)~~

~~5. Length of Service Awards — An award made for length of service is excludable except when:~~

- ~~a. The employee receives the award during the first 5 years of employment with the City.~~
- ~~b. The employee received another length of service award during the same year or in any of the prior 4 years (A traditional retirement award is an exception to the 5-year rule). (Reg. 1.274-8 (d) (2))~~

~~6. Safety Achievement Awards — A safety achievement award will qualify as excludable only when:~~

- ~~a. An award is not given to a manager, administrator, clerical employee, or other professional employee.~~
- ~~b. During the tax year more than 10 percent of the employees, excluding those listed above, have received a safety achievement award.~~
- ~~c. Eligible employees must have worked full time for a minimum of one year prior to the award.~~

APPROVED AND PASSED THIS ____ DAY OF _____, 2023.

CITY OF SOUTH JORDAN COUNCIL

DAWN RAMSEY, MAYOR

APPROVED AS TO FORM:

Charity Brienz
Charity Brienz (Mar 29, 2023 16:22 MDT)

City Attorney's Office

City of South Jordan
Citywide Policy 200-07
Reimbursement of Employee-Owned Vehicle Use Fringe Benefits

POLICY STATEMENT

The purpose of this policy is to ensure proper tax treatment of reimbursement for use of employee-owned vehicles per IRS guidelines.

RESPONSIBILITY

The responsibility for compliance with this policy rest with Department Directors, the employee, ~~the Finance Division~~, and ~~the Human Resources Division~~.

DEFINITIONS

Commuting – Refers to travel between an employee’s personal residence and main or regular place of work. Commuting includes any direct daily local training or other work assignment travel within 50 miles of City Hall.

Standard Federal Mileage Rate – A standard mileage rate is considered to cover all expenses of operating a vehicle, including insurance, maintenance, tires, oil, etc. It does not include parking or toll costs. Mileage rate reimbursements for allowable business travel are excludable from the wages of the employee if less than or equal to the standard Federal mileage rate and the employee accounts for the business miles driven. ~~(Reg. 1.274(g)(2) (iii); Reg. 1.274-5)~~

POLICY AND PROCEDURES

1. Department Directors are authorized to reimburse business related travel mileage for employee-owned vehicle use at the current standard federal mileage rate. No reimbursement is permitted for personal or commuting miles, or if the employee receives a vehicle allowance.
2. All use of employee-owned vehicles will be made in compliance with requirements of ~~the Vehicles Section of~~ the Employee Handbook.
3. All documentation must comply with the City-wide Policy on Accountable Plans. ~~(Citywide policy 200-01)~~
4. Reimbursements made consistent with this policy are excludable from the employee’s income, ~~and are not deductible by the employee.~~

APPROVED AND PASSED THIS ____ DAY OF _____, 2023.

CITY OF SOUTH JORDAN COUNCIL

DAWN RAMSEY, MAYOR

APPROVED AS TO FORM:

Charity Brien

Charity Brien (Mar 29, 2023 16:22 MDT)

City Attorney's Office

City of South Jordan
Citywide Policy 200-08
City-Provided Vehicles Fringe Benefit

POLICY STATEMENT

The purpose of this policy is to ensure proper tax treatment of City-provided vehicles to employees per IRS guidelines.

RESPONSIBILITY

The responsibility for compliance of this policy rests with Department Directors, the employee the vehicle was provided to, Finance, and ~~the~~ Human Resources ~~Division~~.

DEFINITIONS

Qualified Non-Personal Use Vehicles – A qualified non-personal use vehicle is any vehicle that the employee is unlikely to use more than minimally for personal purposes because of its design. Use of a qualified non-personal use vehicle, including commuting, is excludable to the employee as a working condition fringe benefit if the specific IRS requirements for the type of vehicle are met. ~~(Reg. 1.274-5T)~~

POLICY AND PROCEDURES

1. *General Policy* – Other than Qualified Non-Personal Use Vehicles, the City prohibits the use of City-provided vehicles for personal purposes other than commuting.
 - a. All City vehicles are owned or leased and are provided for use for City business.
 - b. To provide the ability for employees to timely respond directly to emergency situations occurring outside business hours, the City requires designated employees to commute to and/or from work in the vehicle.
 - c. The personal use of such vehicles, other than commuting and de minimus use, may be the basis of disciplinary action, up to and including termination.
 - d. Department Directors are responsible for reasonable oversight efforts to ensure compliance within this policy.
 - e. The City Manager, City Attorney, and Elected Officials are identified as the City's "control employees" for the purpose of this policy, and are prohibited from using City-provided vehicles to commute.
2. *Business Use* – If the City provides a vehicle that is used by an employee exclusively for business purposes there are no tax consequences or reporting required. "Business Use" does not include commuting. ~~(Reg. 1.132-6(e)(2))~~

3. *Commuting* – Commuting includes travel between an employee’s place of residence and work including such travel on a weekend or holiday. Commuting includes being a passenger, rather than a driver. Commuting documentation:
 - a. For employees assigned a take home vehicle, commuting will be calculated from the number of business days in the pay period. The employee is responsible for notifying the Payroll Coordinator of any adjustments by the end of each payroll reporting period.
 - b. For employees who only take a vehicle home when “on-call”, commuting will be calculated from the number of business days on a timecard for which the employee is compensated for being on “on-call” status.
 - c. **Commuting vehicle use is taxable pursuant to IRS rules.**

~~Commuter Valuation Rule – For commuting vehicle use taxable pursuant to IRS rules, the City has adopted the IRS Commuter Valuation Rule. (Reg. 1.132-6(e)(2))~~

4. *De Minimus Non-Taxable Personal Use* – An exception to the restriction of personal use applies if the use of the City-provided vehicle is so small in relation to the frequency with which it is provided, that accounting for it is unreasonable and administratively impractical. Example of *de minimis* use include a small personal detour while on business, such as driving to lunch while out of the office on business; an infrequent, occasional commute for the City’s convenience; or a limited detour to drop off or pick up a dependent on a commute (which must be pre-authorized in writing for insurance purposes consistent with ~~the Vehicle Section of~~ the Employee Handbook).
5. *Qualified Non-Personal Use Vehicles* – City designated qualified non-personal use vehicles are the City’s clearly marked police and fire vehicles, and the City’s unmarked police vehicles used by authorized police officers.
 - a. All use of these vehicles will be made consistent with b and c, and the applicable written policies of the Police and Fire Departments.
 - b. To ensure that the use of a clearly marked police or fire vehicle is a qualified non-personal use:
 - 1) The City requires that all police officer and firefighter employees are always on call.
 - 2) Such employees are required by the City to use the vehicle for commuting.
 - 3) The City prohibits personal use (other than commuting) for travel outside of the police officer’s or firefighter’s jurisdiction.

- 4) It is readily apparent, by words or painted insignia, that the vehicle is a public safety vehicle with approved City logos, other than a marking on a license plate.
~~(Reg. 1.274-5T(k)(3); Prop. Reg. 106897-08)~~
- c. To ensure that the use of an unmarked law enforcement vehicle is a qualified non-personal use vehicle:
- 1) The City officially authorizes personal use, consistent with the written policies of the Police Department.
 - 2) Personal use must be incident to use for law-enforcement purposes: i.e., no vacation or recreational use is permitted.
 - 3) The City affirms that it is a governmental unit responsible for prevention or investigation of crime.
 - 4) Vehicle use must be by a full-time police officer authorized to carry firearms, execute warrants, and make arrests. The officer must regularly carry firearms, except when it is not possible to do so because of the requirements of undercover work. ~~(Reg. 1.274-5(k)(6))~~

APPROVED AND PASSED THIS ____ DAY OF _____, 2023.

CITY OF SOUTH JORDAN COUNCIL

DAWN RAMSEY, MAYOR

APPROVED AS TO FORM:

Charity Brien

Charity Brien (Mar 29, 2023 16:22 MDT)

City Attorney's Office

City of South Jordan
Citywide Policy 200-09
Equipment and Allowances Fringe Benefits

POLICY STATEMENT

The purpose of this policy is to ensure proper tax treatment of equipment and allowances provided to employees per IRS guidelines.

RESPONSIBILITY

The responsibility for compliance of this policy rests with Department Directors, the employee receiving the equipment or allowance, ~~the Finance Division~~, and ~~the Human Resources Division~~.

POLICY AND PROCEDURES

1. *General Rule* – Department Directors are authorized to provide or reimburse employees for the following equipment ~~considered~~ to be ordinary and necessary ~~for~~ City business ~~expenses~~. Purchases or reimbursements made by the City under an Accountable Plan are non-taxable to the employee. ~~(IRC 162)~~ Any allowance or reimbursement based on hours worked, units produced, or other system that does not involve accounting for actual expenses is not permitted. ~~(RR 2004-1)~~
 - a. *Tool Allowances* – Tool allowances are provided by the City to designated City employees to maintain or replace the employee’s personal tools. Tool allowances are taxable income to the employee.
 - b. *Safety Equipment* – Safety equipment is non-taxable from employee wages if the equipment purchased or reimbursed by the City is provided under an Accountable Plan to help the employee perform his/her job in a safer environment. To be non-taxable, it is not necessary that the equipment be required by the City. Common examples include hardhats, anti-glare screens for computer monitors, or safety shoes (steel toe).
 - c. *Cell Phones* – The City provides cell phones to employees for which the City needs to be able to contact at all times for work-related purposes, including emergencies or to facilitate the conducting of City business by being available for phone or email contact when the employee is not in their office or assigned work area. As these purposes are primarily for non-compensatory business purposes, the value of any personal use is non-taxable from the employee’s income as a de minimis fringe benefit. ~~(IRS Notice 2011-72)~~

APPROVED AND PASSED THIS ____ DAY OF _____, 2023.

CITY OF SOUTH JORDAN COUNCIL

DAWN RAMSEY, MAYOR

APPROVED AS TO FORM:

Charity Brien

Charity Brien (Mar 29, 2023 16:22 MDT)

City Attorney's Office

City of South Jordan
Citywide Policy 200-10
Clothing and Uniform Fringe Benefits

POLICY STATEMENT

The purpose of this policy is to ensure proper tax treatment of City-provided clothing and uniform purchases and reimbursements provided to employees per IRS guidelines. ~~The City does not pay employee clothing or uniform allowances.~~

RESPONSIBILITY

The responsibility for compliance with this policy rests with Department Directors, ~~employees, department buyers or quartermasters, the~~ Finance ~~Division~~, and ~~the~~ Human Resources ~~Division~~.

POLICY AND PROCEDURES

1. *General Rule* – Department Directors are authorized to purchase or reimburse clothing and uniforms, subject to available budget, for employees for which specified uniform requirements are a condition of employment or to facilitate City client identification of employees. Clothing and uniforms are taxable as wages. Clothing and uniforms are non-taxable only if they meet ALL of the following conditions:
 - a. The wearing of the clothing or uniform is specifically required as a condition of employment.
 - b. The employee is prohibited from wearing the clothing off-duty.
 - c. The uniform or clothing is not worn or is adaptable to general use for taking the place of regular clothing. (The City's, a department's, or an event's name or logo on the clothing or uniform does not make it non-taxable).
2. *Clothing Specifically Taxable* – The following types of clothing are specifically taxable because they are adaptable to general use as ordinary clothing:
 - a. Shirts with City logos (except uniform shirts with public safety badges)
 - b. Scrubs
 - c. Carhartt® outerwear (including jackets and pants)
 - d. Cargo pants
 - e. Dockers®

- f. Denim jeans
- g. Boots that do not qualify as safety shoes (such as non-steel toe)
- h. Outerwear such as coats, jackets and sweatshirts
- i. Gloves that do not qualify as safety equipment

(Typically clothing purchases at a general retail store (such as Wal-Mart®, Target®, Reams®, etc.) is taxable as wages).

3. *Clothing Specifically Non-taxable* – The City treats the following types of clothing as non-taxable:

- a. Safety equipment (for example, body armor, hardhats, safety shoes (steel toe), safety vests, safety glasses, and reflective gear)
- b. Public safety uniforms (Police, Animal Services, Fire)
- c. Fleet Mechanic coveralls

(The cleaning costs of non-taxable clothing are also non-taxable).

4. *De Minimis Exclusion* – There is no *de minimis* exclusion for clothing or uniform purchases or reimbursement for employer-provided clothing (unless otherwise **listed as** non-taxable under the Citywide Awards & Prizes Policy).

APPROVED AND PASSED THIS ____ DAY OF _____, 2023.

CITY OF SOUTH JORDAN COUNCIL

DAWN RAMSEY, MAYOR

APPROVED AS TO FORM:

Charity BrienZ

Charity BrienZ (Mar 29, 2023 16:22 MDT)

City Attorney's Office

City of South Jordan
Citywide Policy 200-11
Meals Fringe Benefits

POLICY STATEMENT

The purpose of this policy is to ensure proper tax treatment of meals provided to employees by the City per IRS guidelines.

RESPONSIBILITY

The responsibility for compliance with this policy rests with Department Directors, the employee, ~~the Finance Division~~, and ~~the Human Resources Division~~.

POLICY AND PROCEDURES

1. *General Rule* – Meals (or meal money) provided by the City are taxable to employees, unless non-taxable under one of the following criteria.
 - a. Occasional, infrequent refreshments, such as donuts or drinks.
 - b. Annual City or Department seasonal celebration meals and/or award banquets. For example, an ~~individual employee provided non-taxable~~ award banquet meal, a summer City picnic, ~~their~~ an employee's own birthday lunch, and a Department or City holiday meal. ~~Any other meals not non-taxable under different criteria are taxable. (Reg. 1.132-6(b))~~
 - c. Meals furnished by the City that are on City premises and for the convenience of the City (meaning provided for a substantially non-compensatory reason). Examples:
 - 1) Employees need to be on call for emergencies during the meal period (employees cannot leave the premises).
 - 2) Meals furnished to allow the on-going provision of an emergency response such as a snow-event, emergency water repair, police operations, or fire-fighting activities. Such meals must be provided during the event, or immediately after if a meal break cannot be created.
 - 3) The nature of the business activity (not merely a preference) requires short meal periods (so short that the employee cannot be expected to eat elsewhere in such a short period of time), such as City Council meetings that cross over regular meal times, training that can best or only be facilitated during regular meal times, or to continue an emergency meeting over a regular meal time. ~~(Reg. 1.119(a))~~

Note: Meals provided to improve general morale or good-will or to attract prospective employees, are not provided for a substantial non-compensatory reason and are taxable.

~~(Reg. 1.119-1(a)(2))~~

- d. Meal expenses directly related to and necessary for attending business meetings or conventions of organizations such as trade/professional organizations and chambers of commerce. ~~(Reg. 1.274-2(d)(3))~~
- e. Meals non-taxable under the Travel Related Fringe Benefit Policy.
- f. Meals non-taxable under the IRS Associated Entertainment Test. Meal reimbursements meet the associated test and are non-taxable if the entertainment is:
 - 1) Associated with the active conduct of the employer's business. Generally, an expense is associated with the active conduct of a business if there is a *clear business reason* for incurring it. The purpose may be to get new business or to encourage the continuation of an existing relationship. These activities are not required to occur in a clear business setting, and
 - 2) Directly before or after a substantial business discussion. Whether a business discussion is substantial depends on the facts of each case. A business discussion will not be considered substantial unless you can show that you actively engaged in the discussion, meeting, negotiation or other business transaction to get income or some other specific business benefit. You must be able to show that the business discussion was substantial in relation to the meal. ~~(Reg. 1.274-2(c) and (d)).~~

Examples include meal meetings with Legislators or other non-City Elected Officials for lobbying purposes or meetings between senior City staff and the City's ~~part-time~~ Mayor and/or Council members to facilitate conducting City business around their employment obligations.

- 2. Department Directors are authorized to make payments or reimbursements for business related meals under this policy. For administrative convenience, the cost to each employee for group meals may be calculated by dividing the total meal cost by the number of persons sharing the meal.

APPROVED AND PASSED THIS ____ DAY OF _____, 20__.

CITY OF SOUTH JORDAN COUNCIL

DAWN RAMSEY, MAYOR

APPROVED AS TO FORM:

Charity Brien

Charity Brien (Mar 29, 2023 16:22 MDT)

City Attorney's Office

City of South Jordan
Citywide Policy 200-12
Travel-Related Fringe Benefits

POLICY STATEMENT

The purpose of this policy is to ensure proper tax treatment of travel-related fringe benefits provided to employees per IRS guidelines.

RESPONSIBILITY

The responsibility for compliance of this policy rests with Department Directors, the employee traveling, ~~the Finance Division~~, and ~~the Human Resources Division~~.

DEFINITIONS

Out-of-area travel: Any travel by a City employee exceeding 50 miles from the South Jordan City Hall.

Overnight travel: Temporary travel substantially longer than an ordinary day's work, requiring an overnight stay or substantial sleep or rest. ~~(IRC 162(a)(2) RR 75-170)~~

Out-of-state travel: Travel requiring the employee to leave the State of Utah.

POLICY AND PROCEDURES

1. *General Rule* – Department Directors are authorized to provide or reimburse employees for the out-of-area and overnight travel-related expenses determined to be ordinary and necessary City business expenses.
2. *Overnight/Out-of-state Travel* – All overnight travel shall be on a Travel Request Form and pre-authorized by an employee's Department Director, by the City Manager for Department Directors, and by the Mayor for the City Manager or City Attorney.
3. *Travel Expenses* – Travel expenses **may** include:
 - a. Costs to travel to and from the business destination.
 - b. Transportation costs while at the business destination.
 - c. Lodging, meals, and incidental expenses.
 - d. Cleaning, laundry, and other miscellaneous expenses.
4. *Out-of-area and overnight travel* – Related expense payments or reimbursements made by the City under **an** Accountable Plan are non-taxable.

5. *Use of Employee's Personal Vehicle* – Use of an employee's personal vehicle for travel and/or transportation will be paid consistent with the Reimbursement of Employee-Owned Vehicle Use Fringe Benefits Policy and Vehicle Allowance Policy.
6. *Alternative Travel Arrangements* – Employees may structure alternative travel and lodging to reduce costs or to accommodate personal preferences if the alternatives provide a documented cost savings to the City or the employee pays the increased costs.
7. *Meal Per Diems* – Employees shall be paid for meals (including tax, tips, and other meal related expenses) at the current State of Utah meal per diem rate ~~(Utah Administrative Code R25-7-6)~~, including all rules contained therein.
8. *Incidental Expenses* – Incidental expenses are not considered part of a meal per diem reimbursement and, therefore, substantiation is required. Incidental expenses ~~may~~ include ground transportation ~~(including tips)~~, parking ~~(including tips) and related tips~~, fax, telephone, internet or copy charges; laundry, cleaning and pressing of clothes; and other business related expenses. ~~Other tips are not reimbursable.~~
9. *Personal Expenses* – Personal expenses, including entertainment or alcohol, are the responsibility of the employee.
10. *Rental Cars* – Employees may only obtain a rental car with prior approval or in cases of documented need. A “mid-size” or “intermediate” rental car shall be selected, unless three or more employees are traveling together. Groups of employees at the same location shall share rental vehicles where practical. When a rental car is used, rental agency liability and collision/loss damage coverage is required, at City expense.

APPROVED AND PASSED THIS ____ DAY OF _____, 2023.

CITY OF SOUTH JORDAN COUNCIL

DAWN RAMSEY, MAYOR

APPROVED AS TO FORM:

Charity Brienz
Charity Brienz (Mar 29, 2023 16:22 MDT)

City Attorney's Office

City of South Jordan
Citywide Policy 200-13
Vehicle Allowances

POLICY STATEMENT

The purpose of this policy is to ensure proper tax treatment of a vehicle allowance provided to employees per IRS guidelines.

RESPONSIBILITY

The responsibility for compliance of this policy rests with the employee receiving a vehicle allowance, ~~the Finance Division~~, and ~~the Human Resources Division~~.

POLICY AND PROCEDURES

1. *General Rule* – The purpose of a vehicle allowance is to compensate employees who, by the nature of their job duties frequently travel on City business, and for which the City determines it is preferable to have the employee use their own vehicle(s). Vehicle allowances are taxable to the receiving employee. ~~The employee may be able to deduct the business use of their own personal vehicle(s) as a business expense and should consult with their own tax professional.~~
 - a. All vehicle allowances must be established in writing, and filed with ~~the Human Resources Division~~. Unless otherwise part of ~~ana written~~ employment contract, ~~an writing~~ establishing a vehicle allowance alone does not constitute an employment contract with the employee.
 - b. A vehicle allowance is intended to compensate the employee for all travel within fifty (50) miles of City Hall. Other travel paid may be paid or reimbursed consistent with the Citywide Travel Policy and the Employee-Owned Vehicle Use Policy.
2. *Insurance and Liability* – An employee receiving a vehicle allowance assumes all related liability and insurance responsibilities. For all vehicles used for City business, the employee will:
 - a. maintain \$100,000/\$300,000 coverage limits,
 - b. maintain a business use insurance endorsement,
 - c. maintain no more than a \$500 deductible,
 - d. maintain their personal insurance as “primary coverage”, and
 - e. provide written proof of the same to the City’s Risk Manager within 30 days of the beginning of each fiscal year.

APPROVED AND PASSED THIS ____ DAY OF _____, 20 ____.

CITY OF SOUTH JORDAN COUNCIL

DAWN RAMSEY, MAYOR

APPROVED AS TO FORM:

Charity Brien
Charity Brien (Mar 29, 2023 16:22 MDT)

City Attorney's Office

City of South Jordan
Citywide Policy 200-14
Miscellaneous Fringe Benefits

POLICY STATEMENT

The purpose of this policy is to ensure proper tax treatment of miscellaneous fringe benefits, not covered in other Citywide policies, offered to employees by the City per IRS Guidelines.

RESPONSIBILITY

The responsibility for compliance of this policy rests with employees receiving the fringe benefit, ~~the Finance Division, the~~ Human Resources ~~Division~~, and any department providing a fringe benefit not included in other Citywide Policies.

POLICIES AND PROCEDURES

1. *Employee Use of On-Premises Fitness Facilities* – Use of the City’s Employee Fitness Facility in ~~City Hall and Firefighter use of fitness areas in City Fire Stations~~ Public Safety building and City Fire Stations, which are not available for use by the general public, is excludable.
- ~~2. *Employee Use of the City's Fitness and Aquatics Facility* – The employee's free membership and family member reduced cost memberships to the City's Fitness and Aquatics Facility are taxable. The imputed value is based on the membership rate charged for South Jordan City residents less a 20% discount. Sworn officer on duty uses authorized by Police and Fire Department policies are excludable as de minimus. (Effective Jan. 1, 2015)~~
2. *Accident and Health Benefits* – To the extent permitted by the IRS, all City contributions to accident and health benefits, including Health Savings Accounts, medical Flex accounts, and limited purpose medical Flex accounts, are excludable.
3. *Dependent Care Assistance (FLEX)* – To the extent of the annual dollar limit set by the IRS, dependent care assistance (Flex) is excludable.
4. *Severance Pay for Continued Health Insurance* – Any severance pay agreement for continued health insurance coverage (such as COBRA) ~~will be paid out and~~ is taxable.
5. *Worker’s Compensation Benefits* – Worker’s compensation benefits, ~~when turned over to the City for full pay with benefits, are excludable~~ taxable.
- ~~6. *Planning Commission and Other Per Diem Committee Members* – Per diems paid to Planning Commissions and other City Committee members will be processed through Payroll and are taxable. (Effective Jan. 1, 2015)~~

6. *Independent Contractors* – The Human Resources has the responsibility, in conjunction with the funding Department, to evaluate all existing and new positions, using IRS guidelines, to determine whether the positions are independent contractors or employees. All positions determined to be employees will be paid through Payroll and all compensation is taxable consistent with Citywide policies.
7. *Additional Wage Taxes* – The City does not “gross up” any taxable compensation to an employee. Any additional wage taxes are the responsibility of the employee, not the City.
- ~~8. *Dependent Care Assistance* — Dependent care services provided by the City, for qualifying individuals to allow the employee to work, will be tracked by the providing Department and reported to Payroll at fair market value. Up to \$5,000 per calendar year is generally, excludable. Non-excludable amounts are taxable.~~

APPROVED AND PASSED THIS ____ DAY OF _____, 2023.

CITY OF SOUTH JORDAN COUNCIL

DAWN RAMSEY, MAYOR

APPROVED AS TO FORM:

Charity Brien2

Charity Brien2 (Mar 29, 2023 16:22 MDT)

City Attorney's Office