

**BOARD OF COUNTY COMMISSIONERS
OF SANTA FE COUNTY**

Resolution No. 2019 - 36

**A RESOLUTION REPEALING AND REPLACING VARIOUS
POLICIES REGARDING FRINGE BENEFITS**

WHEREAS, on June 26, 2007, the Board of County Commissioners adopted Resolution No. 2007-100, A Resolution for Establishing and Implementing a Taxable Fringe Benefits Policy; and

WHEREAS, on September 25, 2007, the Board of County Commissioners adopted Resolution No. 2007-155, A Resolution to Expand the Existing Taxable Fringe Benefits Policy; and

WHEREAS, on July 29, 2008, the Board of County Commissioners adopted Resolution No. 2008-121, A Resolution to Establish and Implement Procedures for the Purchase of Uniforms; and

WHEREAS, these resolutions established procedures for the County's provision of fringe benefits to its employees which are not consistent with current federal regulations and County practices; and

WHEREAS, these resolutions established substantive requirements for determining whether fringe benefits are taxable, and the valuation of such taxable benefits, that are not consistent with current federal regulations; and

WHEREAS, the Finance Division requires procedures that allow for the efficient review and approval of fringe benefits, and consistent reporting and documentation, so that the County can comply with federal regulation and the collective bargaining agreements and the County's employees can ensure that their wages are accurately calculated.

NOW, THEREFORE, BE IT RESOLVED, that the Board of County Commissioners of Santa Fe County hereby repeals and replaces the resolutions referenced above and adopts the Fringe Benefit Procedures attached hereto as Exhibit A.

PASSED, APPROVED, AND ADOPTED this 13th day of March, 2019.

**BOARD OF COUNTY COMMISSIONERS
OF THE COUNTY OF SANTA FE**

Anna Hamilton
Anna Hamilton, Chairperson



ATTEST:

Geraldine Salazar
Geraldine Salazar, County Clerk

APPROVED AS TO FORM:

R. Bruce Frederick for
R. Bruce Frederick, County Attorney

COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss

BCC RESOLUTIONS
PAGES: 7

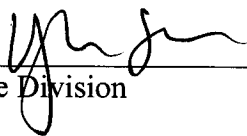
I Hereby Certify That This Instrument Was Filed for
Record On The 13TH Day Of March, 2019 at 10:56:36 AM
And Was Duly Recorded as Instrument # **1880970**
Of The Records Of Santa Fe County



Witness My Hand And Seal Of Office
Geraldine Salazar
Deputy Estrella Martinez County Clerk, Santa Fe, NM

SFC CLERK RECORDED 03/13/2019

FINANCE DIVISION

AUTHORITY: RESOLUTION No. 2019- 36
TITLE: FRINGE BENEFITS POLICY AND PROCEDURES
APPLICABILITY: COUNTYWIDE
EFFECTIVE DATE: 3/12/19
APPROVED BY: 
Finance Division

I. PURPOSE

The purpose of this Policy is to provide procedures for the County to identify, evaluate, document, and report taxable fringe benefits in a manner that ensures the County's compliance with the most current regulations and policy of the Internal Revenue Service.

II. SCOPE

This Policy applies to all County employees and elected officials who receive a fringe benefit from the County or manage employees who receive a fringe benefit, and who are designated to implement the procedures described herein.

III. APPLICABILITY

This Policy establishes procedures for the administration of fringe benefits. It is not intended to specify the substantive requirements for determining the taxability of fringe benefits. This Policy should be construed in a manner consistent with collective bargaining agreements and is not intended to express an opinion regarding the taxability of any fringe benefit under the Internal Revenue Code.

IV. DEFINITIONS

Internal Revenue Code: The federal tax law, 26 C.F.R. Chapter 1.

Employee: An employee of the County, including an elected official.

Taxable Income: The portion of an employee's income which is subject to taxation under federal or state law.

Fringe Benefit: A form of pay, in addition to wages, for the performance of services by an employee.

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Taxable Fringe Benefit: A fringe benefit that is not excluded from taxation by the Internal Revenue Code.

Fringe Benefit Coordinator: The employee in the Finance Division who is designated by the Finance Director to manage the taxable fringe benefit process for the County.

V. TAXATION AND ACCOUNTING OF FRINGE BENEFITS

1. All fringe benefits shall be included in taxable income unless specifically excluded by the Internal Revenue Code.
2. The County shall add the value of a taxable fringe benefit to the employee's taxable income and reported on the annual W-2 form, and the value of the taxable fringe benefit may be subject to withholding for federal and state taxes, Medicare and Social Security (FICA).

VI. DESIGNATION OF FRINGE BENEFIT COORDINATOR

The Finance Division shall designate an employee to serve as the Fringe Benefit Coordinator ("Coordinator"). The Coordinator shall be responsible to:

1. Work with the County's departments and divisions to identify, evaluate, document, and report fringe benefits provided to employees;
2. Review and process requests for fringe benefits;
3. Address questions and resolve issues regarding fringe benefits;
4. Ensure that the appropriate departments and divisions are apprised of decisions regarding fringe benefits;
5. Ensure that the County pays the employer's contribution to Medicare and Social Security (FICA) taxes for taxable fringe benefits;
6. Ensure that employees are notified of decisions regarding fringe benefits, including any withholding of taxes for fringe benefits; and
7. Provide periodic training to the staff of departments, divisions and elected official's offices.

VII. DETERMINATION OF TAXABLE FRINGE BENEFITS

1. The Coordinator will make the determination whether a fringe benefit, in whole or part, is excluded from taxation, the value of a taxable fringe benefit, and the records and reporting required for a taxable fringe benefit.

2. In making the determinations described above, the Coordinator will comply with the most recent applicable provisions of the Internal Revenue Code and policies of the Internal Revenue Service.
3. No employee shall receive a fringe benefit until the Coordinator determines whether the fringe benefit, in whole or part, is taxable, and the employee acknowledges and authorizes the County to withhold taxes for the fringe benefit, if any.
4. The following procedures apply to a request for approval of a fringe benefit.
 - a. The department, division, or elected official's office shall obtain the County Manager's approval for any fringe benefit offered after the effective date of this Policy unless such fringe benefit was previously approved by the County Manager or incorporated into a final collective bargaining agreement.
 - b. The department, division, or elected official's office shall submit a request to the Coordinator, on a form provided by the Finance Director, to analyze and determine the tax status of a fringe benefit for an employee (other than the group term life insurance provided by the County).
 - c. The Coordinator shall confirm in writing the receipt of a request.
 - d. If the request does not contain sufficient information, the Coordinator shall return the request to the department, division, or elected official's office.
 - e. If the request contains sufficient information, the Coordinator shall make an initial determination whether the fringe benefit, in whole or part, is specifically excluded from taxation, the value of the taxable portion of the fringe benefit, the estimated effect of withholding on the employee's biweekly wages, if any, and the records and reporting required for the fringe benefit.
 - f. The Coordinator shall provide the preliminary determination to the department, division, or elected official's office, and the employee.
 - g. The employee shall certify that he/she acknowledges and authorizes the County to withhold taxes for the fringe benefit, if any, from his/her biweekly wages.
 - h. Upon receipt of the employee's acknowledgement and authorization for the County to withhold taxes for the fringe benefit, if any, from his/her biweekly wages, the Coordinator shall issue a final determination on the

tax status of the fringe benefit, and provide copies of that determination to the department, division, or elected official's office, and the employee.

- i. Confirmation of Purchase.
 - 1. If a department, division, or elected official's office purchases a fringe benefit (e.g., uniform), it shall submit a record of such purchase and the employee's acknowledgement of receipt of the fringe benefit to the Coordinator.
 - 2. Upon receipt of such notification, the Coordinator shall ensure that the applicable taxes, if any, are withheld from the employee's biweekly wages.
- j. Each department, division, and elected official's office shall conduct an annual review of take-home vehicles provided as a fringe benefit to determine if the requirements for a fringe benefit are applicable and the tax status and amount of applicable taxes, if any, being withheld from the employee's biweekly wages has changed.

VIII. DOCUMENTATION

- 1. The County shall record and report taxable fringe benefits to the Internal Revenue Service and Social Security Administration as specified in their respective regulations and policies.
- 2. The Finance Division shall maintain records of all fringe benefit requests and determinations in accordance with the approved retention schedule.
- 3. Each department, division, or elected official's office shall maintain a record of each fringe benefit requested on behalf of its employees.

IX. NOTIFICATION OF CHANGES TO FRINGE BENEFITS

The Coordinator shall ensure that employees are given prompt notification of changes affecting their fringe benefits, including changes by the Internal Revenue Service to the valuation methods, rates, and documentation for fringe benefits, and the estimated effect of such changes on the federal and state taxes withheld from biweekly wages.

X. REFERENCES

26 C.F.R. Chapter 1 – Internal Revenue Service, Department of the Treasury

IRS, Employer's Tax Guide, Publication 15

IRS, Employer's Tax Guide to Fringe Benefits, Publication 15-B

IRS, Fringe Benefit Guide, Publication 5137 (1-2014)

IRS, Quick Reference Guide for Public Employers, Publication 5138 (2-2014)

Santa Fe County Resolution No. 1998-122, A Resolution Establishing a Vehicle Take-Home Policy for Santa Fe County Employees

SFC CLERK RECORDED 03/13/2019