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LAWMAKERS CHANGE PERSI DEFINITION OF SALARY

Boise, Idaho - April 20, 2012

Idaho lawmakers passed and the Governor signed HB418, amending the PERSI definition of salary. The new law takes effect July 1, 2012. HB 418 may impact employer reporting to PERSI.

PERSI statute, Idaho Code section 59-1302(31), defines “salary” to mean all income reported by the employer for income tax purposes. Before HB418, employers included in the salary reported to PERSI any taxable payments relating to travel, mileage, meals, lodging or subsistence expenses. Since salary is used to calculate PERSI retirement benefits, members having such amounts included in their salary would receive a higher benefit if payments occurred during the high consecutive 42 months of service used for benefit calculation.

HB 418 added a new subsection to exclude from salary “employer payments to employees for or related to travel, mileage, meals, lodging or subsistence expenses, without regard to the taxability of such payments for federal income tax purposes and without regard to the form of payment, including payment made as reimbursement of an itemized expense voucher and payment made of an unvouchered expense allowance.”

Employers are required to report salary to PERSI according to the relevant laws; therefore, employers should modify their PERSI reporting to comply with HB418 for pay periods beginning on or after July 1, 2012.

Employers with questions about salary reporting should contact the Employer Service Center at 1-866-887-9525 or 208-287-9525 from the Treasure Valley area.

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