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INDEPENDENT REGULATORY REVIEW COMMISSION
333 MARKET STREET, 14TH FLOOR, HARRISBURG, PA 17101

June 22, 2000

Honorable Robert A. Judge, Sr., Secretary
Department of Revenue
Strawberry Square, 11th Floor
Harrisburg, PA 17128

Re: IRRC Regulation #15-402 (#1942)
Department of Revenue
Payments For Employee Welfare Benefit Plans
and Cafeteria Plans

Dear Secretary Judge:

The Independent Regulatory Review Commission approved the subject regulation at its June 22, 2000 public meeting. Our Order is enclosed and is available on our website at <http://www.irrc.state.pa.us>.

We appreciate the joint effort that went into producing a regulation that met the criteria and intent of the Regulatory Review Act.

Sincerely,

A handwritten signature in cursive script, appearing to read "Alvin C. Bush".

Alvin C. Bush
Vice Chairman

cae

Enclosure

cc: Anita M. Doucette
Douglas A. Berguson

**INDEPENDENT REGULATORY REVIEW COMMISSION
APPROVAL ORDER**

Commissioners Voting:

Public Meeting Held June 22, 2000

John R. McGinley, Jr., Chairman – by Proxy
Alvin C. Bush, Vice Chairman
Arthur Coccodrilli
Robert J. Harbison, III
John F. Mizner

Regulation No. 15-402
Department of Revenue
Payments for Employee Welfare Benefit Plans
and Cafeteria Plans

On April 15, 1998, the Independent Regulatory Review Commission (Commission) received this proposed regulation from the Department of Revenue. This rulemaking amends 61 Pa. Code Sections 101.1, 101.6, 101.6a, 101.7 and 125.21 – 125.33. The proposed regulation was published in the April 25, 1998 *Pennsylvania Bulletin* with a 30-day public comment period. The final-form regulation was submitted to the Commission on May 19, 2000.

The regulation addresses how employe welfare benefit programs, such as self-insured medical reimbursement accounts and cafeteria plans, will be taxed. The regulation also addresses how compensation in the form of employer-provided services or property will be taxed.

We have determined this regulation is consistent with the statutory authority of the Department of Revenue (72 P.S. § 7354) and the intention of the General Assembly. Having considered all of the other criteria of the Regulatory Review Act, we find promulgation of this regulation is in the public interest.

BY ORDER OF THE COMMISSION:

This regulation is approved.





Alvin C. Bush, Vice Chairman