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PENNSYLVANIA TEST AUDIT PROGRAM
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Audit Guidelines - To Determine Proper State For Assignment Of Payroll Of
Interstate Trucking Operation

This Procedure was developed to provide an objective and equitable system to address difficulties that have been encountered in determining the proper state for payroll and loss assignment of interstate trucking operations. Additionally, it assists in determining the proper state through which Residual Market assignments should be made for such risks.

The payroll of a trucker shall be assigned to a state in which it has a base of operations.

Example: A driver/employee resided in State A. His employer/trucker base of operations is in State B. If the driver/employee regularly travels to the base of operations in State B to load or unload freight or perform other regular work functions, i.e. mechanic, the driver/employee payroll shall be assigned to State B.

When the trucker does not operate from a base of operation, the state to which the payroll is assigned shall be determined in accordance with the following procedures.

If it can be established that the trucker does a significant portion of its business in a single state the payrolls, other than those payrolls which can be attributed to specific work functions in a specific state, should be assigned to that state. Factors such as driving time, number of pickups and deliveries, revenue and tonnage, should be considered in determining the state of payroll assignment. If a state payroll assignment cannot be made based on these factors then the truckers payroll shall be assigned to his state of residence.

For the purpose of the guidelines the following definitions shall apply:

- Trucker: A trucker is the holder of operating authority from a governmental agency.
- Base of Operations: A permanent location owned, leased or used by the trucker at which loading, unloading or other related work function are performed and from which driver/employee is assigned to work from on a regular basis.
- State of Residence: The state in which the trucker resides as evidenced by the location used for the filing of federal income taxes.
- Regular: A pattern of 40 hours per week or any other pattern that appears on a continuing basis.