



12-8-2003

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Recommended Citation

Phebus, Dick, "Changes in Federal Reimbursement Rates for Travel" (2003). *MTAS Publications: Hot Topics*.
http://trace.tennessee.edu/utk_mtastop/135

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December 8, 2003

CHANGES IN FEDERAL REIMBURSEMENT RATES FOR TRAVEL

Dick Phebus, Finance and Accounting Consultant

Federal Rates

Tennessee cities that elect to reimburse for travel using the federal reimbursement rates should note that the federal government has increased the vehicle-cents-per-mile reimbursement rate for 2004 to 37.5 cents per mile (Rev. Proc. 2003-76). This is an increase of 1.5 cents per mile over the 2003 rate and will become effective January 1, 2004.

Cities may wish to update their travel policies to reflect the new mileage reimbursement rate. Remember that a city can set the mileage rate reimbursement to any amount. Any amount, however, over the IRS standard mileage rate (37.5 cents for 2004) is considered taxable income to the employee or official.

In addition to the increase in the mileage reimbursement rate, other federal rates have changed, as well. The federal reimbursement rates for lodging and for meals and incidental expenses (M&IE) have changed slightly for select cities in Tennessee. These changes are in both the “standard” and “non-standard” rates.

Standard Rates

Overall, the standard CONUS (Continental United States) rates for lodging remains at \$55, while the M&IE rate has increased to \$31.

Non-Standard Rates

The non-standard rate for M&IE for all cities has increased \$1, and the non-standard lodging rate for Memphis has increased \$6. Additionally, Chattanooga has been added as a non-standard city for lodging and M&IE rates. These changes became effective on October 1, 2003.

The following table reflects the recent changes for locations in Tennessee.

LOCATION	COUNTY	LODGING	M&IE	TOTAL
Alcoa/Townsend	Blount	\$ 63	\$ 35	\$ 98
Chattanooga	Hamilton	\$ 84	\$ 31	\$115
Gatlinburg (May 1 - Oct. 31)	Sevier	\$ 78	\$ 43	\$121
(Nov. 1 - April 30)		\$ 70	\$ 43	\$113
Memphis	Shelby	\$ 81	\$ 43	\$124
Murfreesboro	Rutherford	\$ 57	\$ 35	\$ 92
Nashville	Davidson	\$ 82	\$ 47	\$129
Williamson County	Williamson	\$ 60	\$ 35	\$ 95
Tennessee	All other locations	\$ 55	\$ 31	\$ 86

M&IE reimbursement rates are broken down as shown in the following table for locations in Tennessee.

M&IE	\$31	\$35	\$43	\$47
Breakfast	\$ 6	\$ 7	\$ 9	\$ 9
Lunch	\$ 6	\$ 7	\$ 9	\$11
Dinner	\$16	\$18	\$22	\$24
Incidentals	\$ 3	\$ 3	\$ 3	\$ 3

These federal per diem rates apply to all locations within or entirely surrounded by the corporate limits of the key city as well as the boundaries of the county, including other municipalities within the county. Federal reimbursement rates for out-of-state travel vary from state to state.

A complete listing of federal per diem rates for FY 2004 can be found at <http://policyworks.gov/org/main/mt/homepage/mtt/perdiem/perd04d.html>

State Rates

For those cities that elect to use the state of Tennessee reimbursement rates, there has been no change from last year. The mileage reimbursement rate remains at 32 cents per mile. The state reimbursement policy also provides for lodging rates and meals and incidentals maximum amounts.

The state travel policy can be found in the *Tennessee Comprehensive Travel Regulations* at <http://www.state.tn.us/finance/act/policy8.pdf>

Please review your city's travel policy to determine the applicable reimbursement rates for lodging and M&IE. If your city's travel policy makes reimbursements based on the state or federal rate, the changes noted above may take effect without any action by your city board. If, however, your city's policy establishes specific reimbursement rates for lodging and meals, you may need to amend the travel policy to reflect the above changes in regard to mileage and other travel expenses.

For More Information

Contact Dick Phebus, MTAS Finance and Accounting Consultant, or your MTAS management or finance consultant for further assistance on this matter. Visit our Web site at www.mtas.utk.edu for further information and publications.

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MTAS0515 • E14-1050-000-127-04