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Hot Topic: Changes in Federal Reimbursement Rates for Travel

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CHANGES IN FEDERAL REIMBURSEMENT RATES FOR TRAVEL

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Federal Rates

Tennessee cities that elect to reimburse for travel using federal reimbursement rates should note that the federal government has decreased the vehicle-cents-per-mile reimbursement rate for 2003 to 36 cents (Rev. Proc. 2002-61). This decrease of one-half cent per mile becomes effective January 1, 2003.

Cities may wish to update their travel policies to reflect the new mileage reimbursement rate. Remember that a city can set its mileage rate reimbursement at any amount. However, any amount over the IRS standard mileage rate (36 cents for 2003) is considered taxable income to the employee or official.

In addition to the decrease in the mileage reimbursement rate, the federal rates for lodging and meals and incidentals (M&I) reimbursement have changed slightly for some Tennessee cities. Standard CONUS (Continental United States) rates remain the same for most cities. The nonstandard lodging rate for Memphis increased \$5, while the nonstandard M&I rates for Gatlinburg, Memphis, Murfreesboro, and Nashville increased \$4.

The standard federal reimbursement rate for lodging remains the same at \$55 per night. These rates apply everywhere in the continental United States except for selected nonstandard locations, where higher rates apply. The standard federal reimbursement rate for meals and incidentals remains \$30 per day. These changes took effect October 1, 2002, for federal FY 2003.

The following chart gives a breakdown of the nonstandard locations in Tennessee and their respective lodgings and M&I reimbursement rates effective October 31, 2002.

Location	County	Lodging	M & I	Total
Williamson County	Williamson	\$60	\$34	\$94
Alcoa/Townsend	Blount	\$63	\$34	\$97
Gatlinburg (May 1-Oct 31)	Sevier	\$78	\$42	\$120
(Nov 1-Apr 30)		\$70	\$42	\$112
Memphis	Shelby	\$75	\$42	\$117
Murfreesboro	Rutherford	\$57	\$34	\$91
Nashville	Davidson	\$82	\$46	\$128

These 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. You can find a complete list of federal per diem rates for FY 2003 at <http://policyworks.gov/org/main/mt/homepage/mtt/perdiem/perd03d.html>.

State Rates

For cities that elect to use the state of Tennessee reimbursement rates, there has been no change from last year. The mileage reimbursement rate remains 32 cents per mile. The state reimbursement policy also

provides for lodging rates and meals and incidentals maximum amounts. You can find the state travel policy 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&I. If your city's travel policy provides for 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 mileage and other travel expenses.

For more information, please contact your MTAS management or finance consultant.

The Municipal Technical Advisory Service (MTAS) is a statewide agency of the University of Tennessee's Institute for Public Service. MTAS operates in cooperation with the Tennessee Municipal League to provide technical assistance services to officials of Tennessee's incorporated municipalities. Assistance is offered in areas such as accounting, administration, finance, public works, ordinance codification, and wastewater management.

MTAS *Hot Topics* are information briefs that provide a timely review of current issues of interest to Tennessee municipal officials. *Hot Topics* are free to Tennessee local, state, and federal government officials and are available to others for \$2 each. Photocopying of this publication in small quantities for educational purposes is encouraged. For permission to copy and distribute large quantities, please contact the MTAS Knoxville office at (865) 974-0411.

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