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# COUNTY DEPARTMENT AGENDA REQUEST

Department/Division: Finance

Department Head: Mary S. Holland

Presenter, if needed: Mary S. Holland

Preferred Meeting Date: July 24, 2008

Wording for the Agenda:

Authorization to increase the county's mileage reimbursement amount in accordance with the county's established travel policy for expenses related to travel for official business. This adjustment is a result of a change in the IRS reimbursement rate.

Background/History/Details:

The IRS has announced an eight (8) cents increase from 50.0 cents to 58.5 cents in the mileage rate for the months Jul - Dec , 2008. The County travel policy states reimbursement for use of a private vehicle for official county business is based on 82% of the IRS rate. The eight (8) cents change in the IRS rate increases the county rate from 41.41 cents to 47.97 cents per mile, a 6.56 cent increase. Based on the FY2009 budget, this rate change represents approximately $2,300 in additional expenditures.

What action are you seeking from the Board of Commissioners?

Authorization to increase the travel reimbursement rate from the current 41.41 cents per mile to 47.97 cents per mile, effective July 1, 2008.

If this item requires funding, please describe:

Has this issue come before the Commissioners in the past? Yes

If so, when?

Do you need audio-visual for the presentation? No

Back-up Material Submitted? Yes

## STAFF USE ONLY

Approved by Finance? Yes

Reviewed by Legal? Yes

Approved by Purchasing? Yes

Approved by Administrative Staff? Yes

Staff Notes

Administrator's Approval Yes

Confirmed Meeting Date Thursday, July 24, 2008

- ○ Recognition/ Presentation
- ○ Public Hearing
- ○ Old Business
- ○ New Business
- ◉ Consent
- ○ Report
- ○ Other

# IRS Increases Mileage Rates through Dec. 31, 2008

IR-2008-82, June 23, 2008

WASHINGTON — The Internal Revenue Service today announced an increase in the optional standard mileage rates for the final six months of 2008. Taxpayers may use the optional standard rates to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

The rate will increase to 58.5 cents a mile for all business miles driven from July 1, 2008, through Dec. 31, 2008. This is an increase of eight (8) cents from the 50.5 cent rate in effect for the first six months of 2008, as set forth in Rev. Proc. 2007-70.

In recognition of recent gasoline price increases, the IRS made this special adjustment for the final months of 2008. The IRS normally updates the mileage rates once a year in the fall for the next calendar year.

"Rising gas prices are having a major impact on individual Americans. Given the increase in prices, the IRS is adjusting the standard mileage rates to better reflect the real cost of operating an automobile," said IRS Commissioner Doug Shulman. "We want the reimbursement rate to be fair to taxpayers."

While gasoline is a significant factor in the mileage figure, other items enter into the calculation of mileage rates, such as depreciation and insurance and other fixed and variable costs.

The optional business standard mileage rate is used to compute the deductible costs of operating an automobile for business use in lieu of tracking actual costs. This rate is also used as a benchmark by the federal government and many businesses to reimburse their employees for mileage.

The new six-month rate for computing deductible medical or moving expenses will also increase by eight (8) cents to 27 cents a mile, up from 19 cents for the first six months of 2008. The rate for providing services for charitable organizations is set by statute, not the IRS, and remains at 14 cents a mile.

The new rates are contained in Announcement 2008-63 on the optional standard mileage rates.

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

**Mileage Rate Changes**

| Purpose | Rates 1/1 through 6/30/08 | Rates 7/1 through 12/31/08 |
|---|---|---|

| | | |
|---|---|---|
| Business | 50.5 | 58.5 |
| Medical/Moving | 19 | 27 |
| Charitable | 14 | 14 |

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