



Office Memorandum

Date: December 12, 2014
To: Agency Payroll, HR and Accounting Staff
From: Mary Muellner, Director
Statewide Payroll Services
Subject: IRS Mileage Rate Effective January 1, 2015

The standard IRS mileage rate for the business use of an employee's personal automobile will increase on January 1, 2015, to **57.5 cents per mile**.

The state bargaining agreements and compensation plans base mileage reimbursement rates on the standard IRS mileage rate that's in place at the time of travel. As a reminder, two options are provided for determining the mileage reimbursement rate for any given trip:

- If the employee travels in his or her own vehicle because no state vehicle is available, the reimbursement rate is the current IRS rate (57.5 cents per mile for miles driven in 2015).
- If a state vehicle is offered but the employee declines and travels in his or her own vehicle, the reimbursement rate is 7¢ less than the current IRS rate (50.5 cents per mile for miles driven in 2015).

Note: "State vehicle" is defined as any vehicle owned or leased by the state or loaned to the state.

Please refer to the bargaining agreements and compensation plans regarding mileage reimbursement rates for the business use of an employee's specially equipped vehicle, motorcycle or personal aircraft.

SEMA4 users can use the Business Expense Mileage Rates page to view previous and current IRS mileage rates. Select Payroll > Business Expense > Business Expense Mileage Rates.

REMINDER:

During the 2011 special session, there was an item added, which restricts the mileage rate for reimbursements to no more than 51 cents per mile for expenses funded by the law in which the language was included. Included in the Laws of 2011, 1st Special Session, Chapt. 1, Art. 1, Sec. 18 is the following:

Sec. 18. CAPPING MILEAGE REIMBURSEMENT.

For entities funded by an appropriation in sections 3 to 10 and 16, no official or employee may be reimbursed for mileage expenses at a rate that exceeds 51 cents per mile.

The cap for mileage reimbursements includes Sentencing Guidelines (P9E) and other Judicial agencies, as well as expenditures with funding sources originating in those agencies. Agencies covered by the bill are responsible for monitoring and enforcing the 51 cents per mile maximum within their own agency. (For information on the agencies covered, refer to <https://www.revisor.mn.gov/laws/?id=1&doctype=Chapter&year=2011&type=1>.)

Note: There are some departments within the affected agencies that are using self service business expenses. The self service business expense process will default the mileage rate as the current IRS rate of 57.5 cents per mile. When a different rate is required, the employee must know and enter the correct rate.

Agency Payroll, HR and Accounting staff should contact Erin Gregory in Statewide Payroll Services at 651.201.8077 or erin.gregory@state.mn.us if there are questions.

PLEASE SHARE THIS INFORMATION WITH APPROPRIATE AGENCY STAFF.