

POLICY



MEMORANDUM

SUBJECT: Rules, Regulations and Procedures Governing the Payment of Intrastate Relocation Expenses to State Employees	REVISION NO.: 7 POLICY NO.: 2
ISSUED BY: Office of Planning and Budget	

1. Legislative Authority

O.C.G.A. 45-7-22 through O.C.G.A. 45-7-24 authorizes the reimbursement of relocation expenses to State employees and charges the Office of Planning and Budget with the establishment of rules, regulations and policies necessary to administer the reimbursement program. Accordingly, regulations have been developed which cover the payment of and accounting for relocation reimbursement costs. In general, each agency is authorized to set specific policies, establish procedures and use forms within the regulations listed below.

2. Eligibility

Any State employee of a state department may be reimbursed for certain relocation expenses as long as the following conditions are satisfied:

- a. The employee who is being transferred from one duty station to another must have been employed by the agency which ordered the transfer for at least six months prior to the transfer date.
- b. The transfer must be the result of an action by a State agency requiring such relocation and must be in the agency's best interest.
- c. State law limits reimbursement to relocation expenses incident to a change of residence from one part of the State to another part of the State.
- d. The distance between the old and new duty stations must exceed 50 miles and the transfer must result in the employee having to drive at least 35 miles farther from his old residence to his new duty station than he drove from his old residence to his old duty station.
- e. State law requires that an employee who applies for reimbursement of relocation expenses must commit to remain employed by the agency and in the location to which the move was made for a period of not less than one calendar year following the effective date of the move, unless he/she is separated or transferred for reasons beyond his/her control and acceptable to the agency.

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involved. If the agency takes an adverse action against the employee, if his/her separation is related to or resulting from some form of disciplinary action, if the employee forfeits his/her position (or, e.g., being involved in political activities, not maintaining proper professional license, etc.), or if the employee is released for abandonment of position, then the separation or transfer is not considered beyond the control of the employee.

f. The agency must have sufficient operating expense funds within its budget to pay the reimbursement cost.

g. No other member of his or her family is being reimbursed for the same move.

h. The move is made within one calendar year from the date the employee reports for work at his new location.

i. The costs to be reimbursed are reasonable and proper as determined by the agency. The employee shall have no right to any review or further appeal from the determination made by the agency.

3. Approval of Relocation Reimbursement

Upon notification by the agency that the employee is to be transferred to another part of the state, he or she may apply for a relocation expense reimbursement. An Employee Application for Intrastate Relocation Expense Reimbursement form is attached to these regulations as Exhibit 1. Cost estimates from three different firms must be submitted along with the application form.

The application form contains sufficient information to determine whether or not expense reimbursement is allowable under these rules and regulations. The employee's supervisor or other agency official designated by the agency head must review the information submitted by the employee and approve the application. An application may be approved only if:

- The employee and the relocation are eligible for expense reimbursement under State law, these regulations, and any additional policies or procedures which may be set by the agency; and
- The employee selects a firm which will provide a quality move within a reasonable time frame for a reasonable cost. The lowest bid does not have to be selected, but written justification must be given to the agency's designated reviewing official if it is not.

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The agency head or his/her designee also must authorize the transfer in writing and certify that the transfer is in the best interest of the agency. In addition, the agency fiscal officer must indicate that sufficient funds are available to pay for the estimated relocation costs before the employee is authorized to receive an expense reimbursement.

4. Expenses Authorized For Reimbursement

State law specifies two considerations related to relocation expenses which may be reimbursed.

- a. They must be "incurred for transportation of household goods" and be "incident to change of residence from one part of the State to another."
- b. They must be "reasonable and proper and in the best interest of the Department."

Under these broad guidelines, reimbursement is permitted for certain expenses which may be incurred in looking for a residence, for transporting the employee's household goods and family to their new residence, and for connecting utilities at the new residence. The specific types of expenses are as follows:

- Looking For a New Residence;
- Temporary Housing;
- Transporting Household Goods;
- Utility Reconnection; and
- Transporting Family to New Location.

4.1 Looking For A New Residence

An employee may be reimbursed for certain expenses connected with looking for a new residence if the move to the new residence is more than 100 miles. Mileage expenses at the statutory reimbursement rate may be paid to the employee for up to three trips to the new location looking for a residence. In addition, expenses for food and lodging for up to a total of three days and nights spent at the new location may be reimbursed as provided for in the Statewide Travel Regulations issued jointly by the State Accounting Office and the Office of Planning and Budget, with the exception that the double occupancy rate for one room may be paid. Reimbursement for food and lodging expenses is permitted only for overnight trips and not for one-day trips to the new location.

If the move to the new residence is 100 miles or less, only mileage expenses at the statutory reimbursement rate may be paid for up to three days

spent at the location looking for a new residence. No reimbursement of food or lodging expenses will be paid since a visit to the new location should not require any overnight trips.

4.2 Temporary Housing

Reimbursement to the employee for temporary housing expenses while awaiting the actual move between residences is not provided for by these regulations. However, an agency may elect to place an employee on travel status and reimburse a transferred employee for temporary housing expenses under the provisions of the Statewide Travel Regulations.

4.3 Transporting Household Goods

"Household Goods" means personal property which may be transported legally in interstate commerce and which belongs to an employee and his immediate family at the time shipment begins. The term includes household furnishings, equipment and appliances, furniture, clothing, books, and similar property. It does not include property which is for resale or disposal rather than for use by the employee or members of his immediate family; nor does it include such items as automobiles, trailers, motorcycles and similar motor vehicles, boats, pets, livestock, building materials, firewood or property intended for use in conducting a business or any other commercial enterprise.

There are two ways in which household goods may be moved for which these regulations provide reimbursement: by a commercial moving van or by an employee-owned or rented vehicle. Actual costs associated with moving household goods using one of these three methods will be reimbursed. Specific guidelines regarding each of the two methods and limitations on the amounts to be reimbursed follow:

4.3 (a) Commercial Moving Company

If a commercial moving company is engaged by the employee, three estimates shall be obtained and evaluated as described in Section 3. The reimbursable cost may include the usual moving services such as packing, unpacking, wardrobe service and transportation of goods. The full actual cost for transportation of household goods will be reimbursed. In addition, the actual cost incurred for the following will be reimbursable:

- (1) Packing, unpacking, special handling, and wardrobe service expenses: The employee may be reimbursed for the full amount of the packing related expenses.

(2) Insurance or transit protection: The premium charge by the household goods moving company to provide insurance or transit protection is reimbursable. Most household goods moving companies offer several options for insurance coverage. These options range from a flat rate per pound for each item lost or damaged to full replacement. Actual cost of the insurance premium will be reimbursed.

The costs of the following specific items will not be reimbursed:

- (1) Transportation to locations not on a direct route to the ultimate destination of the relocation.
- (2) Loading or unloading goods at any location other than the original residence or new residence.
- (3) Appliance servicing including disconnection and reconnection.
- (4) Temporary storage.

4.3 (b) Employee-Owned or Rented Vehicle

For household goods which the employee chooses to move by rental truck, three bids (or as many bids up to three as there are vendors in the employee's community) shall be obtained. For a rented or employee-owned truck, the following types of expense will be reimbursable:

- (1) Direct transportation charges associated with a rental vehicle (e.g., truck rental cost, fuel and oil).
- (2) Costs for using an employee-owned vehicle up to the amount computed based on the statutory mileage reimbursement rate.
- (3) Rental of moving accessories (e.g., hand trucks and furniture pads).
- (4) Labor costs up to a maximum of \$500 for loading and unloading the household goods.

4.4 Utility Reconnection

The actual amount for certain costs incurred by the employee in reconnecting the utilities at the employee's new residence may be reimbursed.

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Reimbursement is limited to only those costs associated with establishing utility accounts and having service initiated. Some items for which fees will not be reimbursed are:

- (a) Installation of special telephone features such as extra long cords and phone styles.
- (b) Wiring of the residence for new telephone service or extensions.
- (c) Installation of gas lines for natural gas service.
- (d) Erection of utility poles and wiring to provide electrical service to employee's new residence.
- (e) Installation of a water meter at residence, including water and sewer taps.
- (f) Installation of cable television and related fees.

In addition, the payment of membership fees in rural electric companies and of deposits required by utility companies will not be reimbursed.

4.5 Transporting Family to New Location

The actual food and lodging expenses incurred by the employee in moving himself and the members of his household may be reimbursed up to a maximum daily amount established in the Statewide Travel Regulations issued jointly by the State Accounting Office and the Office of Planning and Budget, with the exception that the multiple occupancy rate for one room may be paid. In addition, the maximum reimbursable daily amount for meals of children under the age of 12 years is one-half the daily rate for adults. Food and lodging expenses for up to two days and nights while the move is in process may be reimbursed.

In addition, the cost of transporting two vehicles owned by the employee may be reimbursed at the statutory mileage reimbursement rate for actual miles driven from the old residence to the new residence.

5. Employment Liability

State law contains the following provision concerning the employee's liability for relocation reimbursement funds.

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The employee must sign an agreement that he will remain employed by the department in the location to which the move was made for a period of not less than one year following the effective date of the move, unless separated or transferred for reasons beyond his control and acceptable to the department concerned. In case of violation of such agreement, any funds expended by the State for expense reimbursement will be recoverable from the employee concerned as a debt due the State.

6. Settlement of Claims

All claims for damage to household goods in transit must be settled between the employee and the moving company. The State acknowledges no responsibility or legal liability for goods damaged as a result of a relocation.

7. Payment of Relocation Reimbursement

The reimbursement payment will be made by an agency to its employee on the basis of an approved Employee Intrastate Relocation Expense Voucher. A sample of the form is attached to these regulations as Exhibit 2.

The documentation of expenses required other than the Employee Intrastate Relocation Expense Voucher is as follows:

- a. Agency Travel Expense Vouchers which account for mileage and for the actual food and lodging expenses.
- b. Lodging receipts.
- c. If the employee moved his household goods by a commercial moving van or within his mobile home, copies of the moving company's invoice and bill of lading.
- d. If the employee did not move his household goods with a commercial moving van or within his mobile home, copies of the truck rental and moving accessories invoices.
- e. Receipts for utility connection expenditures.

In addition to certifying the accuracy of the data on an Employee Intrastate Relocation Expense Voucher, the employee also must sign an acceptance of the legal requirement to remain an employee of the agency which transfers him and in the

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location to which he is transferred for twelve months after the relocation is made. This document shall be retained in the employee's personnel folder.

Before the payment may be made on the basis of a completed Employee Intrastate Relocation Expense Voucher, the employee's supervisor must ensure that the form is correct and that the expenses claimed are in accordance with the State and agency regulations. In addition, the agency fiscal officer must then certify that the expenses incurred were reasonable and proper and approve the voucher for payment.

8. Timing of the Reimbursement

The point of time at which an employee is reimbursed for allowable relocation expenses which have been incurred is left to the discretion of the agency head. In some cases, for example, an employee may be reimbursed following each trip to look for a new residence. In other cases, reimbursement might be made only after all relocation expenses have been incurred.

9. Accounting for Relocation Reimbursement Expenses

Relocation reimbursement expenses should be accounted for as a subdivision of "Other Operating Expenses" (Account Code 627) and should be shown as a separate sub-object under the State Chart of Accounts on agency financial reports of operating expenses.

10. Reporting of Reimbursement to the Internal Revenue Service

The Internal Revenue Service (IRS) Code requires that all relocation reimbursements be reported to IRS by an employer as Wages, Tips, and Other Compensation" on each employee W-2 form. However, since the Code permits an employee to deduct all expenses for which this Policy Memorandum authorizes reimbursement, agencies should not withhold taxes on any portion of a reimbursement.

Within this framework, IRS permits some flexibility in the timing and the manner in which a W-2 is prepared and distributed. Specifically, relocation reimbursement may be shown either on the W-2 normally given to an employee at the end of each calendar year, or it may be shown separately on a different W-2 form. If this second option is chosen, the agency has the choice of giving the employee his copies of the W-2 at any time between the payment of the reimbursement and January 31 of the following year. However, the copy for the IRS must be submitted with all other copies (or electronic media) under a separate W-3 transmittal. An example of Form W-3 can be found at the following IRS website:

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<http://www.irs.gov/pub/irs-pdf/fw3.pdf>

In addition to these reporting mandates, the IRS further requires that an employer provide an employee with a detailed breakdown, by specified categories, of the reimbursement. This information must be given to the employee not later than the January 31 following the move.

Finally, the IRS Code permits employees to deduct relocation expenses on their personal income tax returns. IRS Form 3903, attached as Exhibit 4. is an example for filing relocation expenses; however, it is up to the employee to discuss all proper return forms with his/her accountant. IRS Publication 521 provides detailed instructions in the preparation of this form. IRS Form 3903 can be found at the following IRS website:

<http://www.irs.gov/pub/irs-pdf/f3903.pdf>

The intent of Paragraph 10 is to inform agencies of their taxable income reporting obligations under the IRS Code. Agencies are authorized to develop internal procedures to implement these provisions. Also, it is suggested that the agencies inform their employees of their moving expense deduction eligibility as well as their tax reporting requirements.

11. Interdepartmental Transfers

Under these regulations, an employee who transfers from one State agency to another will be treated in a similar manner to a person who has left State Government. If this transfer is made within 12 months of a relocation for which the employee was reimbursed, the employee is liable to the agency which paid the reimbursement for the amount reimbursed.

12. Relationship of these Regulations to State Personnel Board Regulations

These regulations are intended in no way to conflict with State Personnel Board regulations governing the personnel aspects of job transfers. Any question as to the fairness of a particular transfer is outside the scope of these procedures and must be handled in accordance with the Rules and Regulations of the State Personnel Board.

13. Effective Date

These revised rules, regulations and procedures became effective on December 1, 1989, and may be updated and revised by the Office of Planning and Budget from

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time to time as necessary for the effective administration of State law authorizing the reimbursement of relocation expense.

This policy was reviewed and revised by the Office of Planning and Budget September 2006.