

STATE OF CALIFORNIA

KATHLEEN CONNELL,
Controller of California

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OFFICE OF STATE CONTROLLER
PERSONNEL/PAYROLL SERVICES DIVISION
300 Capitol Mall
P.O. Box 942850
Sacramento, CA 94250-5878

Date: January 19, 2001

PAYROLL LETTER # 01-002

To: All Agencies/Campuses in the Uniform State Payroll System

From: Ralph Zentner, Acting Chief
Personnel/Payroll Services Division

RE: 2001 FEDERAL RATES IMPACTING FRINGE BENEFIT/EMPLOYEE
BUSINESS EXPENSE PROGRAMS

PLEASE CHECK WITH YOUR ACCOUNTING OFFICE TO DETERMINE
WHETHER THEY RECEIVE PAYROLL LETTERS. IF THEY DO NOT,
PLEASE SHARE A COPY OF THIS LETTER WITH THEM. PAYROLL
LETTERS MAY ALSO BE ACCESSED VIA THE INTERNET
[@www.sco.ca.gov/ppsd/scoltrs](http://www.sco.ca.gov/ppsd/scoltrs).

The Internal Revenue Services (IRS) released various 2001
Federal rates impacting Fringe Benefit/Employee Business
Expense (FB/EBE) programs. The following changes to Federal
Rates may affect the taxability of employer provided
benefits. These rates and their applicable IRS citations
follow.

- 1) Federal Standard Mileage Rate (Revenue Procedure
2000-48)

For business travel reimbursements incurred/paid to
employees, the Federal Standard Mileage Rate
increased To \$0.345 per business mile, January 1,
2001 and thereafter.

- 2) Federal Moving Expense Mileage Rate (Revenue
Procedure 2000-48)

Moving Expense Mileage Rate for reimbursements
incurred/paid to employees increased to \$0.12 per
mile, January 1, 2001 and thereafter.

- 3) Personal Use of State Vehicle (PUSV) (Revenue
Procedure 2000-48)

Federal Standard Mileage Rates: For business
travel reimbursements incurred/paid to employees,
the Federal Standard Mileage Rate increased to
\$0.345 per business mile, January 1, 2001 and

thereafter.

Definition of a Luxury Car: The definition of a "luxury vehicle" is one with Fair Market Value (FMV) that is in excess of \$15,400 remains unchanged from 2000. Luxury vehicles are not eligible for the Cents-Per-Mile Rule.

Definition of Control Employee: Compensation for a Control Employee increased to \$117,600 effective January 1, 2001 and thereafter (Office of Personnel Management CPM 2000-19). Control employees cannot use the Commuting Valuation rule -- \$1.50 per one way commute or \$3.00 per round trip.

4) Qualified Transportation Fringe Benefits

The 2000 Federal exclusion for Qualified Transportation Fringe Benefit's Discount Travel/Transit Pass Program and Vanpooling remain unchanged at \$65.00. The exclusion for Employer-Provided Parking increased from \$175.00 to \$180.00 effective January 1, 2001 and thereafter. Amounts exceeding these ceilings are taxable, reportable income.

Revisions to the Payroll Procedures Manual are forthcoming.

General FB/EBE Information - Tax Support Section
(916)322-8105
or CALNET 492-8105

RZ:TSS/DB