

## **MEMORANDUM**

**TO:** Donna Barron, City Manager

**FROM:** Brenda Martin, Director of Finance

**DATE:** August 24, 2018

**SUBJECT:** **Approval of Policy Statement 1.0 – Section I City Council Travel & Business Expense**

### **BACKGROUND**

Recently the Administrative Directive 1.4.0 Travel & Business Expenses was changed to reflect current Internal Revenue Service (IRS) regulations and other administrative changes staff felt was necessary to better administer this activity for the City. These updates are being incorporated in this policy governing City Council travel and business expenses as well and is detailed in the below analysis.

### **ANALYSIS**

#### **I.B.4. Business Purpose or Connection Definition**

The Tax Cuts and Jobs Act that President Trump signed into law on December 22, 2017 eliminated most itemized deductions, including miscellaneous deductions for work-related expenses. The definition was updated for current law.

#### **1.B.5. Day Meals Definition**

Clarification added in sentence.

#### **1.B.6. Incidental Expenses Definition**

The IRS has clarified that tips and taxes included under incidental expenses refer to only meals, not other tips and taxes such as those made for transportation services. Wording updated for the use of the word “luggage handling” and “lodging” in place of other specific terms.

#### **1.C.4. Receipts and Documentation**

Clarification in sentence. Added wording for an allowance by the IRS for an individual missing receipt under \$75 (per IRS Fringe Benefit Guide for State and Local Governments).

#### **I.D.1. Transportation**

Adding language to allow for additional fees on commercial airlines up to \$30, each way, for preferred or advanced seating. Staff has noticed that some airlines are charging for the ability to select seating at time of ticketing or the only remaining seats are those requiring an additional fee. Clarification is also added for expenses reimbursed while in transit to travel destination.

**I.D.2 Lodging (formerly Hotels and Motels)**

“Hotels and motels” have been changed to “lodging” so as to include other types of lodging besides only hotels and motels. Recent years have created other economical choices for lodging facilities. Staff has recently found opportunities to save money by staying at rental homes, especially when more than one employee is traveling. As stated, these other options will be allowed, but should remain overall a more economical choice than hotels and motels.

**I.D.3 Meals and Incidental Expenses (M&IE)**

Clarified that “continental breakfasts,” “snacks,” “refreshments,” “hors d’oeuvres,” and “appetizers” are not subject to per diem meal reduction when stated as being included in the conference registration. Additionally, clarification is added for reimbursing a meal that is directly associated or necessary for a program.

**I.D.4 Telephone and Internet**

Removed this outdated section.

**I.D.5 Other Travel Issues**

Added clarification for items not reimbursable.

**I.D.6 Reimbursement Requirements**

Removed outdated wording and added clarification as to the documentation needed when reimbursing mileage as required by the IRS.

**RECOMMENDATION**

It is City staff’s recommendation that the City Council approve the policy statement.