SEC. ___. MILEAGE REIMBURSEMENT FOR PRIVATELY OWNED VEHICLES.

(a) SINGLE STANDARD MILEAGE RATE ESTABLISHED BY GSA.—Section 5704(a)(1) of title 5, United States Code, is amended by striking "not exceed" and inserting "equal".

(b) PRESCRIPTION OF MILEAGE REIMBURSEMENT RATES.—Section 5707(b) of such title is amended—

(1) by amending paragraph (1)(A) to read as follows:

" (1)(A) The Adminstrator of General Services shall conduct periodic investigations of the cost of travel and the operation of privately owned airplanes and privately owned motorcycles by employees while engaged on official business, and shall report the results of such investigations to Congress at least once a year."; and

(2) by amending paragraph (2)(A)(i) to read as follows:

"(i) shall prescribe a mileage reimbursement rate for privately owned automobiles which equals, as provided in section 5704(a)(1) of this title, the single standard mileage rate established by the Internal Revenue Service, and".

Section-by-Section Analysis

This proposal would apply to all Federal government employees and members of the uniformed services traveling on behalf of the Federal government in a privately owned automobile, by establishing a rate that provides adequate compensation for employees who perform temporary duty travel. As the Internal Revenue Service (IRS) does not establish similar rates for the use of a privately owned aircraft or motorcycle, the General Services Administration (GSA) would continue to conduct studies to establish those rates.

Historical data indicates that over the last decade, the rate GSA established for the mileage allowance for privately owned automobiles has always been the same as what IRS has set. Once again, this indicates a redundant process with no value added. This legislative proposal would authorize the Secretaries of the military departments and all Government employees' organizations to quickly implement the new mileage rate and eliminate the redundancy in the current process today. For example, on November 27, 2008 the IRS published IR-2007-192, decreasing the standard mileage rate to .55 cents effective January 1, 2009. The GSA conducted a like study and on January 15, 2009 updated the Federal Register, Volume 74

No. 10, establishing the same rate as the IRS with an effective date of January 1, 2009. Due to the mileage decrease and the effective date of the change, Secretaries of the military departments and Government employee's organizations were not given adequate administrative and processing time. Because the rate decrease was retroactive, travelers paid for mileage before the rate change was published were overpaid. If the military departments do not correct the claim and subsequently collect the overpayment, the travelers will have a tax burden for the overpayment. If they do correct the claim, the traveler will have to repay the overpayment. Either way, the government bears the extra burden to collect the amount due or go through the waiver process, or correct the member's taxable wages under IRS law. In cases where the mileage rates increase retroactively, travelers could be shortened allowances if the necessary administrative and processing time is not allowed and the claim is settled prior to the updates. Once again this poses an unnecessary burden in terms of man-hour and administration to provide supplemental payments or can shorten a traveler's mileage allowance if not identified. Last year, the GSA sought to eliminate this redundancy as a savings to taxpayers, but was not successful in obtaining sponsorship.

Budget Implications: This proposal would have no impact on agency budgets and may result in potential savings to the government. Using the maximum GSA publication date of 108 days from when the IRS announced the rate and GSA published the rate in the Federal Register, the Department of Defense (DoD) assumes that the members could potentially be in debt if the rate is lower than the previous year's established rate. In this case, the DoD assume the temporary duty mileage rate drops from .55 cents to .50 cents. Members who traveled between the January 1 effective date and the March 19 effective date (108 days) are overpaid. If 100 members from each of the seven uniformed services were overpaid and the total cost is greater than $10.00 dollars, the Defense Finance and Accounting Service is obligated to recoup this payment. At the cost of $43.00 for a manual voucher, this cost alone is $43.00 x 700= $30,100 spent to recoup, at a minimum, $7,000 ($10.00 x 700). Use of an electronic voucher will reduce the cost from $30,000 to $2,100; however, the true cost will range between $2,100 to $30,000 to recoup $7,000. Over the entire Federal government the potential for a cost savings or cost neutrality is increased exponentially, not to mention the indirect costs of identifying service members and civilians' overpaid, sending out debt notices and taking recoupment actions.

Change to Existing Law: This proposal would make the following changes to sections section 5704 and 5707 of title 5, United States Code:

§ 5704. Mileage and related allowances

(a)(1) Under regulations prescribed under section 5707 of this title, an employee who is engaged on official business for the Government is entitled to a rate per mile established by the Administrator of General Services, instead of the actual expenses of transportation, for the use of a privately owned automobile when that mode of transportation is authorized or approved as more advantageous to the Government. In any year in which the Internal Revenue Service establishes a single standard mileage rate for optional use by taxpayers in computing the deductible costs of operating their automobiles for business purposes, the rate per mile established by the Administrator shall ~~not exceed~~ <u>equal</u> the single standard mileage rate established by the Internal Revenue Service.

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§ 5707. Regulations and reports

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(b) The Administrator of General Services shall prescribe the mileage reimbursement rates for use on official business of privately owned airplanes, privately owned automobiles, and privately owned motorcycles while engaged on official business as provided for in section 5704 of this title as follows:

(1)(A) The Administrator of General Services~~, in consultation with the Secretary of Transportation, the Secretary of Defense, and representatives of organizations of employees of the Government,~~ shall conduct periodic investigations of the cost of travel and the operation of privately owned airplanes and privately owned motorcycles by ~~vehicles to~~ employees while engaged on official business, and shall report the results of such investigations to Congress at least once a year.

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(2)(A) The Administrator shall issue regulations under this section which—

(i) shall prescribe a mileage reimbursement rate ~~which reflects the current costs as determined by the Administrator of operating~~ for privately owned automobiles~~, and~~ which equals ~~shall not exceed~~, as provided in section 5704(a)(1) of this title, the single standard mileage rate established by the Internal Revenue Service, and

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