

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1335 State Employee Travel and Per Diem Expenses
SPONSOR(S): Ausley; Richardson
TIED BILLS: none **IDEN./SIM. BILLS:** CS/SB 2672

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) State Administration		Bond	Everhart
2) Appropriations			
3)			
4)			
5)			

SUMMARY ANALYSIS

Current law provides formulas and limits for the amount that state and local government employees may be reimbursed for travel costs incurred on official business. This bill increases the daily minimum per diem and the meal allowances based on changes to the Consumer Price Index, and provides for increasing the mileage rate incrementally until it reaches the maximum allowable under IRS regulations.

The formulas in this bill are unclear. While this bill appears to have a significant unknown recurring fiscal impact on state and local governments, commencing in FY 2003-2004, the fiscal impact cannot be determined.

This bill requires counties and municipalities to expend funds. See section entitled "Applicability of Municipality/County Mandates Provision" herein.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|-----------------------------|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain: Not applicable.

B. EFFECT OF PROPOSED CHANGES:

Background - Per Diem for Meals and Lodging

Section 112.061, F.S., sets travel reimbursement rates for employees of state and local governments traveling on official business. Subsection (6) sets rates of per diem and subsistence allowance, which rates were last changed in 1981. This subsection provides for a traveler to elect to receive \$50 per day, or actual expenses for lodging plus a meal allowance. The meal allowance amounts also apply to day trips,¹ and are:

Breakfast	\$3
Lunch	\$6
Dinner	\$12

Background - Mileage Rate

Section 112.061(7)(d)1., F.S., sets the mileage reimbursement rate for state and local government employees at 29¢ per mile. This rate was established by ch. 94-139, effective July 1, 1995.

Effect of Bill

This bill provides that, for fiscal year 2003-2004, the rate of per diem for subsistence under s. 112.061, F.S., will be increased to reflect the Consumer Price Index value as of 1990. Thereafter, the rates will be increased every 2 years by the percentage of growth in the Consumer Price Index over such 2-year periods.

This bill further provides that, for fiscal year 2003-2004, the mileage rate under s. 112.061, F.S., will be increased to 90 percent of the federal allowable amount per mile for such year. Thereafter, the rate will be increased each year by not more than 1 cent per mile until the rate matches the federal rate for that year. Thereafter, the mileage rate will be equal to the federal rate.

There are concerns with applying these formulas. See Drafting Issues or Other Comments herein.

C. SECTION DIRECTORY:

Section 1 amends state per diem and mileage reimbursement rates.

¹ Day trips are known as "Class C Travel". For this fiscal year and last, no reimbursement for meals was provided for Class C Travel.

Section 2 provides an effective date of upon becoming law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues: None.

2. Expenditures:

The formulas in this bill are unclear. While this bill appears to have a significant unknown recurring fiscal impact on state government, commencing in FY 2003-2004, the fiscal impact cannot be determined.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues: None.

2. Expenditures:

The formulas in this bill are unclear. While this bill appears to have a significant unknown recurring fiscal impact on local governments, commencing July 1, 2003, the fiscal impact cannot be determined.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR: None.

D. FISCAL COMMENTS:

The IRS mileage rate for 2002 was 36.5¢ per mile.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill requires counties and municipalities to expend funds. As this bill is applicable to all similarly situated persons, an exception to the mandates provision applies should the Legislature determine that the law fulfils an important state interest. This bill currently does not contain a statement that the bill fulfils an important state interest.

2. Other: None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Subsection (1)

It is unclear whether the change made by this section means to use the current per diem rates and increase them to 2003 based on a 1990 base, or whether the per diem rates are to be increased from 1981 (when they were originally set) up to a 1990 equivalent.

This bill would require annual percentage increases in travel and per diem rates. The current per diem rates are in even dollars, making them easier to remember and use; the percentage changes in per diems created by this bill would result in changes that would be to the penny, which may lead to administrative difficulties.

Subsection (2)

This subsection sets the standard mileage rate for state employees for FY 2003-2004 at 90% “of the federal allowable amount per mile for such year”. Presumably, this is referring to the standard mileage rate set by the Internal Revenue Service. However, the state fiscal year is July to June, but the IRS rate is set on a calendar year basis. Also, the IRS rate is set at the end of the calendar year for that calendar year. Thus, it appears that this formula may not be practical.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

Not applicable.