

STATE OF KANSAS – Office of the Chief Financial Officer

POLICY MANUAL - Employee Moving Expense Reimbursement

Revision Date 03/23/2018

Effective Date 01/01/2018

Date Issued 04/1977

Filing Number 3,607

SUBJECT

Employee Moving Expense Reimbursement

PURPOSE

This policy identifies allowable moving expenses to be reimbursed to a transferred employee or a newly hired employee and the procedures for reimbursement.

AUTHORITATIVE REFERENCES

K.S.A. 75-3207	K.S.A. 75-3216	K.S.A. 75-3225	K.S.A. 75-3706
K.S.A. 75-3747	K.A.R. 1-16-2	K.A.R. 1-16-2a	K.A.R. 1-16-2b
K.A.R. 1-16-2c	K.A.R. 1-16-2e	K.A.R. 1-16-2i	K.A.R. 1-16-2j
K.A.R. 1-16-2k	K.A.R. 1-16-2l	26 U.S. Code § 132(g)	

The federal Tax Cuts and Job Act (H.R.1) enacted into law on December 22, 2017 amends Internal Revenue Code – Title 26, § 132(g) suspending the existing exclusion for qualified moving expense reimbursements from gross income.

Specific statutory provisions authorizing the reimbursement of moving expenses have been established for state educational institutions and the Board of Regents (K.S.A. 76-727) and the Kansas Highway Patrol (K.S.A. 74-2114). These agencies should refer to the appropriate statutes to determine allowable moving expenses and limitations. The taxability of moving expense reimbursements and the related processing procedures contained in this policy apply to all agencies.

GENERAL INFORMATION

Effective January 1, 2018 all qualified moving expense reimbursements are subject to taxes and are to be reimbursed directly to the employee through payroll (SHARP) using the Moving Expense Taxable (MVT) earnings code.

Moving related direct billed (commercial carrier, lodging, or airfare) payments are no longer authorized to be paid via the SMART Accounts Payable module or agency procurement card. Nor should any moving related reimbursements be paid to the employee through the SMART Travel & Expense module due to the taxable fringe benefit reporting requirements.

An agency may reimburse an employee for relocation and moving expenses in the following situations:

1. When an employee is transferred to a new official station that is at least 25 miles from the old official station and the transfer is made for the benefit of the employing agency. Moving and relocation expenses shall not be paid if the transfer is primarily for the

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convenience or benefit of the employee or is made at the employee's request. (K.S.A. 75-3225)

2. A new employee hired under the provisions of K.S.A. 75-3225. Reimbursement of new hires from out-of-state (including foreign countries) requires the advance written approval of the Governor (Form DA-29). For reimbursement of travel expenses for out-of-state interviewees please reference PM 3,802.
3. An employee who was previously separated from service due to a reduction in force or transfer of function is re-employed in a non-temporary position in a different geographical location within one year of the separation. (K.A.R. 1-16-2I)

An agency may pay all or a part of reimbursable expenses to the extent considered necessary and appropriate by the appointing agency head. Note that in-state moving expenses are reimbursable but in-state recruiting expenses are not. Specific information regarding expenses that may be reimbursed, limitations, and other requirements are presented in the following sections.

RELOCATION ASSISTANCE

An employee may be reimbursed for subsistence (Meals and Incidental Expense (M&IE) and lodging) and mileage expenses when relocating. The specific circumstances where these costs may be reimbursed are as follows (K.A.R. 1-16-2a):

Subsistence (Meals and Incidental Expense (M&IE) and Lodging)

Subsistence may be paid at the current rates authorized for state employees. However, no subsistence shall be paid if the travel occurs within 30 miles of the employee's official station.

1. In the 30-day period preceding an employee's transfer or a new employee's original appointment date, the employee may be allowed subsistence reimbursement for not more than fifteen calendar days while searching for a new residence (K.A.R. 1-16-2a(b)).
2. Subsistence expenses may be paid for the employee while en route between the old and new official station, or for an employee recruited under K.S.A. 75-3225 while en route between the old domicile and new domicile (K.A.R. 1-16-2a(c)(1)).
3. Subsistence expenses may be paid for a period of 30 days on and after the employee's transfer or original appointment while the employee is occupying temporary quarters and trying to locate or waiting to enter a permanent residence. Subsistence expense payments may be extended for additional 30-day periods while the employee's residence is in temporary quarters, when deemed necessary by the agency head and with written approval from the Secretary of Administration. Requests for subsistence payment extensions should be made using form DA-34, Subsistence Extension Request (K.A.R. 1-16-2a(d)).

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Revision Date 03/23/2018

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Mileage Allowance

Mileage allowances may be paid at the established moving mileage rate.

1. In the 30-day period preceding an employee's transfer or a new employee's original appointment date, the employee may be reimbursed for one round trip from the employee's domicile while searching for a new residence. (K.A.R. 1-16-2a(b)). The employer can reimburse the employee for round trip airfare in-lieu of mileage up to the mileage allowance at the established moving mileage rate. Expenses for family members are not reimbursable.
2. An employee may be reimbursed for one one-way trip to transport the employee's immediate family from their old domicile to the new official station. (K.A.R. 1-16-2a(c)(2)). Mileage charges for additional vehicles are the responsibility of the employee and are not reimbursable. The employer can reimburse the employee for one-way airfare in-lieu of mileage up to the mileage allowance at the established moving mileage rate. Airfare for family members is not reimbursable.

MOVING EXPENSES

1. *Household and Personal Effects* - An employee may be reimbursed for the expenses of transporting, packing, crating, temporarily storing, draying, unpacking, and transit insurance for up to 12,000 pounds net weight of household goods and personal effects. ***The amount to be paid for moving household and personal effects may not in any case exceed the amount of the actual reimbursable moving expenses verified by receipts and bill of lading or the amount of moving expenses for moving twelve thousand (12,000) pounds of household goods by commercial carrier, whichever is the lesser amount. Automobiles and animals are not considered household or personal effects – the state will not pay nor reimburse an employee for a moving company to haul or tow a vehicle or to transport animals.*** Costs for disassembling yard toys, patio equipment, window air conditioners and shelving shall not be reimbursed. (K.A.R. 1-16-2b(b)(1); K.S.A. 75-3225)

The bill of lading must state the net weight of the shipment. If the net weight on the bill of lading exceeds 12,000 pounds, even though the amount was firmly bid for 12,000 or less pounds, then the allowed amount must be prorated to 12,000 pounds. For example: If the bid is for 12,000 pounds at \$5,000 and the bill of lading shows 15,000 pounds net with an invoice for \$5,000, the proration is done as follows (any disallowed expenses, such as vehicle charges, should be deducted from the amount charged before the calculation):

$$\frac{\text{Amount charged} \times \text{allowed pounds}}{\text{Total pounds}} = \text{allowed amount}$$

$$\frac{\$5,000 \times 12,000 \text{ pounds}}{15,000 \text{ pounds}} = \$4,000 \text{ is the amount to be reimbursed}$$

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POLICY MANUAL - Employee Moving Expense Reimbursement

Revision Date 03/23/2018

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Each employee who is eligible for reimbursement of moving expenses should attempt to obtain three firm rate bids from commercial carriers and will be responsible for selecting the lowest responsible bid. The firm rate bids shall include costs of transportation, material and labor for packing and unpacking barrels, drums and cartons, appliance service, piano pick-up and delivery, and transit insurance. (K.A.R. 1-16-2e)

Employees shall be responsible upon completion of commercial carrier moves to inspect, note damages on the shipper's bill of lading, and sign the bill of lading. (K.A.R. 1-16-2j(b))

If some personal effects are moved from a location other than the employee's former home, the amount allowed is limited to the amount it would have cost to move them from the former home. Moving of furniture purchased along the way is not allowed to be reimbursed.

2. *House Trailer or Mobile Dwelling* - An employee who transports a house trailer or mobile dwelling for use as a residence, and who would otherwise be entitled to transportation of household goods and personal effects, may be reimbursed for either: (1) a mileage allowance at the established moving mileage rate, including the payment of necessary tolls, charges, and permit fees if the trailer or dwelling is transported by the employee; or (2) reimbursement of the commercial transportation of the trailer or dwelling including the payment for removal and installation of the skirting (not replacement skirting), necessary tolls, charges, and permit fees. (K.A.R. 1-16-2b(b))
3. *Storage of Household Goods and Personal Effects* - An employee may be reimbursed for storage of household goods and personal effects for a period of 30 consecutive days while the employee resides in temporary quarters. (K.S.A. 75-3225(c))
4. *Self Moves* - Authorized costs for a self-move may be reimbursed when deemed desirable by the agency head and may include packing materials and either (a) rental costs plus fuel and insurance of a van or trailer, or (b) a mileage allowance one way at the established moving mileage rate. When an employee undertakes a move of this type, the time required to complete the move is chargeable as normal working time. Bids are not required for a self-move except when the estimated time of move and costs appear unreasonable, then a commercial carrier bid may be required to establish the allowable maximum cost. (K.A.R. 1-16-2i)

WRITTEN AGREEMENT REQUIRED

Moving and relocation expenses may be reimbursed only after the employee agrees ***in writing*** to remain in agency service for 12 months from the moving date or employment/appointment date, whichever is later. If the employee violates the agreement, the money spent by the agency for all moving and relocation expenses are recoverable from the employee as a debt to the State. (Form DA-22, should be signed by the employee and agency.) ***The head of the agency is responsible for maintaining the signed agreement and for collecting all amounts reimbursed to the employee in the event of an employee's early termination.*** (K.S.A. 75-3701; K.S.A. 75-3225)

STATE OF KANSAS – Office of the Chief Financial Officer

POLICY MANUAL - Employee Moving Expense Reimbursement

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SALE OF RESIDENCE

Expenses of the sale of the employee's residence, losses on the sale of an employee's residence, or the settlement of an unexpired lease by the employee at the old residence and the purchase of a home at the new official station are required to be paid by the employee and **are not allowable reimbursable expenses.** (K.A.R. 1-16-2k)

TAXABILITY OF REIMBURSED MOVING EXPENSES

All qualified moving expense reimbursements are subject to taxes and are to be reimbursed directly to the employee through payroll (SHARP) using the Moving Expense Taxable (MVT) earnings code.

All moving expenses are to be paid after the move has occurred and all the necessary documents and receipts have been submitted by the employee for reimbursement. The agency is required to determine the actual amount of the moving expense to be reimbursed to the employee and notify the appropriate agency HR/Payroll staff of the employee and the amount to be added to the employee's timesheet as MVT earnings.

Documentation for any additional charges paid through SHARP with the MVT code should be maintained at the agency.

PROCEDURES

Responsibility

Action Step

Agency

1. If an applicant is from out-of-state; prior approval of the Secretary of Administration and the Governor should be obtained using Form DA-29, Request to Pay Expenses of Out of State to reimburse moving expenses. *(KSA 76-727 (3c) exempts state educational institutions and the Board of Regents from obtaining prior approval of the governor).*
2. Establish a written agreement with the employee for the reimbursement of moving expenses on Form DA-22.
3. If subsistence expense is to exceed 30 days from the date of transfer or appointment, an extension for subsistence may be requested using Form DA-34.

State Employee

4. If moving personal effects by commercial carrier, the employee is required to obtain three bids and select the lowest responsible carrier.

Agency

5. Obtain all the necessary documents and receipts from the employee, including the commercial carrier bids, the bill of lading, and other required documentation.

STATE OF KANSAS – Office of the Chief Financial Officer

POLICY MANUAL - Employee Moving Expense Reimbursement

Revision Date 03/23/2018

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6. Determine the actual amount of the moving expense to be reimbursed to the employee.

Agency
HR/Payroll
Staff

7. In SHARP process the amount of expenses to be reimbursed as an addition to gross income by inserting a line on the employee's timesheet with the MVT earnings code.

CONTACT SOURCES

Requests for assistance in determining proper reimbursement of moving expenses and subsistence should be directed to:

Department of Administration
[Office of the Chief Financial Officer](#)
Agency Audit Services Team (email: ARpreaudit@ks.gov)

Questions regarding processing of amounts to be included in gross income should be directed to:

Department of Administration
Office of the Chief Financial Officer
[Payroll Services Section](#)