

# COUNTY OFFICIALS E-NEWS

*Promoting better county government through direct assistance to county officials and their associations.*

## Valuing Employee Personal Use of County Vehicles

The Internal Revenue Service (IRS) provides for the following methods of valuing an employee's personal use of company vehicles. To assist employers in this valuation process, the IRS has released the 2016 inflation-adjusted figures to use in the calculations. These figures are presented below by valuation method. Elected or appointed county officials should use the Annual Lease Valuation Method to determine the value of their personal use of a county vehicle. Employees should use either the Cents-Per-Mile Method or the Commuting Method (but not both) for valuation determinations.

### Annual Lease Valuation Method

Elected officials must use the Annual Lease Valuation Method for determining the value of personal use of a county-provided vehicle. Under this method, the personal use value is determined by using its annual lease value. To make this determination, follow the guidelines below:

1. Determine the fair market value (FMV) of the vehicle on the first date it is available to the elected official for personal use.
2. Using [Table 3-1 of IRS Publication 15-B \(page 25\)](#), locate the range in which the FMV falls, then read across to the second column to find the annual lease value.
3. Multiply the annual lease value by the percentage of personal miles out of total miles driven by the elected official.

*An example of the annual lease valuation method is as follows: An official's county vehicle has a FMV of \$22,500 and drives this vehicle approximately 10% of the total miles for personal use. The annual lease value of this vehicle would be \$6,100. The calculation to value the vehicle under this method would be:  $.10 \times \$6,100 = \$610$*

For vehicles with a FMV over \$59,999, use the following formula:  $(.25 \times \text{FMV}) + \$500$ .

### Cents-Per-Mile Method

If the cents-per-mile method is elected, the value of the personal use is equal to the business standard mileage rate multiplied by the total number of miles the vehicle is driven for nonbusiness purposes. The standard mileage rate for 2016 is 54 cents (see IRS Notice 2016-1). Note that the cents-per-mile valuation method is only available for less expensive vehicles. If the vehicle's fair market value exceeds a certain amount, this method cannot be used. The maximum dollar amount is adjusted annually by the IRS. Further, the cents-per-mile method cannot be used unless the vehicle meets one of the following requirements:

- The county reasonably expects the vehicle to be regularly used for business throughout the year or for a shorter period during which it owns or leases the vehicle; or
- The vehicle is actually driven less than 10,000 miles during the year, and use of the vehicle is primarily by county employees. Note: the 10,000-mile requirement is reduced if the county owns or leases the vehicle for only part of the year.)

### Commuting Method

Because the cost of commuting to and from work is not an eligible deductible business expense, county employees' use of a county vehicle for commuting is considered by the IRS to be personal use. The commuting valuation method may be used if the following requirements are met:

- The county provides the vehicle for bona fide business use.
- The county has a written policy disallowing personal use of the vehicle other than for commuting or de minimis personal use.
- The employee does not use the vehicle for any personal use other than commuting or de minimis personal use.
- The employee is not an officer and does not receive compensation of at least \$105,000 or any other employee receiving compensation is at least \$215,000.

Under the commuting method, the use of the vehicle is valued at \$1.50 per one-way commute, regardless of distance. If two or more employees commute in one vehicle, the value is \$1.50 per one-way commute per employee.

For more information on these valuation methods including exemptions, please [click here](#).

*In This Issue...*

County Government Day: Feb 16-17.....	Page 2
County Spotlight: Marion County.....	Page 2
Upcoming Training Opportunities.....	Page 2
FMEA Training Opportunity.....	Page 3
Federal Standard Tax-Free Mileage Rate Drops for 2016.....	Page 3
Area Agencies on Aging & Disability.....	Page 3
IRS Releases 2016 Withholding Tables.....	Page 4

# County Spotlight

## Marion County



**County Seat: Jasper**

**Population: 28,237**

**County Government Consultant:**

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Hales Bar Dam, built along the Tennessee River in Marion County between 1905 and 1913, was one of the nation's first major dams constructed across a navigable channel. This hydroelectric dam was also one of the nation's first major multipurpose dams.

It could generate approximately 99,700 kilowatts of electricity. The Tennessee Valley Authority replaced Hales Bar with Nickajack Dam further downstream in 1968.

The Hales Bar powerhouse still stands to this day, but is currently used as a boathouse.

For more information, visit  
<http://www.tnhistoryforkids.org>



**Nashville Airport Marriott**  
600 Marriott Drive, Nashville 37214  
(615) 889-9300

[Registration Form](#) and [Agenda](#)



## Upcoming Training Opportunities

DATE	TIME	TITLE	LOCATION
Feb 18	9:00am-1:00pm	Internal Controls	Paris- Paris Convention Center
Feb 19	9:00am-1:00pm	Internal Controls	Parsons - UT Parsons Center
Feb 23	9:00am-1:00pm	Internal Controls - <b>Sheriffs Only</b>	Blountville - Sullivan County Sheriff Training Center
Feb 24	9:00am-1:00pm	Internal Controls - <b>Sheriffs Only</b>	Chattanooga - Hamilton Co. Sheriff's Annex for Patrol Svc
Feb 25	9:00am-1:00pm	Internal Controls - <b>Sheriffs Only</b>	Knoxville - Knox Co. Sheriff Training Center
Feb 26	9:00am-1:00pm	Internal Controls	Cleveland - Cleveland State Community College
Mar 10	9:00am-1:00pm	Internal Controls	Jackson - Jackson Energy Authority Training Center
Mar 11	9:00am-1:00pm	Internal Controls	Jackson - Jackson Energy Authority Training Center
Mar 15	9:00am-1:00pm	Internal Controls	Dyersburg - Lannom Center
Mar 16	9:00am-1:00pm	Internal Controls	Covington - Dyersburg State Community College
Mar 17	9:00am-1:00pm	Internal Controls - <b>Sheriffs Only</b>	Jackson - Madison County Fire Department
Mar 18	9:00am-1:00pm	Internal Controls	Murfreesboro - Rutherford Emergency Mgmt Building
Mar 22	9:00am-1:00pm	Internal Controls	Dunlap - Mountain Valley Bank
Mar 23	9:00am-1:00pm	Internal Controls	Kodak - Tennessee Smokies Stadium

**CTAS Training | Events Calendar**



# FEMA

## Emergency Management Institute Training Opportunity

The Federal Emergency Management Agency (FEMA) is offering two sessions of a course in the National Emergency Training Center's Emergency Management Institute. Information about this training opportunity can be found below as well as on the FEMA website: <http://tinyurl.com/fema-training>.

### What: E 0210 Recovery from Disaster: The Local Government Role

**When:** April 4-7, 2016 OR September 26-28, 2016

**Where:** Emmitsburg, MD

**Course Length:** 4 days, 8:30am - 5:00pm daily

Applications are required to enroll in this course. Deadlines for applications are 6 weeks prior to the start of each session:

- For April session: Applications due by February 22, 2016.
- For September session: Applications due by August 15, 2016.



## Federal Standard Tax-Free Mileage Rate Drops for 2016

The Internal Revenue Service (IRS) has recently announced a decrease in the Federal standard tax-free mileage rate for 2016. It will be 54 cents per mile, down 3.5 cents from the 57.5 cents per mile rate in 2015. Refer to [IRS Notice 2016-1](#) for more information.

As reference, expenses are deemed "substantiated" if the reimbursement does not exceed the 54 cents per mile rate, regardless of actual expenses. Reimbursements are tax-free as long as the employee provides details of their trip including time, place, business purpose, and the number of miles traveled. Employees are not required to provide record of actual expenses or receipts.

The Federal standard tax-free mileage rate may be used to obtain a value of an employee's personal use of a company-owned vehicle for employment tax purposes if certain conditions described in the [US Code of Federal Regulations §1.61-21\(e\)\(1\)](#) are met. Further, the Federal standard tax-free mileage rate may also be used to obtain a reimbursement value when employees use a "vehicle for hire" such as a rental car for business purposes.

## Good to Know: Area Agencies on Aging and Disability

The Tennessee Commission on Aging and Disability offers assistance resources at the local level for older adults, adults with disabilities, and those who care for them through nine designated area agencies on aging and disability (AAADs). These agencies are charged with promoting the independence, dignity, and quality of life for older persons and adults with disabilities. AAADs offer many types of assistance, including the following programs:

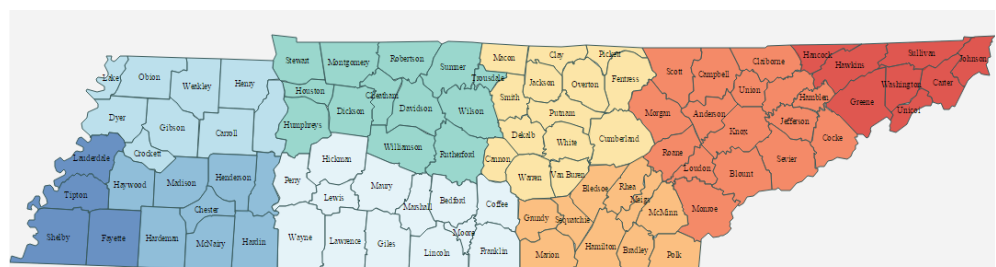
- Options for Community Living
- Public Guardianship
- Ombudsman
- Nutrition Services
- Elder Abuse Prevention
- Caregiver Support
- TN SHIP (State Health Insurance Assistance Program)
- TennCare Choices



Give TN Commission on Aging and Disability a call today to learn more about AAADs

[Helpful Phone Numbers](#)

Aging Commission of the Mid-South Area Agency on Aging	Upper Cumberland Area Agency on Aging and
Southwest Tennessee Area Agency on Aging and Disability (SW AAAD)	Southeast Area Agency on Aging and Disability (SE AAAD)
Northwest Area Agency on Aging and Disability (NW AAAD)	East Tennessee Area Agency on Aging and Disability (ET AAAD)
Greater Nashville Area Agency on Aging and Disability (GNRC AAAD)	First Tennessee Area Agency on Aging and Disability (FT AAAD)
South Central Tennessee Area Agency on Aging and Disability (SC AAAD)	







## IRS Releases 2016 Withholding Tables

In December, the IRS released the percentage method withholding tables for 2016. Even though tax rates for 2016 have not changed, the withholding tables have changed to account for cost-of-living adjustments. The new amounts for 2016 (given by common payroll periods) are as follows:

Payroll Period	One Withholding Allowance	Two Withholding Allowances	Three Withholding Allowances
Weekly	\$77.90	\$155.80	\$233.70
Biweekly	\$155.80	\$311.60	\$467.40
Semimonthly	\$168.80	\$337.60	\$506.40
Monthly	\$337.50	\$675.00	\$1,012.50
Quarterly	\$1,012.50	\$2,025.00	\$3,037.50
Semiannually	\$2,025.00	\$4,050.00	\$6,076.00
Annually	\$4,050.00	\$8,100.00	\$12,150.00
Daily or Miscellaneous	\$15.60	\$31.20	\$46.80

The 2016 FICA tax rate for Social Security is 6.2% for the employer and employee. The Social Security wage base limit is the same amount as in 2015 at \$118,500. The Medicare tax rate for 2016 is 1.45% for the employer and employee.

For more information on payroll taxes, please review the publication [IRS Notice 1036 \(Rev. Dec. 2015\)](#).



It's Budget Time!

Have questions? Need help?  
Check e-Li for answers.

**Operating Budgets | Capital Budgets | Debt Management**



**County Technical Assistance Service**  
**INSTITUTE FOR PUBLIC SERVICE**

226 Capitol Boulevard, Suite 400, Nashville, Tennessee 37219

615-532-3555 | <http://ctas.tennessee.edu>

County Officials E-News is published every month to bring important information to county officials. For any questions or comments about the newsletter, please send Liz Gossett, CTAS E-Media & Information Specialist, an email at [liz.gossett@tennessee.edu](mailto:liz.gossett@tennessee.edu).