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COMPTROLLER'S MEMORANDUM NO. 2010-03

TO Heads of Departments

ATTN: Payroll and Personnel Offices

SUBJECT: Personal Use of State-Owned Vehicles

This memorandum addresses employees' use of State-owned vehicles to commute to and from work. To ensure that resources are utilized in the most efficient and economical manner, we are requesting that departments closely examine the use of State-owned vehicles by its employees.

As in prior years, the State of Hawaii will use the "commuting valuation rule" allowed by IRS Regulation Section 1.61-21(f). Under this special valuation rule, commuting use of vehicles is valued at $1.50 per one-way commute in 2009; thus, the amount includible in compensation as a fringe benefit is $3.00 for each round-trip commute, for a maximum of $678 per year, or $56.50 per month.

Also, as in prior years, the State of Hawaii will not withhold income taxes on the computed fringe benefit amount. Social Security and Medicare taxes will be withheld, as required by law.

Please furnish a copy of this memorandum to each employee in your department or agency who commutes in a State-owned vehicle. Such employees must be notified no later than January 31, 2010, or within 30 days after the fringe benefit has been provided to the employee by approving the commuting use of a State-owned vehicle.

RUSS K. SAITO
State Comptroller