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JAN - 8 2008

COMPTROLLER'S MEMORANDUM NO. 2008-02

TO: Heads of Departments

ATTN: Fiscal Offices

SUBJECT: Federal Per Diem Rates (CONUS)

In Revenue Procedure 2007-63, the Internal Revenue Service has superceded the federal per diem rates established by Revenue Procedure 2006-41 for travel within the continental United States (CONUS). These standard rates affect the computation of the taxable portion of per diem allowances paid to State of Hawaii officers and employees. The information in this memorandum therefore needs to be forwarded to the offices in your department responsible for the computation and reporting of the taxable portion of per diem allowances for payroll tax withholding purposes.

The following rates are to be used for computing, under the high-low substantiation method, the taxable portion of per diem for CONUS travel expenses paid or incurred on or after January 1, 2008.

	High-Cost Locality	Low-Cost Locality
Lodging	$179	$107
Meals and Incidental Expenses	58	45
Total federal rates	$237	$ 152

Revenue Procedure 2007-63 has also made some changes in the locations identified in the high-cost category. Attached is an updated listing of the high-cost localities; all other CONUS localities are considered low-cost localities under the high-low substantiation method.

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State Comptroller

Attachment

tual lodging, meal, and incidental expenses incurred or to be incurred by an employee for travel away from home and the payor uses the high-low substantiation method described in this section 5 for travel within CONUS, the amount of the expenses that is deemed substantiated for each calendar day is equal to the lesser of the *per diem* allowance for that day or the amount computed at the rate set forth in section 5.02 of this revenue procedure for the locality of travel for that day (or partial day, see section 6.04 of this revenue procedure). Except as provided in section 5.06 of this revenue procedure, this high-low substantia-

tion method may be used in lieu of the *per diem* substantiation method provided in section 4.01 of this revenue procedure, but may not be used in lieu of the meal and incidental expenses only *per diem* substantiation method provided in section 4.02 of this revenue procedure.

.02 *Specific high-low rates.* Except as provided in section 5.06 of this revenue procedure, the *per diem* rate set forth in this section 5.02 is $237 for travel to any "high-cost locality" specified in section 5.03 of this revenue procedure, or $152 for travel to any other locality within CONUS. The high or low rate, as appropriate, applies

as if it were the federal *per diem* rate for the locality of travel. For purposes of applying the high-low substantiation method and the § 274(n) limitation on meal expenses (see section 6.05(3) of this revenue procedure), the amount of the high and low rates that is treated as paid for meals is $58 for a high-cost locality and $45 for any other locality within CONUS.

.03 *High-cost localities.* The following localities have a federal *per diem* rate of $194 or more, and are high-cost localities for all of the calendar year or the portion of the calendar year specified in parentheses under the key city name:

Key City	County or other defined location
Arizona	
Phoenix/Scottsdale	Maricopa
(January 1-March 31)	
Sedona	City Limits of Sedona
(March 1-April 30)	
California	
Napa	Napa
Palm Springs	Riverside
(January 1-April 30)	
San Diego	San Diego
San Francisco	San Francisco
Santa Barbara	Santa Barbara
Santa Monica	City limits of Santa Monica
South Lake Tahoe	El Dorado
(December 1-March 31)	
Yosemite National Park	Mariposa
Colorado	
Aspen	Pitkin
(December 1-April 30)	
Crested Butte/Gunnison	Gunnison
(December 1-March 31)	
Silverthorne/Breckenridge	Summit
(December 1-March 31)	
Steamboat Springs	Routt
(December 1-February 29)	
Telluride	San Miguel
(October 1-March 31)	
Vail	Eagle

District of Columbia
Washington, D.C. (also the cities of Alexandria, Falls Church, and Fairfax, and the counties of Arlington and Fairfax, in Virginia; and the counties of Montgomery and Prince George's in Maryland) (See also Maryland and Virginia)

Key City	County or other defined location
Florida	
Fort Lauderdale	Broward
(October 1-April 30)	
Fort Walton Beach/De Funiak Springs	Okaloosa and Walton
(June 1-July 31)	
Key West	Monroe
Miami	Miami-Dade
(October 1-February 29)	
Naples	Collier
(February 1-March 31)	
Palm Beach	Boca Raton, Delray Beach, Jupiter, Palm
(January 1-March 31)	Beach Gardens, Palm Beach, Palm Beach
	Shores, Singer Island and West Palm Beach
Stuart	Martin
(February 1-March 31)	
Illinois	
Chicago	Cook and Lake
Maryland	
(For the counties of Montgomery and Prince George's,	
see District of Columbia)	
Baltimore City	Baltimore
Cambridge/St. Michaels	Dorchester and Talbot
(April 1-August 31)	
Ocean City	Worcester
(June 1-August 31)	
Massachusetts	
Boston/Cambridge	Suffolk, City of Cambridge
Martha's Vineyard	Dukes
(July 1-August 31)	
Nantucket	Nantucket
Nevada	
Incline Village/Crystal Bay/Reno/Sparks	Washoe
(June 1-August 31)	
New Hampshire	
Conway	Caroll
(July 1-August 31)	
New York	
Floral Park/Garden City/Glen Cove/Great Neck/Roslyn	Nassau
Manhattan	The Boroughs of Manhattan, Brooklyn, the
	Bronx and Staten Island
Queens	Queens
Saratoga Springs/Schenectady	Saratoga and Schenectady
(July 1-August 31)	
Tarrytown/White Plains/New Rochelle/Yonkers	Westchester
Pennsylvania	
Philadelphia	Philadelphia

Key City	County or other defined location
Rhode Island	
Jamestown/Middletown/Newport (October 1-November 30 and February 1-September 30)	Newport
Providence	Providence
Utah	
Park City (January 1-March 31)	Summit
Virginia	
(For the cities of Alexandria, Falls Church, and Fairfax, and the counties of Arlington and Fairfax, see District of Columbia)	
Loudon County	Loudon
Virginia Beach (June 1-August 31)	City of Virginia Beach
Washington	
Seattle	King
Wisconsin	
Lake Geneva (June 1-September 30)	Walworth

.04 *Changes in high-cost localities.* The list of high-cost localities in section 5.03 of this revenue procedure differs from the list of high-cost localities in section 5.03 of Rev. Proc. 2006-41 (changes listed by key cities).

(1) The following localities have been added to the list of high-cost localities: Sedona, Arizona; Napa, California; Palm Springs, California; San Diego, California; Yosemite National Park, California; Silverthorne/Breckenridge, Colorado; Incline Village/Crystal Bay/Reno/Sparks, Nevada; Conway, New Hampshire; Tarrytown/White Plains/New Rochelle/Yonkers, New York; Loudon County, Virginia; Virginia Beach, Virginia; and Lake Geneva, Wisconsin.

(2) The portion of the year for which the following are high-cost localities has been changed: Santa Barbara, California; Crested Butte/Gunnison, Colorado; Steamboat Springs, Colorado; Telluride, Colorado; Vail, Colorado; Fort Lauderdale, Florida; Miami, Florida; Palm Beach, Florida; Cambridge/St. Michaels, Maryland; Ocean City, Maryland; Nantucket, Massachusetts; Jamestown/Middletown/Newport, Rhode Island; and Park City, Utah.

(3) The following localities have been removed from the list of high-cost local-

ities: New Orleans, Louisiana and Lake Placid, New York.

.05 *Specific limitation.*

(1) Except as provided in section 5.05(2) of this revenue procedure, a payor that uses the high-low substantiation method with respect to an employee must use that method for all amounts paid to that employee for travel away from home within CONUS during the calendar year. See section 5.06 of this revenue procedure for transition rules.

(2) With respect to an employee described in section 5.05(1) of this revenue procedure, the payor may reimburse actual expenses or use the meal and incidental expenses only *per diem* substantiation method described in section 4.02 of this revenue procedure for any travel away from home, and may use the *per diem* substantiation method described in section 4.01 of this revenue procedure for any OCONUS travel away from home.

.06 *Transition rules.* A payor who used the substantiation method of section 4.01 of Rev. Proc. 2006-41 for an employee during the first 9 months of calendar year 2007 may not use the high-low substantiation method in section 5 of this revenue procedure for that employee until January 1, 2008. A payor who used the high-low substantiation method of section 5 of Rev.

Proc. 2006-41 for an employee during the first 9 months of calendar year 2007 must continue to use the high-low substantiation method for the remainder of calendar year 2007 for that employee. A payor described in the previous sentence may use the rates and high-cost localities published in section 5 of Rev. Proc. 2006-41, in lieu of the updated rates and high-cost localities provided in section 5 of this revenue procedure, for travel on or after October 1, 2007, and before January 1, 2008, if those rates and localities are used consistently during this period for all employees reimbursed under this method.

SECTION 6. LIMITATIONS AND SPECIAL RULES

.01 *In general.* The federal *per diem* rate and the federal M&IE rate described in section 3.02 of this revenue procedure for the locality of travel will be applied in the same manner as applied under the Federal Travel Regulations, 41 C.F.R. Part 301-11 (2007), except as provided in sections 6.02 through 6.04 of this revenue procedure.

.02 *Federal per diem rate.* A receipt for lodging expenses is not required in determining the amount of expenses deemed substantiated under section 4.01 or 5.01 of this revenue procedure. See section 7.01 of this revenue procedure for the require-