



Board of County Commissioners Agenda Request

2P
Agenda Item #

Requested Meeting Date: March 22, 2022

Title of Item: Vehicle Agreement

<input type="checkbox"/> REGULAR AGENDA <input checked="" type="checkbox"/> CONSENT AGENDA <input type="checkbox"/> INFORMATION ONLY	Action Requested: <input checked="" type="checkbox"/> Approve/Deny Motion <input type="checkbox"/> Adopt Resolution (attach draft) <i>*provide copy of hearing notice that was published</i>	<input type="checkbox"/> Direction Requested <input type="checkbox"/> Discussion Item <input type="checkbox"/> Hold Public Hearing*
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Submitted by: Jessica Seibert	Department: Administration
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Presenter (Name and Title): Jessica Seibert, County Administrator	Estimated Time Needed:
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Summary of Issue:

In September, 2001 Aitkin County entered into an agreement with County Engineer, John Welle, to provide a flat monthly vehicle reimbursement payment in lieu of the standard reimbursement process as allowed by MN Statute 471.665. The agreement has been periodically reviewed and updated in 2004, 2008, 2011, and 2012.

The Personnel Committee recently met to review and update the agreement (please see attached). The County Attorney has reviewed and has found it to be proper to form and content. The Committee is also requesting that the County Engineer track work-related mileage over the term of the agreement to ensure the current rate is accurate.

No change is being requested to the current monthly reimbursement rate of \$1,028.00 at this time.

Alternatives, Options, Effects on Others/Comments:

Recommended Action/Motion:
Approve County Engineer Vehicle Agreement.

Financial Impact:

Is there a cost associated with this request? Yes No

What is the total cost, with tax and shipping? \$ 1,028.00/month

Is this budgeted? Yes No *Please Explain:*

Vehicle Agreement

This vehicle agreement is made and entered into this 22nd day of March, 2022 between Aitkin County (Employer) and Aitkin County Engineer John Welle (Employee).

The Employer agrees to pay to the Employee, during the term of this Agreement and in addition to other salary and benefits provided, the sum of \$1,028 per month as a vehicle mileage reimbursement allowance to be used to purchase, own, operate, and maintain a personal vehicle. The vehicle mileage reimbursement allowance is being provided in accordance with MN Statute 471.665 which states, "...the governing body or town board of any city, county, town, or school district may pay any officer or employee thereof as compensation or reimbursement for the use by the officer or employee of a personal automobile in the performance of official duties a monthly or periodic allowance."

The Employee shall be responsible for paying for liability, property damage, and comprehensive insurance coverage upon such vehicle with minimum coverage amounts of \$250,000 per claimant to \$500,000 per occurrence and shall further be responsible for gas, oil and all expenses attendant to the purchase, operation, maintenance, repair, and regular replacement of said vehicle.

The vehicle mileage reimbursement allowance is being provided in lieu of any mileage reimbursement described in the Aitkin County Personnel Policy.

This agreement shall expire on March 31, 2024. Either party may request a review of the terms of the agreement prior to this date by submitting a 30-day written notice to the County Administrator.

County Board Chair Signature

County Engineer Signature

Date

Date

County Administrator Signature

Date



REBECCA OTTO
STATE AUDITOR

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Statement of Position Car Allowance and Mileage Reimbursement

Minnesota law authorizes public entities to compensate or reimburse their employees for the employees' use of personal vehicles on official business.¹ It allows governing bodies to pay a mileage allowance or to pay a monthly or periodic allowance, but not both.²

If the local governing body decides to reimburse its employees with a mileage allowance, Minnesota law allows the governing body to set a per-mile rate. As a practical matter, any mileage rate set by a governing body should be set at or less than the IRS standard mileage rate in order to avoid unintended taxable income and additional paperwork.

Effective January 1, 2018, the standard IRS mileage rate for the business use of a personal automobile is **54.5 cents per mile**.

Paying both a mileage allowance and a periodic allowance creates a situation of noncompliance with State law. Until there is authority to the contrary, such as a Minnesota Attorney General's Office opinion, the Office of the State Auditor will comment on this noncompliance whenever an employer is paying both forms of compensation to an employee for the use of a personal vehicle.

The IRS announced 2018 Standard Mileage Rates, effective January 1, 2018.

¹ Minn. Stat. § 471.665.

² *Id.*

Reviewed: May 2018
Revised: January 2015

2007-1015

This Statement of Position is not legal advice and is subject to revision.

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