



STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P.O. BOX 119
HONOLULU, HAWAII 96810-0119

JAN - 3 2007

COMPTROLLER'S MEMORANDUM NO. 2006-26

TO: Heads of Departments
ATTN: Payroll/Personnel Offices
SUBJECT: Personal Use of State-Owned Vehicles

This memorandum addresses the use by employees of State-owned vehicles to commute to and from work. To ensure that State resources are used 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 has elected to use the "commuting valuation rule" allowed by IRS Regulation Section 1.61-21(f) to value the commuting use of a State-owned vehicle in 2007. Under this special valuation rule, commuting use of the vehicle is valued at \$1.50 per one-way commute; thus, the amount includible in compensation as a fringe benefit is thus \$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 has elected not to withhold income taxes on the computed fringe benefit amount. Social Security and Medicare taxes are required to be withheld.

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 so notified no later than January 31, 2007 (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