



DATE: April 21, 2022

TO: Senator Larry P. Zikmund

FROM: Joseph Knofczynski, Fiscal Analyst

RE: Mileage Reimbursement Rate

The State Board of Finance alone may promulgate rules fixing the rate per mile paid out to those operating privately owned automobiles on state business. [SDCL 3-9-1](#). The State Board of Finance consists of the Governor, state treasurer, secretary of state, state auditor, attorney general, commissioner of school and public lands, commissioner of finance and management, and commissioner of administration. [SDCL 4-1-1](#). The rate may be changed during a fiscal year (as opposed to the beginning of a fiscal year) only with the approval of the Interim Appropriations Committee. [SDCL 3-9-1](#). Nonetheless, the State Board of Finance must first recommend the change.

Since 2015, the state reimbursement rate for privately owned automobiles has been \$0.42 per mile. [SD Admin. R. 5:01:02:01](#). There exist no guidelines on how this mileage reimbursement rate should be formulated or how often it should be amended to account for factors such as inflation. According to the U.S. Bureau of Labor and Statistics, \$0.42 in 2015 has the same buying power as \$0.52 today.

For comparison, the federal reimbursement rate for privately owned automobiles in 2022, first set by the Internal Revenue Service (for the allowable business deduction) and then adopted by the General Services Administration for federal employees, is \$0.585 per mile. [IR-2021-251](#); [87 FR 87](#); [5 U.S.C. § 5704](#). Unlike the state, the Internal Revenue Service updates the federal reimbursement rate for privately owned automobiles every year. The last time the rate was below \$0.42 per mile was 2005.

The state auditor issues all warrants covering vehicle expenses at the specified rate upon the sworn statement of the party using the vehicle. [SDCL 3-9-1](#). Over the last five full fiscal years, based on expense information in the state accounting system, the amount reimbursed for travel using the state reimbursement rate is as follows:

