

Policy and Procedure 3-3

Moving and Relocation Expenses

Issued By:	Robert W. Farrell, State Forester
Effective Date:	March 1, 2022
Codes/Mandates:	Code of Virginia §2.2-1822
References:	Department of Accounts Moving and Relocation Regulations – CAPP 20345 ; Special Payments - CAPP 50515
Forms:	Form 3.7 Moving and Relocation Tenure Agreement Form 3.8 Moving and Relocation Expense Summary

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PURPOSE

To establish general rules and guideline, prescribe eligibility requirements, and establish specific limitations to reimburse qualified employees for permissible expenses incurred when relocating to a new work location to accommodate an official business need of the agency.

POLICY

The agency is committed to reimbursing employees for qualified moving and relocation expenses as expeditiously as possible and at fair and reasonable cost to the Commonwealth. The approval for such reimbursement is discretionary on the part of the state forester on a case-by-case basis and it is subject to funding availability or executive orders.

DEFINITIONS

“**Agency**” and “**VDOF**” means the Virginia Department of Forestry.

“**Commonwealth**” means the Commonwealth of Virginia.

“**Carrier Transportation**” means services performed by a common carrier, such as loading, hauling, crating and unpacking, and incidental materials supplied in moving the employee’s household goods and personal effects.

“**Common Carrier**” means any licensed commercial moving company. Expenses in place of a common carrier like a rental truck or movable storage containers are treated like a common carrier as long as the purpose is the same.

“**Family**” means any spouse or dependent that resides in the household and moves to the new location.

“**House-hunting expenses**” means the cost of transportation, meals and lodging for the employee and spouse while traveling to and from the new job location in order to conduct house hunting. Transportation, meals and lodging expenses for children or other dependents incurred while house hunting will not be reimbursed.

“**IRS**” means Internal Revenue Service.

“**Moving**” means the action to change a place of primary and permanent residence.

“**Moving Expenses**” means the expenditures for transporting the employee, family, household goods and personal effects from the former residence to the new work location.

“**Primary Household**” means household goods and personal effects, which are maintained at the employee’s main place of residence.

“**Relocation**” means the process of assigning, establishing and/or settling in a particular place for employment purposes.

“**Relocation Expenses**” means expenditures other than moving expenses incurred in the process of relocating the employee and family.

“**Tenure Agreement**” means an agreement to remain in the employment of the Commonwealth from the first day in the new position until twelve (12) months thereafter. This agreement must be signed prior to incurring expenses.

“**Temporary Quarters**” means lodging or housing in which the employee lives at a reasonable cost until a permanent residence is secured or up to a maximum of 90 days. Temporary quarters could consist of any type of lodging or housing, such as hotels, motels, apartments or single family dwellings. A shorter portion of a long-term housing agreement does not constitute temporary quarters.

PROCEDURES

General Provisions

Reimbursement for moving and relocation expenses, up to the limit prescribed in this document, is authorized only when the relocation occurs to accommodate an official business need of the agency. This may include newly-hired classified employees as part of an employment package, transfer or promotion.

Criteria to determine and approve reimbursement include the nature of the employee’s position at the new work location and the number of paid relocations the employee might have received.

Relocation expenses must be reasonable and in accordance with regulations set forth in the moving and relocation policies and procedures issued by the Office of the Comptroller; VDOF policy and procedures, and current state travel regulations. Lodging and travel rates for areas from and to which the employee is moving will be utilized for determining reasonable and fair reimbursement. Actual amounts expended by the employee are not necessarily sufficient justification

for reimbursement amounts. If reimbursement claims are determined to be excessive, the employee may be limited to a reasonable allowance.

Eligibility for Reimbursement

To be eligible for reimbursement, an individual must be a salaried employee of the VDOF in a regular full-time position. Employees in a quasi-full time position (32 to 39.9 hours per week) or individuals paid on an hourly or daily basis are not eligible.

Approval of reimbursement for moving and relocation expenses is discretionary on the part of the state forester on a case-by-case basis and it is subject to funding availability or executive orders. If the agency elects not to approve reimbursement of moving and relocation expenses, the agency will notify the affected employee of any limitation of scope or agency policy affecting the eligibility for reimbursement.

To qualify for reimbursement, the employee's relocation must meet all of the following conditions:

1. **Relocation at the Agency's Request** – The relocation must be at the request of the state forester and for the good of the Commonwealth. No reimbursement will be made when the relocation is at the request of or for the convenience and benefit of the employee.
2. **Relocation Distance** – The distance between the employee's new work location and the former residence must be at least 50 miles greater than the distance between the employee's old work location and the former residence. That is, the employee's commuting distance must have increased by at least 50 miles one way. Only the state comptroller may consider exceptions when the commuting distance is not increased by at least 50 miles.
 - For example, if the original commuting distance from the former residence to the old work station was 10 miles, the new work station must be at least 60 miles (10 miles original commuting distance plus the IRS 50-mile increase) from the former residence.
3. **One-Year Tenure** – The employee must satisfactorily maintain employment on a regular, full-time basis in the VDOF for at least one year, commencing on the date that the employee starts work on a regular basis at the new location.

Tenure Agreement

The employee must sign a [Form 3.7 Moving and Relocation Tenure Agreement](#) for any move for which the employee is eligible for reimbursement of moving and relocation expenses.

Transfer of Employee When a Prior Agreement is Still in Effect

The employee must sign a separate [Form 3.7 Moving and Relocation Tenure Agreement](#) for each move for which the employee is eligible for reimbursement of moving and relocation expenses. If the employee is transferred to another VDOF work location before the end of the initial tenure agreement, a new tenure agreement for 12 months must be executed. However, all tenure agreements terminate 12 months after the related employment date. Therefore, an employee does not have to complete the first 12-month tenure agreement before the second agreement begins.

Exceptions involving the early cancellation of an existing tenure agreement upon executing a new tenure agreement will be at the discretion of the state forester.

Reimbursement Limitations

The total dollar limit for reimbursement for all expenses other than for transportation and storage of household goods is \$11,000. A maximum limit is not placed on expense reimbursement or costs related to use of a common carrier for transportation and storage. However, these expenses must be reasonable and necessary. This includes all reimbursements, including actual reimbursements received by the employee and payments to third parties on behalf of the employee, including necessary employer payroll taxes paid related to these reimbursements. Exceptions for higher dollar amounts or reimbursements require the approval of the Secretary of Agriculture and Forestry.

Limits on Specific Expenses

Expenses Incurred and Supported

All moving and relocation expenditures for which an employee seeks reimbursement shall be reasonable and necessary, incurred after the employee executes a [Form 3.7 Moving and Relocation Tenure Agreement](#), and reported to the state forester within 12 months of the date the employee starts work at the new location. In the event that VDOF requires the transfer of an employee and such transfer causes the submission of allowable expenses for reimbursement to exceed the 12 months, the state forester may extend the reimbursement period an additional 12 months.

House-Hunting Expenses

The number of trips for house hunting that are reimbursable is limited to three (3) trips for the employee and three (3) trips for the spouse. Trips taken together (employee and spouse) equal two trips.

If the distance is such that a house-hunting trip does not require overnight travel, then meal reimbursement is not allowed for either party. Lunch is never allowed on day trips, regardless if it is during the normal work day or weekend. However, meal reimbursement as a result of time beyond the employee's normal work hours is allowed to the extent defined in the state travel regulations. Receipts are required for overtime meals.

The maximum number of nights of lodging that are reimbursable is 15. A night of combined lodging for both the employee and spouse counts as one night.

Temporary Quarters

An employee may be granted permission to reside at the VDOF quarters or other lodging. Reimbursement for lodging, other than VDOF quarters, may be claimed for a period of 90 days from the first day of work at the new location. Prior written permission must be obtained from the state forester specifying the lodging arrangements. Expenses for the employee's meals may be claimed for the first 30 calendar days of residence. Such expenses must be reasonable, necessary and in accordance with state travel regulations. Expenses of spouse, children and other dependents will not be reimbursed.

Home Sale

Actual expenses of real estate commissions on the sale of the former principal residence and those customary closing and legal costs incurred in the sale of that residence, as listed below, shall be reimbursable. Reimbursement for home sale expenses will not exceed the difference between the total limit of \$11,000 and the total amount reimbursed for house-hunting and temporary-quarters expenses {*See Total Reimbursement*}. A copy of the "Closing Statement," signed by the closing attorney, realtor or the seller, must be included as supportive documentation when requesting reimbursement.

The following expenses related to the sale of the principal residence due to moving and relocation are reimbursable:

- ◆ Actual expense of real estate commission
- ◆ Attorney fees
- ◆ Recording fee for Power of Attorney (POA)
- ◆ Escrow fees
- ◆ State transfer taxes
- ◆ Pest inspections
- ◆ Septic inspection

The following expenses are **NOT** reimbursable:

- ◆ Sales commissions and similar expenses if the employee acts as a selling agent (closing and legal costs are allowed)
- ◆ Advertising and "fix-up" costs
- ◆ Loss sustained on sale of residence
- ◆ Real estate and capital gains taxes
- ◆ Grantor's tax
- ◆ Payment and repayment of interest

- ◆ Points or loan payment charges that are negotiable
- ◆ "Carrying" costs (maintenance fees, utilities, principal, etc.)
- ◆ Mortgage penalties
- ◆ Buyer's closing costs, including Virginia fees
- ◆ Overnight or express delivery fees

Cancellation of Lease

The settlement of a lease in the former residence is reimbursable if the settlement is due to moving and relocation. Reimbursement is limited to actual costs not exceeding three (3) months' rent. A receipt signed by the landlord is required.

Transportation of Household Goods and Personal Effects

The actual costs paid for common carrier transportation of the employee's household goods and personal effects from the former principal residence to the residence at the new work location are reimbursable. The amount of actual cost is allowed in addition to the \$11,000 limitation (minus employer FICA tax) {See *Total Reimbursement*}.

The employee is required to obtain three (3) bids for common carrier transportation. The lowest of the three bids will be used for the moving of personal effects from the former residence. Copies of the three bids will be provided to the agency prior to a formal commitment to utilize the common carrier.

Whenever possible, the employee will utilize a common carrier based in Virginia. When outside of the Commonwealth of Virginia, employees will contact Virginia common carriers to inquire if they are able to match the bid submitted by the out-of-state firms.

If the employee chooses to move himself/herself, the amount of the actual costs are reimbursable, but will be included in the \$11,000 limitation (minus employer FICA tax) and are limited to:

- ◆ **Moving Vehicle Rental** – Moving van; truck; trailer; hand truck or other appropriate moving equipment; vehicles, and supplies are reimbursable with rental company receipts. Purchase of such a vehicle or equipment is not reimbursable. Gas used by a rental truck during the move is reimbursable with proper receipts. See below for trailer mileage. Insurance is not reimbursable.
- ◆ **Moving Supplies** – The purchase of moving supplies, such as boxes or cartons, may be reimbursed with appropriate receipts. The amount of such purchases must not exceed \$200.
- ◆ **Labor Used During the Move** – Reimbursement is limited to a reasonable hourly wage with the maximum total of \$250. Labor provided by the employee or immediate family member(s) is not reimbursable. A receipt signed by the laborer is required.
- ◆ **Mileage** – If a personally-owned or borrowed moving vehicle is used in the move, reimbursement will be allowed at the rate allowed by the Appropriation Act in effect at the time such expenses are incurred provided that the number of miles is recorded on the voucher. Reimbursement will not be allowed to cover the "rental value" of the personally-owned vehicle. A car or trailer in tow will also be reimbursed at the mileage rate specified in the current Appropriation Act. The use of one's personally-owned car, even though the travel may in fact include the move of personal belongings, does not meet the "moving vehicle" criteria.
- ◆ **Tolls** – Tolls paid during the move are reimbursable provided the name of the facility (road, bridge, tunnel) is provided. Receipt is required for claims greater than \$20.

Storage of Household Goods and Personal Effects

The expense for the temporary (in-transit) storage of household goods for a maximum of 30 days is also reimbursable if the employee cannot move directly into his new residence. The actual cost is allowed in addition to the \$11,000 limitation {See *Total Reimbursement*}.

Moving Day (Travel from Old to New Home)

Allowable expenses include the cost of transportation, lodging and meals for the employee and spouse. Meals will not be reimbursed for either party while moving during the employee's normal work hours. However, meals for time extended

beyond the employee's normal work hours is allowed as defined in the state travel regulations. Receipts are required for overtime meals. Lunch is never allowed on day trips, regardless if it is during the normal work day or weekend.

Home Purchase

Expenses related to the purchase of a replacement home, which is the primary residence, are reimbursable for the specific items listed below and are subject to the maximum limitation for all moving and relocation expenses of \$11,000 (minus employer FICA tax). In order to qualify for this reimbursement, the relocated employee must have owned a primary residence at his or her prior location, which due to relocation resulted in disposal of the residence. This reimbursement is not allowed for the purchase of a second residence, investment property, business property or resort/vacation property at the new work site.

The following expenses related to a home purchase ARE reimbursable:

- ◆ VA funding fee
- ◆ Loan origination fee, or lease processing fee
- ◆ Mortgage survey
- ◆ Appraisal fee
- ◆ Credit report
- ◆ Title search
- ◆ Recording fee
- ◆ Title insurance
- ◆ Attorney fee
- ◆ Home Inspection (Limit 1)
- ◆ Notary fees

All of the above expenditures must be related to the purchase of the primary residence. Documentation clearly identifying these expenses is required. For the expenses related to a home purchase to be considered for reimbursement, the replacement of the prior primary residence must be completed (closed) within 12 months after the official starting date of employment.

Extenuating circumstances that result in the 12-month period expiring prior to the purchase (closing) of a replacement home may be approved by the state forester for up to an additional 12 months. Extensions after this period may be presented for review and consideration by the state comptroller.

Costs related to the purchase and replacement of a primary residence that is not specifically listed above are NOT reimbursable.

The following expenses related to a home purchase are **NOT** reimbursable:

- ◆ Utility deposits and/or connection fees
- ◆ Real estate taxes, prepaid or otherwise
- ◆ Capital gains taxes
- ◆ Mortgage loan differential
- ◆ Realtor fees related to purchasing
- ◆ Points, discount fees or loan payment charges
- ◆ Repair and maintenance costs
- ◆ Remodeling or decoration expenses
- ◆ Homeowner Insurance
- ◆ Homeowner warranty fees
- ◆ Private mortgage insurance
- ◆ Permit fees such as building, sewer and zoning
- ◆ Deposit for rent

Non-Reimbursable Expenses

The following expenses are not considered valid moving and relocation expenses and will NOT be reimbursed:

- ◆ Insurance in excess of bulk rate coverage provided by the common carrier

- ◆ The cost to transport recreation vehicles, such as yachts
- ◆ The cost to move a pet
- ◆ Laundry or dry cleaning while in temporary quarters

Employee's Spouse

If the employee's spouse is a state employee and otherwise eligible for moving and relocation expenses, reimbursement of any such expenses will be paid to only one employee and only to move the primary household to the new location. The IRS distance requirements for eligibility (50 miles) are the basis for determining the general work location of each employee.

Pre-Transfer Costs

Any expenditures to travel for testing, interviewing and related activities incurred by an employee before the employee has accepted the employment transfer offer are termed pre-employment expenses and are not considered moving and relocation expenses. Pre-transfer expenses will be reimbursed separately by submitting a Travel Expense Reimbursement Voucher, in accordance with the state travel regulations in effect at the time such expenses are incurred.

Mileage

Reimbursement for mileage will be in accordance with the Appropriation Act in effect at the time of travel. All mileage reimbursements over the amount allowed by the IRS as a deduction are taxable.

Reimbursement of Expenses

Employee Responsibilities

- ◆ Each employee eligible for moving and relocation expense reimbursement is responsible for obtaining original receipts and other documents that are necessary to support all claims for reimbursement. Each designated category of reimbursement expenses will be itemized and submitted for payment within 30 days after the last expenditure is made or the last invoice is received for expenses in a given category. All claims for payment will be submitted within 30 days after the employee moves into the new permanent residence, but in no case later than 12 months after beginning employment at the new location.
- ◆ All expenses submitted for reimbursement must be actual, reasonable, necessary and within the guidelines of this document.
- ◆ If the employee does not fulfill the 12-month employment term specified by the tenure agreement, the total gross amount of reimbursements received by the employee and paid to third parties on behalf of the employee, plus all taxes deducted that relate to those reimbursements must be returned on a pro-rated basis based on the time employed with VDOF. Under these circumstances, the employee's gross income will be adjusted by the agency for the total amount returned to the agency.

Extenuating circumstances that result in the 12-month period expiring prior to the purchase (closing) of a replacement home may be approved by the state forester for up to an additional 12 months. Extensions after this period may be presented for review and consideration by the state comptroller.

Expense Summary Submission

The [Form 3.8 Moving and Relocation Expense Summary](#) must be submitted with each claim for reimbursement (i.e., Travel Expense Reimbursement Voucher) or request for payment of moving and relocation expenses (i.e., third party payments for common carrier or temporary storage), along with all required receipts. All reimbursements must be reasonable, necessary and within the guidelines of the state travel regulations where applicable. This form will be initiated by the employee, who will always be aware of the status of all expense claims and payments. The cumulative totals will be actual cost and the reimbursable cost will be footnoted when the maximum allowable reimbursement has been reached.

Tax Reporting

VDOF is responsible for recording all reimbursements in the employee's gross income and deducting and recording all payroll taxes, if appropriate, before reimbursement is made. The payment of all moving and relocation expenses is

reported to the employee yearly on their W-2 form. The amounts included on this form include only those gross reimbursements paid during the related W-2 calendar year. However, each employee is ultimately responsible for the proper reporting of any taxable reimbursements, as well as deductible reimbursements, to the IRS for each tax year.

Federal income tax regulations regarding moving and relocation reimbursement will be considered for any possible impact on tax liability. Information regarding federal tax regulations is available from various sources, such as, but not limited to, the Internal Revenue Service, Certified Public Accountants, accounting firms and other companies providing individual income tax services.

AUTHORITY

This policy and procedure is issued by the Virginia state forester.

INTERPRETATION

The chief of administration, director of human resources and director of finance are responsible for the interpretation of this policy and procedure.

APPROVAL

I certify that this policy and procedure is approved and ready for publication.

Lauren Sumner

Director of Finance Name (Print)

Director of Finance Signature

Hector Rivera

Director of Human Resources Name (Print)

Director of Human Resources Signature

John Colligan

Chief of Administration Name (Print)

Chief of Administration Signature