

CITY OF MINNEAPOLIS
Relocation Expense Procedures (Draft – Last Updated 05.24.2012)

Governing Policy: [City of Minneapolis Relocation Expense Policy](#)

Applies to: The following procedures support the Relocation Expense Policy which applies to all appointed positions including Charter Department Head positions and positions in the Unclassified Service located under the jurisdiction of the Mayor and City Council. These procedures also apply to positions identified as having limited qualified applicants. The Relocation Expense Policy and procedures do not apply to [Politically Appointed positions](#). Appointing authorities, Department Heads and Assistant City Coordinators may, at their discretion, approve the payment/reimbursement of relocation expenses for appointed positions and positions identified as having limited qualified applicants for employees being hired in their departments.

Synopsis: Establishes roles, responsibilities and procedures for when new employees appointed to certain positions may be eligible to receive payment/reimbursement of allowable relocation expenses of up to \$15,000.

Policy History - Previous Council Approval: October 9, 1992 and December 29, 2003

Department Approval: May 23, 2012

Related Links: [Relocation Expense Reimbursement Request Form](#) , [Travel Policy](#) and [IRS Regulations \(Moving Expenses\)](#)

Administering Departments: Human Resources and Finance & Property Services

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I. PURPOSE

To establish a City-wide system under which qualified employees are eligible to receive payment/reimbursement for relocation expenses incurred in order for them to accept employment with the City of Minneapolis.

II. DEFINITIONS

- A. **Qualified Employees** – Means individuals being hired for Appointed positions and positions identified as having limited qualified applicants under the jurisdiction of the Mayor and City Council. Qualified

Employees does not extend to individuals being hired into [Politically Appointed](#) positions.

- B. **Appointed Positions** - Means Charter Department Head positions and positions in the Unclassified Service. Appointed Positions does not mean [Politically Appointed](#) positions.
- C. **Positions having Limited Qualified Applicants** – Means positions where a limited number of qualified candidates either apply for the position or where there are a limited number of finalists remaining under consideration.
- D. **Qualified Moving Expense** – Is a fringe benefit that is excluded from the gross income of an employee. It is the reimbursement or amount received by an individual from an employer either directly or indirectly as a payment for the expenses which would be deductible as moving expenses.
- E. **Non-Qualified Moving Expense** – Is a fringe benefit that is included in the gross income of an employee. It is the reimbursement or amount received by an individual from an employer either directly or indirectly as a payment for the expenses which would be deductible as moving expenses.
- F. **Members of the Employee’s Household** – Means a related person and/or a person that has a significant familial relationship with the employee.
- G. **Related Person** – Shall mean a person in a marital relationship, a domestic partner relationship or other committed relationship with a local official or employee, or in a significant familial relationship with a local official or employee.
- H. **Significant Familial Relationship** – Significant familial relationship means:
 - (1) By blood or adoption: parent, child, grandparent, grandchild, brother, sister, half-brother, half-sister, uncle, aunt, nephew, niece, first cousin.
 - (2) By marriage: husband, wife, stepparent, stepchild, stepbrother, stepsister, brother-in-law, sister-in-law, father-in-law, mother-in-law, son-in-law, daughter in-law, uncle, aunt, nephew or niece. Divorce terminates a significant familial relationship by marriage.

III. ROLES AND RESPONSIBILITIES

Role	Responsibility
Qualified Employees	<ol style="list-style-type: none"> 1. Comply with the City of Minneapolis Relocation Expense Policy and procedures. 2. Maintain proper documentation of expenses incurred. 3. Fill out the Relocation Expense Reimbursement Request Form as necessary or required.
Appointing Authority	<ol style="list-style-type: none"> 1. Inform eligible employees of City guidelines for reimbursement. 2. Comply with the City of Minneapolis Relocation Expense Policy and procedures. 3. Authorize payment/reimbursement of covered expenses up to \$15,000 for employees covered by this policy. 4. Ensure claim is accurate, the Relocation Expense Reimbursement Request Form has been submitted and adequate document is included. 5. Notify Finance Department of payments/reimbursements so appropriate payments can be made and taxable earnings can be included in an employee’s W-2.
Chief Finance Officer	<ol style="list-style-type: none"> 1. Work with the appropriate City staff to establish, manage and modify procedures necessary to carry out and comply with the City of Minneapolis Relocation Expense Policy in accordance with applicable laws, City ordinances, policies and rules. 2. Authorize payments to qualified employees under the City of Minneapolis Relocation Expense Policy.
Human Resources Director	<ol style="list-style-type: none"> 1. Work with the appropriate City staff to establish, manage and modify procedures necessary to carry out and comply with the City of Minneapolis Relocation Expense Policy in accordance with applicable laws, City ordinances, policies and rules. 2. Ensure that language is incorporated into the employment agreement for appointed employees that explains their responsibility for reimbursing the City of Minneapolis for any relocation expense payment and reimbursements in cases where the employee voluntarily separates from the City before completing 12 months of service.

IV. REQUIREMENTS

Qualified employees are eligible for payment/reimbursement of relocation expenses of up to \$15,000 during the first year of employment, subject to documentation. IRS guidelines for payment/reimbursement require that the distance between the old home and the new place of work be at least 50 miles greater than the distance between the old home and the old place of work. If the distance test is not met, then moving payments/reimbursements will be reported as taxable income subject to applicable income and employment taxes. The employee must repay the City for relocation expense payments and reimbursements if they do not remain a City employee for at least 12 months. IRS regulations require certain payments/reimbursements to be included on individual taxable earnings. The hiring department is responsible for notifying the Finance Department of payments/reimbursements so appropriate taxable earnings can be included in an employee's W-2.

- A. Appointed Employees** – Appointed employees will be asked to sign an employment agreement that explains their responsibility for reimbursing the City of Minneapolis for any relocation expense payments and reimbursements should the employee decide to voluntarily separate from the City before completing 12 months of service. This information should also be included in their "[Employment Offer](#)" letter.
- B. Positions Having Limited Qualified Applicants (Non-Appointed Positions)** – Employees hired into positions deemed to have "Limited Qualified Applicants" must have language included in their "[Employment Offer](#)" letter that explains their responsibility for reimbursing the City of Minneapolis for any relocation expense payments and reimbursements should the employee decide to voluntarily separate from the City before completing 12 months of service.

V. REIMBURSEABLE MOVING EXPENSES

When planning for the relocation, the employee should consider the most direct or least expensive route for the employee, spouse, dependent children and/or members of the employee's household.

A. Qualified Moving Expenses

The following items are moving expenses that are eligible for payment/reimbursement but are not subject to applicable income tax withholding:

1. Commercial moving company
2. Charges for packing, crating, mailing, insuring and/or shipping household goods; and other miscellaneous packing supplies
3. Rental truck
4. In-transit storage for up to 30 consecutive days
5. Shipment of car(s), if not used in the move
6. Travel and lodging costs for one trip (includes the employee and members of the employee's household) from the old residence to the new residence, which may include:
 - a. **Driving** – reimbursement may not exceed the current City mileage allowance.
 - b. **Lodging in transit** – follow current federal per diem rates for the cities involved.
 - c. **Airfare** – economy class/coach air fare only
 - d. **Rental Car** – economy only (Note: in certain circumstances a larger vehicle may be rented with documented advance department approval)
 - e. **Tolls, taxi, and/or parking**

B. Non-Qualified Moving Expenses

The following items are moving expenses that are eligible for payment/reimbursement and are

subject to applicable income tax withholding:

1. Travel and lodging costs incurred during additional trips (employee and members of the employee's household) from the old residence to the new residence. These types of expenses may include:
 - a. **Driving** – reimbursement may not exceed the current City mileage allowance.
 - b. **Lodging** – follow current federal per diem rates for the city involved.
 - c. **Airfare** – economy class/coach air fare only.
 - d. **Rental Car** – economy only (Note: in certain circumstances a larger vehicle may be rented with documented advance approval by the appointing authority)
 - e. **Tolls, taxi, and/or parking**
2. Cost of meals at any point in the relocation process. Follow current federal per diem rates for meals and incidental expenses. Meal receipts are not required.
3. House hunting expenses (includes the employee and/or members of the employee's household). House hunting expenses may include:
 - a. **Driving** – reimbursement may not exceed the current City mileage allowance.
 - b. **Lodging** – follow current federal per diem rates for the city involved.
 - c. **Airfare** – economy class/coach air fare only.
 - d. **Rental Car** – economy only (Note: in certain circumstances a larger vehicle may be rented with documented advance approval by the appointing authority)
 - e. **Tolls, taxi, and/or parking**
4. Temporary housing

VI. NON-REIMBURSEABLE MOVING EXPENSES

The following items are expenses that are not eligible for reimbursement in accordance with the City of Minneapolis Relocation Expense Policy and procedures:

- A. Storage (excluding 30 days in transit)
- B. Meals and travel costs incurred by contractors retained to move the employee
- C. Expenses incurred by persons not considered to be members of the employee's household or dependents for tax purposes
- D. Costs related to obtaining authorization to work legally in the United States
- E. Utility and telephone installation charges
- F. Loss of security deposits
- G. Real estate expenses
- H. Postage costs for realty and mortgage documents
- I. Personal telephone calls, tips, movies, or other entertainment
- J. Extraordinary items requiring special handling (e.g. aircraft and watercraft)
- K. Bank fee for cashier's checks
- L. Pet shipping charges

VII. DOCUMENTATION AND REQUIRED PAPERWORK

To receive reimbursement of eligible relocation expenses under the [City of Minneapolis Relocation Expense Policy](#), an employee must complete the [Relocation Expense Reimbursement Request Form](#) and supply the necessary documentation that shows the qualified expenditures. Once this information has been prepared, the paperwork can be submitted to the appropriate staff person for processing.