From: **Kelley Glaeser** <kglaeser@burnetcountytexas.org>
Date: Wed, Aug 5, 2026 at 5:11 PM
Subject: Use of GSA Rates for County Travel Reimbursements
To: Bryan Wilson <bwilson@burnetcountytexas.org>

Purpose:

To explain why federal General Services Administration (GSA) travel rates are commonly used as a benchmark for employee travel allowances and why use of the applicable GSA rates is recommended for Burnet County.

IRS Treatment of Travel Allowances

• IRS accountable-plan guidance recognizes federal per diem rates as a method for substantiating certain employee travel allowances. See attached example of a Hotel reimbursement (1)

• For travel within the continental United States, GSA establishes federal lodging and meals and incidental expense (M&IE;) per diem rates. (2) see attached GSA rate for San Antonio. This employee added $1,130 to salary/income on their W-2 for one trip.)

• When accountable-plan requirements are met, the portion of a qualifying allowance up to the applicable federal rate generally is not treated as taxable wages.

• IRS guidance states that when an allowance is more than the federal rate, the excess allowance is included in Box 1 of the employee's Form W-2 as wage income. See IRS Pub 463 (2025) (3)

• Paying an allowance above the applicable federal rate can therefore create unintended taxable compensation, related payroll reporting and withholding obligations.

Why Use GSA Rates for Burnet County?

• Provides an objective, federally established benchmark rather than a locally selected travel allowance.

• Provides location-specific and seasonal lodging rates that recognize differences in travel costs.

• Promotes consistent treatment of County employees and simplifies review and approval of travel.

• Aligns County travel allowances with the federal rate used in IRS accountable-plan guidance.

• Helps prevent County travel allowances from creating unintended W-2 taxable wages for employees.

Recommendation

The County Auditor recommends that Burnet County adopt the applicable GSA rates as the standard maximum rates for County travel reimbursements. Use of the GSA rates provides a consistent, independently established federal benchmark, supports sound internal controls, and helps ensure County travel allowances are administered in accordance with IRS accountable-plan guidance.

Adopting the GSA lodging rate as the County's reimbursement limit would also provide employees and elected officials with a clear maximum when making hotel reservations and reduce the need for the County to determine reasonable lodging limits on a case-by-case basis.

If adopted, the Auditor's Office will work with Human Resources to revise the County travel policy and reimbursement procedures, including appropriate provisions for exceptions when necessary. The Auditor's Office will also coordinate with payroll to ensure that any travel allowances exceeding applicable federal rates are reviewed for proper W-2 reporting and tax treatment under IRS requirements.

When this agenda item is presented, I will be present to answer any additional questions you may have. **Please review the attached document for more insight into why this has been requested.**

Commissioner's were blind copied to avoid a quorum.

Thank you,

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