

**STATE OF NORTH CAROLINA  
OFFICE OF STATE BUDGET AND MANAGEMENT**

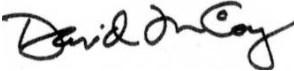
MICHAEL F. EASLEY  
GOVERNOR

DAVID T. MCCOY  
STATE BUDGET DIRECTOR

December 11, 2006

**MEMORANDUM**

TO: Department Heads and Chief Fiscal Officers

FROM: David McCoy 

SUBJECT: Change in IRS Mileage Rate

Effective January 1, 2007 the Internal Revenue Service (IRS) has increased the business standard mileage rate from 44.5 cents per mile to 48.5 cents per mile. Pursuant to G.S. 138-6(a)(1), the Office of State Budget and Management will change the allowable rate of reimbursement for travel on official business by the officers and employees that operate from funds deposited with the State Treasurer. The Travel Policies and Regulations section of the Budget Manual will be updated to reflect the new IRS business standard mileage rate of 48.5 cents per mile early next year.

Consistent with the Department of Administration, Division of Motor Fleet Management, departments and agencies should continue to use the 25 cents per mile rate for employees who choose to use personal vehicles when a state-owned vehicle is available.

If you have any specific questions regarding the new IRS mileage rate, please contact your budget analyst at (919)807-4700.