MEMORANDUM

TO: Chancellors and Systemwide Administrators

ATTN: Fiscal and Administrative Officers

FROM: Sam Callejo
Vice President for Administration

SUBJECT: Amendments to the Procedures for Determining Taxability of Per Diem:

2005 Continental U.S. Federal Allowable High/Low Per Diem Rates
2005 Continental U.S. Federal Allowable High/Low Meals and Incidental Expenses Rates
2005 Continental U.S. Listing of High-Cost Localities

This Business Affairs Circular (BAC) supersedes BAC 2004-03.

We have been notified by the Federal Department of Treasury, Internal Revenue Service (IRS) that effective January 1, 2005, the Continental U.S. (CONUS) Federal Allowable High/Low Per Diem rates are $204.00 for high-cost locations or $129.00 for travel to any other locality within CONUS.

The Meals and Incidental Expenses rates for Continental U.S. localities, used in subsistence and excess lodging claim situations, will remain the same at $46.00 for high-cost locations and $36.00 for low-cost locations.

The rates for the following high-cost localities within the Continental United States (see attachment) will remain at $163.00 or more for all or part of the calendar year.

The cities are high-cost localities for all of the calendar year specified in parenthesis under the key city name.

Travel to cities for the period outside of the parenthesis will be considered as low-cost localities.
All other CONUS localities not listed on the high-cost locality listing are considered to be low-cost localities.

The changes to the high/low per diem rates and the amended high-cost localities listing with seasonal periods only for travel during the period specified are to be effective for all CONUS travel incurred effective January 1, 2005 (i.e., If a trip begins before the effective date and extends after the effective date, separate tax calculations are required for the travel expenses incurred in each period based on the applicable rates and listings of high-cost localities).

Should there be any questions, please call the Disbursing Office at 956-6621.

Attachment
**CONUS HIGH-COST LOCALITIES**

<table>
<thead>
<tr>
<th>State</th>
<th>Key City</th>
<th>County or other defined location</th>
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<tbody>
<tr>
<td>Arizona</td>
<td>Phoenix/Scottsdale</td>
<td>Maricopa</td>
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<td></td>
<td>(January 1-May 31)</td>
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<tr>
<td>California</td>
<td>Monterey</td>
<td>Monterey</td>
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<td></td>
<td>(February 1-November 30)</td>
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<td></td>
<td>Napa</td>
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<td>(May 1-October 31)</td>
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<tr>
<td></td>
<td>Palm Springs</td>
<td>Riverside</td>
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<td>(January 1-May 31)</td>
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<tr>
<td></td>
<td>San Diego</td>
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<td>San Francisco</td>
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<td>Santa Barbara</td>
<td>Santa Barbara</td>
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<td></td>
<td>Santa Monica</td>
<td>City limits of Santa Monica</td>
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<td></td>
<td>South Lake Tahoe</td>
<td>El Dorado</td>
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<td></td>
<td>(December 1-August 31)</td>
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<td>Colorado</td>
<td>Aspen</td>
<td>Pitkin</td>
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<td>Crested Butte</td>
<td>City limits of Crested Butte</td>
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<td>(December 1-March 31)</td>
<td>(Gunnison County)</td>
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<td></td>
<td>Silverthorne/Breckenridge</td>
<td>Summit</td>
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<td></td>
<td>Telluride</td>
<td>San Miguel</td>
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<td>(December 1-September 30)</td>
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<td></td>
<td>Vail</td>
<td>Eagle</td>
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<tr>
<td>District of Columbia</td>
<td>Washington D.C. (also the cities of Alexandria, Falls Church, and Fairfax, and the counties of Arlington, Loudoun, and Fairfax, in Virginia; and the counties of Montgomery and Prince George's in Maryland) (See also Maryland and Virginia)</td>
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<tr>
<td>Delaware</td>
<td>Lewes</td>
<td>Sussex</td>
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<td>(July 1-August 31)</td>
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<tr>
<td>Florida</td>
<td>Daytona Beach</td>
<td>Volusia</td>
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<td>(February 1-March 31)</td>
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<td>Fort Lauderdale</td>
<td>Broward</td>
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<td>Key West</td>
<td>Monroe</td>
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<td>Miami</td>
<td>Miami-Dade</td>
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<td>(October 1-May 31)</td>
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<td></td>
<td>Naples</td>
<td>Collier</td>
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<td>(January 1-March 31)</td>
<td>Palm Beach (also the cities of Boca Raton, Delray Beach, Jupiter, Palm Beach Gardens, Palm Beach Shores, Singer Island and West Palm Beach)</td>
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<td>Palm Beach</td>
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<td>(October 1-May 31)</td>
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<tr>
<td>Illinois</td>
<td>Chicago</td>
<td>Cook and Lake</td>
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<tr>
<td>Louisiana</td>
<td>New Orleans</td>
<td>Orleans and St. Bernard Parishes</td>
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<td></td>
<td>(September 1-April 30)</td>
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</tbody>
</table>
Maryland
(For the counties of Montgomery and Prince George's, see District of Columbia)
Baltimore
Cambridge/St. Michaels
(June 1-August 31)
Ocean City
(July 1-August 31)

Massachusetts
Boston
Cambridge
Hyannis
(July 1-August 31)
Martha's Vineyard
(May 1-August 31)
Nantucket
Suffolk
City limits of Cambridge
Barnstable
Dukes
Nantucket
Mackinac Island

Michigan
Mackinac Island

Nevada
Las Vegas
(September 1-May 31)
Clark

New Jersey
Atlantic City
(May 1-October 31)
Cape May
(June 1-August 31)
Ocean City
(June 1-October 31)
Princeton/Trenton
Tom's River
(July 1-August 31)
Atlantic
Cape May (except Ocean City)
City limits of Ocean City
Mercer
Ocean
Santa Fe

New York
Brooklyn/The Bronx/Queens/Staten Island
Carle Place/Garden City/Glen Cove/
Great Neck/Plainview/Rockville
Centre/Syosset/Uniondale/Woodbury
Lake Placid
(July 1-August 31)
Manhattan
Riverhead/Ronkonkoma/Melville
Tarrytown
White Plains
Richmond and the boroughs of Brooklyn. The Bronx, and
Queens
Nassau
Essex
The borough of Manhattan
Suffolk
Westchester (except White Plains)
City limits of White Plains
North Carolina
Kill Devil
(April 1-October 31)

Pennsylvania
Hershey
(May 1-August 31)
Philadelphia

Rhode Island
Jamestown/Middletown/Newport
(May 1-October 31)
Providence

South Carolina
Hilton Head
(April 1-October 31)
Myrtle Beach
(June 1-August 31)

Utah
Park City
(December 1-March 31)

Virginia
(For the cities of Alexandria, Fairfax, and Falls Church, and the counties of Arlington, Fairfax, and Loudoun, see District of Columbia)
Virginia Beach
(June 1-August 31)

Washington
Seattle
(May 1-October 31)