

(c) The circumstances under which you will authorize an employee who is eligible under this part for property management services to elect the use of property management services instead of the sale of his/her residence at Government expense under part 302-6 or 302-12 of this chapter;

(d) Who will determine whether payment for property management services is more advantageous and cost effective than sale of an employee's residence at Government expense;

(e) If and when you will allow an employee who was offered and accepted payment for property management services under subpart C of this part to change his/her mind and elect instead to sell his/her residence at Government expense, and who will make that determination; and

(f) How you will offset expenses you have paid for property management services against payable expenses for sale of the employee's residence when an eligible employee who elected payment for property management services later changes his/her mind and elects instead to sell his/her residence at Government expense.

Dated: March 17, 1997.

Thurman M. Davis, Sr.,
Acting Administrator of General Services.
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41 CFR Part 302-14

[FTR Amendment 61]

RIN 3090-AG22

Federal Travel Regulation; Home Marketing Incentive Payments

AGENCY: Office of Governmentwide Policy, GSA.

ACTION: Final rule.

SUMMARY: This final rule amends the Federal Travel Regulation (FTR) to allow an agency to pay a home marketing incentive to a transferred employee who uses the agency's homesale program provided by a relocation services company under contract with the Government and who independently and aggressively markets, and finds a bona fide buyer for, his/her residence resulting in significantly lower fee/expense payments the agency must make to the relocation services company. This amendment will save the Government money through reduced payments to relocation services companies and will increase employee satisfaction with the relocation process.

DATES: This final rule is effective March 22, 1997, and applies to an employee whose effective date of transfer (date the employee reports for duty at the new official station) is on or after March 22, 1997.

FOR FURTHER INFORMATION CONTACT: Robert A. Clauson, Travel and Transportation Management Policy Division (MTT), Washington, DC 20405, telephone 202-501-0299.

SUPPLEMENTARY INFORMATION: A multi-agency travel reinvention task force was organized in August 1994 under the auspices of the Joint Financial Management Improvement Program (JFMIP) to reengineer Federal travel rules and procedures. The task force developed 25 recommended travel management improvements published in a JFMIP report entitled *Improving Travel Management Governmentwide*, dated December 1995. On September 23, 1996, the President signed into law the Federal Employee Travel Reform Act of 1996 (Pub. L. No. 104-201), which included 8 legislative changes recommended by the JFMIP to improve travel and the delivery of relocation services.

This amendment implements section 1717 of the Act which provides the General Services Administration (GSA) authority to issue regulations which authorize agencies to pay a home marketing incentive to a transferred employee to facilitate sale of the employee's residence at the old official station at lower overall cost to the Government when the employee uses the agency's homesale program provided by a relocation services company under contract with the Government. This amendment is written in the "plain English" style of regulation writing as a continuation of GSA's effort to make the FTR easier to understand and to use.

What is a "homesale program"?

A program under which a relocation services company, under contract with the agency, purchases a transferred employee's residence at fair market (appraised) value and then independently markets and sells the residence.

What is the "home marketing incentive payment"?

This is a payment an agency makes to its transferred employee to encourage the employee to independently and aggressively market his/her residence and find a bona fide buyer, thereby reducing the fee/expenses the agency must pay the relocation services company. The amount of the incentive

payment may not exceed five percent of the price the relocation services company paid the employee for his/her residence, or the savings the agency realized from the reduced fee/expenses it paid.

Why would an agency want to institute a home marketing incentive payment program?

With this type of program, the sum of the incentive payment and the reduced payment to the relocation services company is less than the fee/expenses the agency must pay the relocation services company when the company has to find a buyer for the residence.

What is the "plain English" style of regulation writing?

The "plain English" style of regulation writing is a new, simpler to read and understand, question and answer regulatory format. Questions are in the first person and answers are in the second person. GSA uses a "we" question when referring to an agency and an "I" question when referring to the employee.

How does the plain English style of regulation writing affect employees?

A question and its answer combine to establish a rule. The employee and the agency must follow the language contained in both the question and its answer.

GSA has determined that this rule is not a significant regulatory action for the purposes of Executive Order 12866 of September 30, 1993. This final rule is not required to be published in the **Federal Register** for notice and comment. Therefore, the Regulatory Flexibility Act does not apply. This rule also is exempt from Congressional review prescribed under 5 U.S.C. 801 since it relates solely to agency management and personnel.

List of Subjects in 41 CFR Part 302-14

Government employees, Travel and transportation expenses.

For the reasons set out in the preamble, 41 CFR part 302-14 is added to read as follows:

PART 302-14—HOME MARKETING INCENTIVE PAYMENTS

Subpart A—Payment of Incentive to the Employee

Sec.

302-14.1 What is a "homesale program"?

302-14.2 What is the purpose of a home marketing incentive payment?

302-14.3 Am I eligible to receive a home marketing incentive payment?

302-14.4 Must my agency pay me a home marketing incentive?

302-14.5 Under what circumstances will I receive a home marketing incentive payment?

302-14.6 How much may my agency pay me for a home marketing incentive?

302-14.7 Are there tax consequences when I receive a home marketing incentive payment?

Subpart B—Agency Responsibilities

302-14.100 How should we administer our home marketing incentive payment program?

302-14.101 What policies must we establish to govern our home marketing incentive payment program?

302-14.102 What factors should we consider in determining whether to establish a home marketing incentive payment program?

302-14.103 What factors should we consider in determining the amount of a home marketing incentive payment?

Authority: 5 U.S.C. 5756.

Subpart A—Payment of Incentive to the Employee

Note to subpart A: Use of the pronouns “I” and “you” throughout this subpart refers to the employee.

§ 302-14.1 What is a “homesale program”?

It is a program offered by an agency through a contractual arrangement with a relocation services company. The relocation services company purchases a transferred employee's residence at fair market (appraised) value and then independently markets and sells the residence.

§ 302-14.2 What is the purpose of a home marketing incentive payment?

To reduce the Government's relocation costs by encouraging transferred employees who participate in their employing agency's homesale program to independently and aggressively market, and find a bona fide buyer for, their residence. This significantly reduces the fees/expenses their agencies must pay to relocation services companies and effectively lowers the cost of such programs.

§ 302-14.3 Am I eligible to receive a home marketing incentive payment?

Yes, if you are an employee who is authorized to transfer and you otherwise meet requirements for sale of your residence at Government expense.

§ 302-14.4 Must my agency pay me a home marketing incentive?

No. Your agency determines when it is in the Government's interest to offer you a home marketing incentive.

§ 302-14.5 Under what circumstances will I receive a home marketing incentive payment?

You will receive a home marketing incentive payment when:

(a) You enter your residence in your agency's homesale program;

(b) You independently and aggressively market your residence;

(c) You find a bona fide buyer for your residence as a result of your independent marketing efforts;

(d) You transfer the residence to the relocation services company;

(e) Your agency pays a reduced fee/expenses to the relocation services company as a result of your independent marketing efforts; and

(f) You meet any additional conditions your agency has established, including but not limited to, mandatory marketing periods, list price guidelines, closing requirements, and residence value caps.

§ 302-14.6 How much may my agency pay me for a home marketing incentive?

Your agency determines the amount of your home marketing incentive payment. The incentive payment, however, may not exceed the lesser of:

(a) Five percent of the price the relocation services company paid when it purchased the residence from you; or

(b) The savings your agency realized from the reduced fee/expenses it paid as a result of your finding a bona fide buyer.

§ 302-14.7 Are there tax consequences when I receive a home marketing incentive payment?

Yes, the home marketing incentive payment is considered income. Consequently, you will be taxed, and your agency will withhold income and employment taxes, on the home marketing incentive payment. You will not, however, receive a withholding tax allowance (WTA) to offset the withholding on your home marketing incentive payment, nor will you receive a relocation income tax (RIT) allowance payment for substantially all of your Federal, state and local income taxes on the incentive payment.

Subpart B—Agency Responsibilities

Note to subpart B: Use of the pronouns “we” and “you” throughout this subpart refers to the agency.

§ 302-14.100 How should we administer our home marketing incentive payment program?

Your goal in using an incentive payment program is to reduce your overall relocation costs. You must not make a home marketing incentive payment that exceeds the savings you

realize from the reduced fees/expenses you pay the relocation services company.

§ 302-14.101 What policies must we establish to govern our home marketing incentive payment program?

You must establish policies to govern:

(a) The conditions under which you will authorize a home marketing incentive payment for an employee;

(b) The amount of the home marketing incentive payment(s) you will offer (or the method you will use to compute your home marketing incentive payments); and

(c) Who will determine in each case whether a home marketing incentive payment is authorized.

§ 302-14.102 What factors should we consider in determining whether to establish a home marketing incentive payment program?

You should consider:

(a) Whether the program will increase the percentage of residences sold for which employees find a bona fide buyer. You should establish a benchmark for the percentage of residences for which you expect employees to find a bona fide buyer resulting in lower homesale costs to you. If your historical percentage of employee-generated sales is below your benchmark, a home marketing incentive payment program may benefit you.

(b) The expected net savings from a home marketing incentive payment program.

§ 302-14.103 What factors should we consider in determining the amount of a home marketing incentive payment?

You should consider:

(a) Amount of savings from reduced fee/expenses paid to the relocation services company. The home marketing incentive payment program is intended to reduce your relocation costs. The amount of each home marketing incentive payment you make, therefore, must not exceed the savings you realize from the reduced fee you pay to the relocation services company.

(b) Employee's efforts in marketing the residence. The purpose of a home marketing incentive payment program is to encourage a transferred employee who participates in a homesale program to independently and aggressively market his/her residence and find a bona fide buyer.

Dated: March 17, 1997.

Thurman M. Davis, Sr.,
Acting Administrator of General Services.
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