



State of Alabama
Department of Finance
Office of State Comptroller



Purchases of Promotional Items, Awards, and Meals for State Employees during Training and Extended Work Sessions

Agency Number Agency Name

Date of Purchase:

Items Purchased:

Count of Individuals Served:

Amount of Receipt (\$):

Promotional items for public distribution

Promotional items for employee distribution

Achievement and Exceptional Performance Awards

Food for state employees during training or extended work sessions in which the agency requires the employee to work through a meal period

Justification for Purchase

Note: Agencies should be aware that under 26 CFR § 1.132-6, items which exceed the federal definition of a "de minimis fringe" benefit are taxable as gross income. Providing fringe benefits exceeding the de minimis threshold to employees, including coffee, soft drinks, doughnuts, or other food and drink items, would be considered taxable income.

I certify that the items were purchased in accordance with Code of Alabama 1975, §41-1-14.

Signature of CFO or Agency Director: _____

Date: _____

Interim Guidance Implementing Act 2024-287 (Ala. Code Section 41-1-14) Regarding the Purchase of Meals and Promotional Items

The following is interim policy governing the purchase of promotional items, meals, and employee-related expenses and is intended to implement Ala. Code Section 41-1-14. Permanent policy governing this subject is being developed and will be incorporated into the Fiscal Policies and Procedures Manual at a later date.

Meals for state employees

The general rule is that the State may not purchase meals for state employees using public funds. However, there are limited exceptions to the general rule. The state may provide meals when an employee is required to attend training sessions, seminars, or other like group functions that extend through a meal period or when an employee is required to remain at their duty station to prepare for or respond to an emergency event. *Code of Alabama 1975*, §36-7-20(e) and §41-1-14, as amended; AG Opinion 2014-054. Public funds may also be used to pay for meals and refreshments served at a business meeting if the employer requires the meeting to extend through a meal period. This is not intended to change the structure of meetings so that meals can be purchased. If historically, a lunch break was scheduled, the employer should continue that practice. If a meal is provided, the state employee may not claim a meal allowance and the cost of the meals and refreshments purchased for employees must fit within the IRS “de minimus” rule. A simplified definition of this rule would be an infrequently purchased item, on occasion rather than a routine basis, the value of which is so small that accounting for it would be impracticable. Meals purchased for state employees must be accompanied by the Comptroller’s form for Purchases of Promotional Items, Awards, & Meals and the employer should use the GSA meal rate as guidance.

Employee related expenses

Generally, the State should not buy personal use items for their employees.

This includes, but not limited to:

- Personal use items such as coffee, food, plates, cups, etc. (AG Opinion No. 97-00154)
- Greeting cards, flowers, parties, picnics, employee appreciation gifts (AG Opinion No. 93-00294) Exceptions to this can be found below under Commemorative Items and Gifts.
- Uniforms and clothing allowances can only be purchased and/or utilized by those state agencies that have statutory authority to do so. The only exception to this is for employees whose position requires them to be readily identified outside of the office, for the safety and security of the employee. An example would be an OIT employee that must visit other state offices to assist with technical needs or an ABC license officer that must validate local area liquor licenses.

Commemorative Items and Gifts

On special occasions, public funds may be used to provide commemorative items or celebratory gifts related to an employee's work, especially for extraordinary achievements, exceptional performance, or retirement. *Code of Alabama 1975*, §41-1-14, as amended. The following guidelines apply:

1. Public funds may not be used to purchase gift cards or to provide cash. According to IRS rules, cash and cash equivalents, such as gift cards, gift certificates, and gift coupons, are considered taxable income to the employee.
2. The law allows for "items." This means the gift should be tangible, physical property. Examples may include a commemorative plaque or trophy, desk accessories, commemorative coins/medallions, or a framed photo or proclamation/resolution.
3. The value of the item must be under \$75 per recipient.
4. Items purchased should not be partially purchased with public funds unless a separate invoice can be provided for that portion of funds. Reimbursements to employees for the purchase of such items are prohibited.
5. To be considered a legitimate award rather than taxable compensation, the gift should be presented as part of a "meaningful presentation." This could be at a meeting, an award ceremony, or another public acknowledgment.
6. Purchases should be accompanied by the Comptroller's Form for Purchases of Promotional Items, Awards, & Meals.

Promotional Items

Agencies which do not have specific statutory authority to purchase promotional items may, as outlined below, expend public funds on promotional items for the purpose of carrying out its statutory duties. *Code of Alabama 1975*, §41-1-14, as amended; AG Opinion 2023-006.

Promotional items are defined as items of nominal value distributed to promote the agency, such as pens, notepads, mugs, and keychains. These are items purchased for distribution to the general public or to a specific audience, though employees may also receive occasional promotional items as part of that group.

1. All purchases of promotional items must be pre-approved by the head of the division making the purchase.
2. The cost of the items must be reasonable. If the cost exceeds \$25 per item, it must be pre-approved by the Agency Director.
3. The items being purchased must be used to enhance public awareness of the agency's services.
4. Items should be distributed at events such as public outreach programs, educational workshops, or community fairs and should be targeted to audiences that will benefit from the agency's services.
5. Promotional items should be procured through the State's standard procurement procedures.