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The NOHRE REPORT

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IRS INCREASES MILEAGE RATES FOR REMAINDER OF 2005

Effective September 1, 2005, the IRS standard mileage rate has increased from 40-1/2 cents per mile to 48-1/2 cents per mile. The rate for charitable expenses remains the same. The rate for medical and moving expenses has increased from 15 cents per mile to 22 cents per mile.

	<u>Sept - Dec 2005</u>	<u>Jan - Aug 2005</u>
Business	48-1/2 cents	40-1/2 cents
Charitable	14 cents	14 cents
Medical/Moving	22 cents	15 cents

ATTENTION TRAVELERS

The Bureau of Consular Affairs has announced the following New Passport Requirements:

Beginning December 31, 2005 - Passport required for all air and sea travel to or from the Caribbean, Bermuda, Central and South America.

Beginning December 31, 2006 - Passport required for all air and sea travel to or from Mexico and Canada.

Beginning December 31, 2007 - Passport required for all, sea, and land border crossing to or from the United States.

For more information visit: <http://travel.state.gov/>

LEAVE-BASED DONATION PROGRAMS-- Hurricane Katrina

In the aftermath of Hurricane Katrina, the IRS has announced that employers may adopt leave-based donation programs to help the victims of the hurricane. These programs allow employees to forgo vacation, sick or personal leave time in exchange for the employer making a cash donation to a charitable organization. To qualify, the payment must be made to a charitable organization for the relief of victims of Hurricane Katrina and the payments must be made by January 1, 2007.



If an employee makes a leave-based donation, the forgone leave time is not allowed as a charitable contribution, and the value is excludable from the employee's gross income. The employer will treat the payment as a business expense, and not a charitable contribution.

IRS UPDATES

Flex Plans

The IRS is easing the *use-it-or-lose-it* rule for flex plans. Amounts unused at year-end can be carried over for 2.5 months and used to pay for expenses during that time. To take advantage of the change, employers must amend reimbursement accounts.

Clean Fuel Vehicle Deduction

The IRS has certified the 2005 Honda Insight, Honda Civic Hybrid, Honda Accord Hybrid, Ford Escape Hybrid, Toyota Prius and the 2006 models of the Lexus RX400H as eligible for the clean-fuel vehicle deduction.

A taxpayer may claim a deduction for up to \$2,000 on their 2005 tax return for the purchase of one of the listed clean fuel vehicles. This is a one time deduction and can only be used by the original owner. For 2006, the deduction is replaced with a tax credit of up to \$3,400.

Financial Tips for College Students

1. Use credit cards sparingly.
2. Pay credit card balances in full.
3. Get the best checking account deal.
4. Start saving, no matter how small.
5. Keep track of your spending.
6. Set a limit on entertainment.
7. Shop wisely.
8. Keep an eye out for free money (grants, etc).
9. Get a part-time job.
10. Walk or take public transportation.
11. Avoid unnecessary expenses.
12. Look for student discounts.
13. Don't eat out all the time.

Uses for WD-40

You'll never look at it the same--It was created in 1953 by three technicians at the San Diego Rocket Chemical Company who were searching for a rust preventative solvent and degreaser to protect missile parts. The project assigned was to find a "Water Displacement" compound, and they were successful with the fortieth formulation, thus WD-40. About 2.5 million gallons are manufactured each year and it is a carefully guarded recipe known only to about four people. It gets its distinctive smell from a fragrance that is added.

According to one of the original founders, there's nothing in WD-40 that would hurt you. In addition to getting rid of squeaks, here's some of the supposed uses:

Protects silver from tarnishing; cleans and lubricates guitar strings; gets oil spots off concrete driveways; gives floors that just waxed sheen without making it slippery; untangles jewelry chains; removes stains from stainless steel sinks; removes lipstick stains; loosens stubborn zippers; keeps ceramic/terra cotta garden pots from oxidizing; removes tomato stains from clothing; keeps glass shower doors free of water spots; camouflages scratches in ceramic and marble floors; keeps scissors working smoothly; restores and cleans padded leather dashboards and vinyl bumpers; restores and cleans roof racks on vehicles; lubricates fan belts on washers and dryers; keeps rust from forming on saws and saw blades; keeps bathroom mirrors from fogging; keeps pigeons off the balcony (they don't like the smell); removes traces of duct tape; attracts fish when sprayed on live bait or lures; keeps away chiggers on the kids; use it for fire ant bites; removes crayon from walls; removes black scuff marks from floors; removes bugs from grills and bumpers.

Favorite use of WD-40? It is used in New York to protect the Statue of Liberty from the elements.



COST OF HIGHER EDUCATION AT UPPER MIDWEST COLLEGES AND TECHNICAL SCHOOLS

College tuition and room and board costs are constantly on the rise. Do you have a good idea of what it will cost to send your child to an institution of higher learning located in the Upper Midwest? The table below lists the approximate cost of tuition and room and board for an incoming freshman for the 2005-2006 school year. Books, entertainment, transportation, and personal spending need to be added into the yearly totals.

School Name	Tuition	Rm & Bd	2005-06 Total	2004 Total	Change
Anoka-Hennepin Tech. (Anoka)	4,308	-	4,308	4,053	+255
Augsburg College (Mpls)	21,960	7,090	29,050	28,638	+412
Bethel College (St. Paul)	21,245	6,800	28,045	26,560	+1,485
Carleton College (Northfield)	32,649	7,818	40,467	36,975	+3,492
College St. Catherine (St. Paul)	22,714	6,120	28,834	26,230	+2,604
Concordia College (Moorhead)	19,520	4,990	24,510	22,460	+2,050
Gustavus Adolphus (St. Peter)	24,865	6,065	30,930	28,400	+2,530
Hamline University (St. Paul)	23,130	6,712	29,842	28,401	+1,441
Iowa State University (Ames)	(resident) 5,634	6,197	11,831	11,384	+447
	(non-resident) 15,724	6,197	21,921	21,086	+835
Mpls College Art & Design (Mpls)	24,800	6,950	31,750	31,250	+500
MN State Universities*	5,930	4,942	10,872	9,288	+1,584
Normandale Community (Bloomington)	4,065	-	4,065	3,780	+285
North Dakota State Univ. (Fargo)	(resident) 5,264	4,754	10,018	9,502	+516
	(non-resident) 5,760	4,754	10,514	9,997	+517
St. John's University (Collegeville)	23,464	6,456	29,920	28,266	+1,654
St. Mary's University (Winona)	19,157	5,700	24,857	23,375	+1,482
St. Olaf College (Northfield)	26,500	6,300	32,800	30,950	+1,850
University Minnesota (Duluth)	8,428	5,546	13,974	13,573	+401
University Minnesota (Twin Cities)	(resident) 8,854	6,556	15,410	14,266	+1,144
	(non-resident) 20,484	6,556	27,040	25,896	+1,144
University St. Thomas (St. Paul)	23,290	6,706	29,996	28,176	+1,820
University South Dakota (Vermillion)	5,150	4,240	9,390	8,490	+900
University Wisconsin (Madison)	(resident) 6,220	6,500	12,720	12,566	+154
	(MN-resident) 7,730	6,500	14,230	13,988	+242
University Wisconsin (River Falls)	5,322	4,340	9,662	9,088	+574
	(MN-resident) 5,824	4,340	10,164	9,588	+576

* includes Bemidji, Mankato, Moorhead, St. Cloud, Southwest and Winona. Costs vary slightly between schools.

Student Loan Borrowing - How much can you safely borrow?

How do you decide how much debt you should incur? Obviously, the less borrowing you have to do, the better:

- If you're a student, your payments shouldn't exceed 10% of your expected monthly gross income once you graduate.
- If you're a parent, all your debts including mortgage payments, credit cards, car loans and education loans shouldn't eat up more than 35% of your gross pay.

In Memoriam

It is with great sadness that we inform our friends of the sudden and unexpected death of our friend and colleague, Gary Pauly.

Gary joined us in 2002, and had been a loyal and valuable member of our team. He had a great sense of humor and took tremendous pride in serving our clients.

He will be missed.



*Gary C. Pauly
1951 - 2005*

The NOHRE REPORT

NEWSLETTER POLICY

This newsletter is designed to present information on business and tax matters in general terms and is not intended to be used as a basis for specific action without obtaining further advice.

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