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# CITY PROCEDURE

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**SUBJECT:** Employer Provided Vehicles

**No. F-12.0**

**Effective:** October 14, 1988

**Revised:** December 19, 1988

**Revised:** October 14, 2013

**Revised:** April 1, 2016

**Approved:** Constance P Sanchez  
**Constance P. Sanchez**  
**Director of Financial Services**

**Date:** 4-1-2016

## PURPOSE:

This policy is to establish rules and guidelines for the assignment of City-owned vehicles and to comply with the requirements of the Internal Revenue Service (IRS) as it pertains to employer provided vehicles (take home vehicles).

## POLICY:

All City employees who operate City-owned vehicles must comply with all State and local laws and with City policy R-8.0 "Operation of City & Personal Vehicles: Driving Rules and Regulations". The use of take home vehicles for personal use, other than commuting to and from the work site, is not allowed.

## PROCEDURES:

- I. Department directors are responsible for designating those vehicles which can be taken home by employees. No employee who resides outside the city limits shall be allowed to take a City vehicle home. An exception may be made if the employee's residence and place of work is within a reasonable limit of their assigned work location (e.g., employees living in Mathis whose assigned work station is the Wesley Seale Dam). All exceptions must be approved by the Assistant City Manager to whom the department reports.

The department should evaluate the justification for assigning a vehicle to be taken home to ensure the assignment truly meets an after hour emergency response requirement to ensure the delivery of critical services and safety of the citizens. Authorization for take home vehicles must be based on job related requirements,

e.g., on call. This designation must be in writing in the form of a memo from the Department Director to his/her Assistant City Manager authorizing the employee to take a City vehicle home and outlining the specific need or justification for doing so. Once approved by the Assistant City Manager, this memo will be placed in the employee's personnel file maintained in Human Resources.

Take-home vehicle assignments shall be reviewed on a semi-annual basis by the Department Director. On June 30 and December 31 of each year the Department Director is responsible for submitting to the Financial Services Department their approved list of employees who have take-home vehicles.

The Director of Financial Services should be notified whenever an employee is authorized to take a vehicle home, or when an employee stops taking a vehicle home.

**II. Eligibility Requirements** – The eligibility requirements exclude Police and Fire personnel covered by collective bargaining agreements. See Appendix A for a listing of those exempted from this policy.

A. In determining whether an employee is eligible for a take home vehicle, the Department Director should consider the following:

1. The best financial interest of the City.
2. Whether the employee is on-call. Only employees on-call will be eligible to take home an City vehicle.
3. The frequency that an employee who is on-call responds to after-hour calls.
4. If a specialized City vehicle is needed. If an employee is on-call, it must be necessary for them to use a specialized City vehicle that is equipped with tools and supplies.

B. Employees who do not take City vehicles home but respond to after-hour calls will be subject to reimbursement under City Policy 14.0 In-town Mileage Reimbursement.

**III. IRS Requirements -**

A. Commuting value is taxable. Effective January 1, 1985, the value of personal use of an employer provided vehicle is considered taxable income. Personal use includes commuting. With the exception of the exempt vehicles listed in Appendix A, state and local employer provided vehicles are subject to taxation.

## B. Reporting Requirements

The City is required to establish a value on the employee's personal use of City vehicles for commuting purposes, and to add this value to the employee's gross pay recorded on the W-2 form. This is done at the end of each calendar year by the City. The City has elected not to withhold Federal Income Tax on this value. As allowed by Internal Revenue Service, the City has established a value of \$3.00 per day for employee use of a City vehicle for commuting purposes. At the end of each calendar year, each Department Director should complete the "Vehicle Take Home Record" form (available from Financial Services) for any current employee driving a City car home or any such employee who terminated or retired during the year. (See Appendix B.) From this information, Financial Services will compute the commuting value which is \$3.00 for each day the vehicle is used and add this amount to the gross wages on the employee's W-2 form.

## C. Record-keeping Requirements

Employees are required to keep a log including beginning and ending odometer readings and the purpose of the trip. (See Appendix C for the "City Take-Home Vehicle Monthly Log".) These logs will be submitted to their supervisor on a monthly basis. These logs will be submitted to Department Directors at the end of the calendar year. The Department Directors will review these logs on an annual basis in order to determine future eligibility.

### **CONSEQUENCES:**

It is the responsibility of City employees to ensure the accuracy of records. Employees are expected to document clear, concise, and honest information. Failure to comply with this policy will result in disciplinary action up to and including termination.

### **QUESTIONS ON THIS POLICY:**

Questions on this Policy should be referred to the Director of Financial Services at (361) 826-3613.

## APPENDIX A

### EMPLOYER PROVIDED EXEMPTED VEHICLES

1. Clearly marked police and fire vehicles.
2. Unmarked law enforcement vehicles when used for authorized purposes and operated by a full time law enforcement officer.
3. Delivery trucks with seating only for the driver, or only for the driver plus a folding jump seat.
4. Flatbed trucks.
5. Cargo carrier with over a 14,000 pound capacity.
6. School and passenger buses with over a 20 person capacity.
7. Ambulances.
8. Hearses.
9. Bucket trucks.
10. Cranes and derricks.
11. Forklifts.
12. Cement mixers.
13. Dump trucks.
14. Garbage trucks.
15. Specialized utility repair trucks (except vans and pickup trucks\*).
16. Tractors.

\*Pickup trucks and vans generally are taxable unless specially modified so that personal use is unlikely. For example, a van which has only a front bench for seating, its cargo area filled with permanent shelving, and a painting insignia would meet this criterion.

**APPENDIX B**

**VEHICLE TAKE HOME RECORD  
CALENDAR YEAR \_\_\_\_\_**

Employee Name: \_\_\_\_\_

Social Security Number: \_\_\_\_\_

Activity Number: \_\_\_\_\_

Number of Days Vehicle Driven Home During the Year: \_\_\_\_\_

Description of Vehicle: \_\_\_\_\_

The above is correct to the best of my knowledge.

\_\_\_\_\_  
Employee Signature Date

\_\_\_\_\_  
Supervisor's Signature Date

To be completed by Payroll Dept. Amt. to be added to gross pay \$ _____
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