

RESOLUTION

2017 805

BEFORE THE BOARD OF COMMISSIONERS OF BENTON COUNTY, WASHINGTON

IN THE MATTER OF ADOPTING AN UPDATED VEHICLE USE POLICY FOR BENTON COUNTY.


WHEREAS, the Board of Commissioners previously passed a resolution on March 31, 1986, adopting a policy for use of county vehicles; and

WHEREAS, some time has passed since the adoption of the policy, warranting an update;
NOW, THEREFORE


BE IT RESOLVED, that the Board of Benton County Commissioners hereby approve and adopt the updated Vehicle Use Policy for Benton County.

BE IT FURTHER RESOLVED, that Resolution No. 86-104 is hereby rescinded.

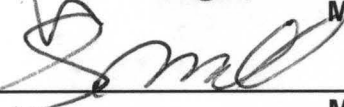
Dated this 5 day of Dec., 2017.



Chairman of the Board



Member



Member

Constituting the Board of County
Commissioners of Benton County,
Washington

Attest: 

Clerk of the Board

Benton County Vehicle Use Policy

Definitions

Authorized Driver: Any individual authorized under this policy to use a vehicle as set forth below in Section 1.2.

Commute: Under the IRS rules, a “commute” is a trip in an employer-provided vehicle, one end of which is at the Authorized Driver’s home, and the other end of which is at a work site located in the area where the Authorized Driver ordinarily works. Each trip to or from an Authorized Driver’s home counts as a commute.

Commutes are counted not only when an Authorized Driver is a driver, but also when the authorized individual is a passenger in an employer-provided vehicle (even if the driver also counts the same trip as a commute).

When the work site to which an Authorized Driver travels is outside the area where they ordinarily work, the IRS regards the travel as a business trip, not a commute, and it is not subject to fringe benefit treatment.

Commuting Use Income: Federal statutes and regulations require employers to treat as a fringe benefit, and attribute to the income of an employee, each commute made in an employer-provided vehicle, unless the vehicle has been designated as exempt.

The IRS permits employers to select any of several methods for valuing use of employer-provided vehicles. Except for control employees, Benton County has chosen to use the method that applies a flat rate of \$1.50 per one-way commute since this will be the simplest and most advantageous approach in most cases.

Control Employees: A control employee for a government employer is either of the following.

- A government employee whose compensation is equal to or exceeds Federal Government Executive Level V. See the Office of Personnel Management website at [opm.gov/policy-data-oversight/pay-leave/salaries-wages/](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/) for current year compensation information.
- An Elected Official.

Control employees are required to use the lease value rule.

De Minimis Fringe Benefit: De minimis fringe benefits are low-value perks provided by an employer. De minimis is legal Latin for “minimal”. Perks that are determined to be de minimis fringe benefits may not be accounted for or taxed in some jurisdictions as having too small a value and accounting for it is too complicated.

Department Payroll Clerk: The employee in each department responsible for processing payroll for the department’s employees.

Employer-Provided Vehicle: A vehicle owned, leased, or rented by Benton County which is provided for use to an Authorized Driver.

Fringe Benefit Income: A "fringe benefit" is a form of pay other than money for the performance of services by employees. Any fringe benefit provided is taxable income for that person unless the tax law specifically excludes it from taxation.

Lease Value Rule: Under this rule, the determination of the value of a vehicle provided to an Authorized Driver is determined by using its annual lease value. For a vehicle provided only part of the year, use either its prorated annual lease value or its daily lease value. The lease value rule requires accounting for all business use.

Qualified Non-Personal Use Vehicles (Exempt):

The IRS rules provide exemptions for commutes made in certain narrowly defined classes of qualified non-personal use vehicles. A qualified non-personal use vehicle is any vehicle an Authorized Driver is not likely to use more than minimally for personal purposes because of its design.

Common qualified non-personal use vehicles include:

- Clearly marked police, fire, and public safety vehicles, if the Authorized Driver is always on call, is required to use the vehicle for commuting, and is prohibited from using the vehicle for personal purposes (other than commuting and de minimis use).
- Unmarked vehicles used by law enforcement officers, if personal use is officially authorized and incident to law enforcement functions, such as being able to report directly from home to a stakeout or surveillance site, or to an emergency situation. Use of an unmarked vehicle for vacation or recreation trips cannot qualify as an authorized use.
- Any ambulance or hearse used for its specific purpose.
- Any vehicle designed to carry cargo with a loaded gross weight over 14,000 pounds.
- Delivery trucks with seating for the driver only, or the driver plus a folding jump seat.
- A passenger bus or van with a capacity of at least 20 passengers used for its specific purpose.
- Bucket trucks, cement mixers, combines, crane and derricks, dump trucks (including garbage trucks), flatbed trucks, forklifts, qualified moving vans, qualified specialized utility repair trucks, and refrigerated trucks.

IRS regulations specifically provide that pickup trucks and vans are not automatically exempt. A county logo, cab lights, two-way radios, and custom paint do not modify a vehicle beyond personal use.

The above list is not comprehensive and other vehicles may meet the definition under IRS rules. Departments shall work individually with the Auditor's Office to determine eligibility.

Vehicle Assignments:

Take-home vehicle: a vehicle assigned continuously to a specific Elected Official or County employee, including commuting use.

Assigned vehicle: a vehicle assigned continuously to a specific department, Elected Official, or County employee but is stationed at a County facility. Commuting and personal use is infrequent and de minimis.

Shared vehicle (such as pool vehicles, etc.): a vehicle not assigned continuously to a specific department, Elected Official, or County employee. Commuting and personal use is infrequent and de minimis.

1. Purpose

1.1. This policy addresses assignment of Benton County (herein after "County") vehicles for business use, for home-to-work commuting and after-hours use, use of personal vehicles for County business, mileage allowances, and other general policies relating to vehicle use.

1.2. This policy applies to:

- Departments reporting to the Board of County Commissioners;
- Elected Officials and their departments;
- Represented and non-represented employees (including bi-County employees), subject to applicable collective bargaining agreements; and/or
- All users of County vehicles (owned, leased, or rented) or personal vehicles being used for County business purposes, including regular employees, temporary employees, and volunteers.

2. Assignment of County Vehicles for Business Purposes

2.1. An Elected Official or department manager can authorize use of a County vehicle as follows: (1) take-home vehicle; (2) assigned vehicle; or (3) shared vehicle.

2.2. Assigned and shared vehicles, by definition, are to be used only for business purposes with the exception of de minimis commuting and personal use as set forth in this policy.

3. Assignment of County Vehicles for Take-Home Use

3.1. Take-home vehicles are authorized for use under this policy when:

- There is considerable workday usage of the vehicle;
- The Authorized Driver is frequently called out to duty during off-hours for emergency response; and/or
- The vehicle is equipped with a radio, weapon, or other equipment that cannot reasonably be kept in a personal vehicle.

4. Use of Personal Vehicles for County Business

4.1. Authorized Drivers may utilize personal vehicles for business travel purposes subject to the provisions set forth in the County's Business Travel Policy and Procedures.

4.2. Authorized Drivers may be reimbursed for mileage consistent with the County's Business Travel Policy and Procedures.

5. Use of County Vehicles for Personal Business

5.1. Elected Officials or department managers shall be responsible to authorize the use of County vehicles by their employees for business purposes.

5.2. Authorized Drivers using County vehicles are prohibited from using vehicles for personal business except as provided herein. Unauthorized personal use of a County vehicle may result in disciplinary action, up to and including termination of employment.

5.3. Authorized Drivers should exercise reasonable judgment regarding the use of a County vehicle for personal purposes. Personal use of a County vehicle may be permitted, subject to the approval of the applicable Elected Official or Department Manager, where the use serves the County's interests, results in negligible expense, and/or is justified by compelling circumstances and doesn't pose a negative public perception even if on personal time.

5.4. Prohibited personal use of a County vehicle includes:

- Personal trips or route variations for personal purposes adding significant mileage to the otherwise shortest distance of the business travel;
- Use of the vehicle to transport personal equipment;
- Transporting unauthorized non-county employees for non-business related purposes (see Business Travel Policy and Procedures); and/or
- Any use for the purposes of campaigning in support of, or in opposition to, any candidate or cause for national, county, or local office, unless use of the vehicle is required for purposes of security protection provided by the County or local governmental unit.

5.5. Permitted use of a County vehicle for personal use includes de minimis travel and stops as further outlined below.

6. De minimis Travel and Stops

6.1. Authorized Drivers should remember that public perception of County employees is important and influenced by how and where the public observes County vehicles being used. Authorized Drivers should not make stops at locations the public would perceive as inappropriate. Examples are gaming and sports venues, liquor outlets, and other locations where it is unlikely that any County business or allowable de minimis use is involved.

6.2. Authorized Drivers are not permitted to use County vehicles for personal purposes unless approved. Exceptions to this rule are:

- De minimis stops - Examples are stops at a restaurant for a meal, an automatic teller machine (ATM) or financial institution, urgent care or emergency room, or a gas station or convenience store.
- Authorized Drivers required to stay overnight away from home may, with permission of their Elected Official or Department Manager, use a County vehicle for the types of necessary activity that could be expected of a traveler away from home. Examples include evening use to go to a pharmacy, grocery, laundromat, fitness center, or other locations to purchase goods or conduct activities necessary for health and well-being.

7. Taxable Fringe Benefit

7.1. Federal Law requires employers, including Benton County, to include fringe benefit income on annual W-2 forms submitted to the Internal Revenue Service (IRS) and the Social Security Administration for each employee. Such fringe benefit income includes an employee's use of an employer-provided vehicle for business purposes which is also used for personal commuting. The IRS regulations on this topic are extensive. The primary provisions are found in Federal Payroll Tax Laws and Regulations, United States Code, Title 26, and IRS, Code 61 Reg. 1.61-21(f)(3). Pertinent definitions are listed at the beginning of this policy.

7.2. In an effort to issue a single, complete and correct W-2 through the County's payroll system, non-cash benefits such as the use of an employer-provided vehicle for personal purposes, including personal commuting, will be reported annually by the County and included in an employee's taxable gross income and reported together with regular wages on the W-2.

7.3. Fringe benefits must be added to an employee's federal taxable gross income and are subject to federal income tax withholding, Social Security, and Medicare taxes.

7.4. IRS rules provide for the exclusion of fringe benefits having immaterial value if accounting for them would be administratively impractical. For the purposes of this policy, an employee who uses an employer-provided vehicle for personal commuting less than 15 times during a calendar year is not required to report. This usage shall be considered a de minimis fringe benefit and shall be considered immaterial so long as done in compliance with this policy.

7.5. Employees required to use the lease value rule must account for all business and personal use. Records shall be maintained for all vehicle use including dates, miles driven, and the event or reason for the trip. IRS rules dictate that all miles driven are considered personal, unless detailed records are kept documenting

business use. The record shall be maintained at the department level and approved by the Elected Official, Department Manager, or designee monthly.

8. Employee Reporting Responsibilities

- 8.1. Any employee receiving the fringe benefit of the use of an employer-provided vehicle for business use and personal commuting during a calendar month shall list the number of commutes made in PART A of the "Certification of Employee Motor Vehicle Use" form ("Certification Form"). The number of one-way commutes made in the employer-provided vehicle will be multiplied by \$1.50. The employee's W-2 will reflect this amount.
- 8.2. If more than one employee commutes in the vehicle, this value (calculation from 8.1) applies to each employee. Each employee needs to complete and sign the Certification Form.
- 8.3. If some or all of employee's commutes in an employer-provided vehicle were eligible for the exemptions described under the Definitions Section, the employee should complete PART B of the Certification Form, describing in detail the factors that make the exemption applicable.
- 8.4. Employees with a take-home vehicle may choose to have added to their income reported to the IRS the sum of \$62.25 per month, calculated as \$3.00 per day (\$1.50 per commute) times 249 days, averaged over 12 months. Control employees are not eligible for this option. If this option is chosen, the employee must continue to use this method for the entirety of the calendar year. If the employee chooses to change their option for a following year, it is the employee's responsibility to notify the Auditor's Office and their Department's Payroll Clerk, in writing, no later than December 1st of the year preceding the change.
- 8.5. Control employees with a take-home vehicle must use the lease value rule for determining the amount of fringe benefit received and reported.
- 8.6. Control Employees must complete and submit the "Worksheet to Calculate Control Employee's Taxable Income for Use of Employer-Provided Vehicle" ("Worksheet").
- 8.7. The completed and executed Certification Form (PART A and B) or Worksheet, as applicable, must be returned to Department's Payroll Clerk NO LATER THAN the 20th day of the month following the end of the preceding month, to be reported with the next month's payroll (for example, January usage shall be reported by February 20th, to be reported with February payroll).
- 8.8. Failure to return the required forms (certification form or worksheet) by the deadline will result in either (1) for control employees, the entirety of the lease value of the vehicle being reported as income; or (2) for employees using the

commuting rule, the sum of \$62.25 per month being reported, as calculated above.

9. Department Processing and Reporting Requirements

9.1 Departments are responsible for the processing of tax reporting for employees receiving the fringe benefit of the use of an employer-provided vehicle for business use and commuting.

9.2 Each department shall work with the Auditor's Office to identify all vehicles assigned to their department and designated for use by employees. The following determinations will be made:

- Does the vehicle usage require reporting as set forth in this policy?
- Does the vehicle qualify for an exemption as set forth in the Definitions above?
- Shall the reporting be done using (a) the commuting rule; or (2) the lease value rule?

9.3 Each department's Payroll Clerk must distribute the attached Certification Form or Worksheet to affected employees who have been provided with use of a County vehicle as set forth in this policy. These forms are also available under the Auditor's section of the Intranet under "Forms". The Auditor has the authority to periodically change or update these forms without Board approval. Department's shall be required to use the current versions of the forms.

9.4 Each department's Payroll Clerk will utilize the submitted forms for purposes of monthly data entry. For EDEN, the earnings code is CAR and is entered as a monthly amount. The entry will appear on the employee's paystub as "Car Allowance".

10. Driver's License and Insurance Requirements: Authorized Drivers are required to provide proof they possess a valid motor vehicle operator's license and proof of current vehicle liability insurance. Proof of vehicle liability insurance must be submitted with a request for mileage reimbursement.

11. Driving Safety and Prevention: Questions regarding driving safety and prevention should be directed to the Risk Manager.

12. Vehicle Fuel Policies and Fuel Credit Card Uses

12.1. Contracted fuel distribution vendors ("cardlocks") should be used whenever possible. Elected Officials or Department Managers should provide directions to these locations and instruct the Authorized Drivers on proper use.

- 12.2. Non-contracted fuel distribution vendors ("gas stations") should be used if contracted vendors are not available. A County purchase card (P-Card) should be used for purchases whenever possible.
- 12.3. The most cost-effective vendor should be used whenever possible. Receipts shall be acquired and submitted to the County when using P-Cards.

**WORKSHEET TO CALCULATE CONTROL EMPLOYEE'S TAXABLE
INCOME FOR USE OF EMPLOYER-PROVIDED VEHICLE**

ANNUAL LEASE VALUE METHOD (Autos Available 30 Days or More)

EMPLOYEE	Name	*
VEHICLE DESCRIPTION		*
DATE VEHICLE PUT INTO SERVICE		*
DATE MADE AVAILABLE TO THIS EMPLOYEE		*
Reporting Period		x
Fair Market Value of Auto (<i>This is the original cost if purchased within last four years</i>)		*
Annual Lease Value		\$600
Number Of Days Vehicle Was Available (IF LESS THAN 365)		
Prorated Lease Value (Annual Lease Value X (Days Available/Days Year))		\$600
Personal Use Percentage		Please Enter Mileage
Personal Miles Used		*
Total Miles Used		*
Personal Lease Value (Prorated Lease Value X Personal Percentage)		Please Enter Mileage
Plus Employer Provided Fuel (.055 cents per personal mile)		\$0
TAXABLE INCOME TO BE ADDED TO EMPLOYEE'S W-2		<u><u>\$0</u></u>

* =INPUT REQUIRED IN YELLOW FIELDS

**Benton County
Certification of Employee Motor Vehicle Use**

PART A - Usage:

I hereby certify that, during the period from _____, 20__ to _____, 20__, I used a non-exempt vehicle provided in connection with my employment with Benton County, Washington, for no more than:

_____ One-way Commuting Trips.

OR

PART B - Exemption:

_____ All (how many?) _____ Some (how many?)

of my continuing use of my employer-provided vehicle during this period was exempt from IRS reporting requirements because of:

(Refer to the IRS Publication - *Business Use of a Car*, for authorized exemptions.)

Name: _____

Position: _____

Dept: _____

Signature of Employee _____

Verified by: _____

Title: _____

This form must be submitted to Department's "Payroll Clerk" NO LATER THAN the 20th day of the month following the end of the preceding month, to be reported with the next month's payroll (for example, January usage shall be reported by February 20th, to be reported with February payroll).