

CITY OF ALPENA

COUNCIL POLICY STATEMENT

General Subject: City Vehicles	Policy No.: <u>27</u>
Specific Subject: Use of City Vehicles by City Employees	Date Issued: <u>11-04-96</u>
	Effective Date: <u>01-01-97</u>
	Revised Date: <u>06-03-13</u>

Copies to: City Council, All City Employees, File

PURPOSE:

The purpose of this Council Policy Statement (CPS) is to provide clear directions on the personal use of City vehicles by City employees and when said use is a taxable benefit. This Council Policy Statement is required by the Internal Revenue Service regulations.

STATEMENT OF POLICY:

- A. There shall be no personal use of City vehicles by City employees except for *de minimis* personnel use (such as a stop for a personal errand between two business locations or a stop for lunch between two business deliveries) and commuting as authorized and required by the City for the benefit of City operations.
- B. Employees who live outside the City limits, regardless of their position or title, may not use a City owned vehicle to commute to and from work.
- C. The commuting rule does not apply to elected officials or employees whose compensation equals or exceeds the compensation paid to a Federal Government employee holding a position at Executive Level V.
- D. The use of City vehicles by City employees for commuting shall be authorized in writing by the City Manager provided said commuting is for bona fide noncompensatory City business reasons and the employee is required to use the vehicle to commute to and from work. A copy of the authorization form shall be provided to the City Clerk-Treasurer/Finance Office. If the requirements of this policy are met, the taxable benefit of the commuting (a personal use) is valued at \$1.50 per one-way commute (or the current I.R.S. approved rate); that is, the taxable benefit to the employee is \$3.00 per round-trip commute.
 - 1. Each employee authorized and required to commute shall submit a monthly log to the City Clerk-Treasurer/Finance Office by the 15th day of the following month. Said monthly log shall indicate the date and time of each commute and shall be signed by the employee. Failure to submit said monthly log shall result in revocation of commuting authorization.

2. The taxable benefit of commuting shall be added to the affected employee's W-2 Wage and Tax Statement. The City will treat taxable benefits actually provided in the last month of the calendar year as provided in the subsequent year for administrative flexibility and so as not to delay the

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preparation of W-2's. The taxable benefit shall be added to the employee's last paycheck of the calendar year (or the employee's last paycheck of the year if the employee terminates his/her employment). The City will not withhold federal and state income taxes on the taxable vehicle fringe benefit; however, the City will withhold social security (F.I.C.A.) taxes.

E. **Qualified Non-Personal Use Vehicles:** There is no taxable benefit recognized by the employee for the use of "qualified non-personal use vehicles." Included among qualified non-personal use vehicles are the following vehicles:

1. clearly marked police and fire vehicles;
2. unmarked law enforcement vehicles, in certain limited cases (see below);
3. ambulances and hearses;
4. vehicles with loaded gross weight in excess of 14,000 pounds;
5. heavy equipment such as "cherry pickers," cement mixers, combines, cranes, and derricks;
6. delivery trucks with limited seating;
7. utility repair, dump, garbage, refrigerated, and flatbed trucks;
8. moving vans;
9. passenger and school buses;
10. specially modified pickup trucks and vans.

Generally, there is *by definition* no personal use for such vehicles. For clearly marked police and fire vehicles, there are certain restrictions.

The restrictions on police and fire vehicles are as follows:

- The employee must be required to commute in the vehicle because he or she is on call at all times that the vehicle is in his or her possession. The Fire Chief and Police Chief shall submit a list to the City Manager's Office of employees required to commute.
- All personal use other than commuting must be prohibited.

Provided that these restrictions are met, the fire and police personnel have no income from the personal commuting use.

If the Fire Chief or Police Chief authorizes and requires the personal use of unmarked vehicles "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," then that personal use is not taxable.

The City Manager may authorize and require other City employees to use qualified, non-personal use

vehicles for commuting for the benefit of the City. Said authorizations shall be in writing with a copy to the City Clerk-Treasurer/Finance Office.

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