

STATE CONTROLLER POLICY

USE OF STATE-OWNED VEHICLES

1) **Authorities.**

- a. CRS 24-30-1112 Permanent assignment of vehicles
- b. CRS 24-30-1113(2)(b) Assignment of vehicles to state agency officer or employees
- c. State Controller Technical Guidance "Taxability of State-Owned Vehicles"
- d. State Fiscal Rules 1 CCR 101-1, Fiscal Rule 9-6 Assignment of State-Owned Vehicles
- e. Division of Central Services Rules 1 CCR 103-1

2) **Definitions**

- a. **Commuter** – Employee who commutes and is required to commute.
- b. **Commuting** – Travel between and officer's or employee's personal residence and one or more regular places of business.
- c. **De Minimis Personal Use** – Includes infrequent use of a vehicle for personal use. For example a stop for a personal errand on the way between a work location and the employee's home. Use of a State-owned vehicle for commuting for more than once a month is not considered de minimis personal use.
- d. **Qualified Nonpersonal Use Vehicle** – See State Controller Guidance "Taxability of State-Owned Vehicles"
- e. **Requirement to Commute** – See State Controller Guidance, "Taxability of State-Owned Vehicles"
- f. **Traveling Away from Home** – See State Controller Guidance, "Taxability of State-Owned Vehicles"

3) **Eligibility.** An employee in the Executive Branch must meet all of the following conditions to be eligible for assignment of a state-owned vehicle:

- a. Assignment of the vehicle is necessary to conduct official and legitimate state business, and,
- b. Assignment of the vehicle satisfies as least one of the following requirements:
 - i. The vehicle meets the federal internal revenue service definition of Qualified non-personal use in 26 CFR 1.274-5(k), or
 - ii. The assignment of the vehicle is the most cost-efficient means of transportation, as defined in this policy.
- c. Personal use, outside of employees who are required to commute or de minimis use, is not allowed.

4) **Qualified Non-personal Use Vehicle**

See State Controller Technical Guidance "Taxability of State-Owned Vehicles."

5) **Most Cost Efficient means of Transportation**

- a. Employees with State-assigned vehicles must meet the minimum required utilization for the utilization classification associated with the vehicle's intended work function. See Division of Central Services Rules 1 CCR 103-1, Section 6.00
- b. For State-assigned vehicles that do not meet the minimum utilization and do not have justification for low utilization, permanent assignment may be revoked immediately, and the employee shall use his/her personal vehicle and be reimbursed for traveling on State business.
- c. For motor pool vehicles, employees shall use the State Fleet Trip Optimizer to determine the most efficient means of transportation for their trip.

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6) Tax Treatment

Use of State-owned vehicles may be classified as exempt, taxable subject to commuting rule, or taxable subject to lease value rule. Employees who use a State-owned vehicle while Traveling Away from Home are not commuting and not subject to tax. See State Controller Technical Guidance "Taxability of State-Owned Vehicles."

7) Tax Valuation

Agencies shall use either the commuting rule or lease value rule to compute the taxable benefit to employees. See State Controller Guidance "Taxability of State-Owned Vehicles."

8) Tax Reporting

a. Commuting Rule

- i. Reporting - Employees using State-owned vehicles who are subject to the commuting shall report the number of days commuted each month.
 1. Employees who regularly commute every day do not need to report the days commuted if they commuted every working day during the prior month. These employees shall report the total days commuted if they did not commute every working day during the prior month.
 2. Employees who do not regularly commute shall report the total number of days commuted in the prior month.
- ii. Timing – Employees shall submit the number of days commuted each month by the 5th working day of the following month to their department's payroll office.

b. Lease Value Rule

Employees subject to the Lease Value Rule shall:

- i. Maintain written records made at the time of each use for a State Purpose (business use). These employees shall also maintain records of personal miles and total miles driven each month.
 - ii. Submit the business, personal, and total miles driven in the month to the department's payroll office by the 5th working day of the following month.
- c. Form – The Office of the State Controller shall develop a form or process for employees' to submit the required information under either the Commuting Rule or Lease Value Rule to the department's payroll office.
- d. Valuation of Taxable Benefit for Commuting and Lease Value Rule - See State Controller Technical Guidance "Taxability of State-Owned Vehicles."

Robert Jaros, CPA, MBA, JD
State Controller