State of California • Arnold Schwarzenegger, Governor
State and Consumer Services Agency
DEPARTMENT OF GENERAL SERVICES
Office of Fleet and Asset Management
1700 National Drive • Sacramento, CA 95834 • (916) 928-2550 • Fax (916) 928-9895 • www.ofa.dgs.ca.gov

Important Policy Information Enclosed

July 15, 2009

Dear Director,

On May 27, 2009, the Office of Fleet and Asset Management (OFAM) sent a letter requesting that your Agency submit your annual *Vehicle Home Storage Permit* (Std. 377) summary report as well as copies of your agency's current Home Storage Permits to OFAM by June 30th. OFAM has received many, but not all of the reports as of today's date, and is including a listing of reporting and non-reporting agencies in our regular progress updates on the home storage permit audit to the State and Consumer Services Agency and the Assembly Accountability Office. This follow-up letter is to remind you to submit your information as quickly as possible if you have not already done so. However, this letter is primarily to advise State agencies about the laws and regulations governing the use of State-owned vehicles and the tax consequences that may be triggered by such use.

California State law specifies that State-owned motor vehicles shall be used *only* in the conduct of State business, and that no State officer or employee shall use, or permit the use of, any State-owned motor vehicle other than in the conduct of State business.[1]

Section 599.800 of the California Code of Regulations (CCR) provides that a State-owned motor vehicle is used in the conduct of State business when it is "driven in the performance of or necessary to or in the course of the duties of State employment and shall include the operation of State-owned or leased vehicles as commute vehicles in a carpool or vanpool program authorized by a State agency."

Personal use of a vehicle is considered a misuse of State property if:

1) A vehicle is driven or used otherwise than for the conduct of State business; or
2) A vehicle is driven to or from an employee's home or the vicinity thereof, unless it meets one of the exceptions set forth in CCR § 599.802.

CCR § 599.802 specifies that a misuse of a State-owned vehicle includes:

a) When driven or used otherwise than in the conduct of State business;
b) When driven to or from the employee's home or the vicinity thereof after completion of the employee's workday, unless one of five (5) specified exceptions to the rule applies;[2]

[1] Government Code § 19993.1

c) Carrying in the vehicle any persons other than those directly involved with official State business, except with the approval of the employee's immediate supervisor for each trip;
d) Using the vehicle for other than those personal needs directly essential to carrying out the official business such as obtaining food and lodging.

All State employees are liable for the actual costs of the misuse and may be subject to disciplinary action for the misuse of a State owned vehicle.[3] With some exceptions, personal use triggers tax consequences for the driver. Personal use includes miscellaneous non-business trips, daily work commutes, etc. If an employee routinely works at the same multiple sites, the commute to each of those sites and back home again is also a personal commute. The value of the personal use of State-owned or leased vehicles is reportable as taxable income.

Employers must apply facts and circumstances on a case-by-case basis to determine taxable "personal use." The State Controller's Office (SCO) Payroll Procedures Manual (PPM) Section N 129.1 has information that covers the taxable event triggered by State vehicle use, as well as the reportable/taxable amount to report. PPM Section N 129.1 also includes information regarding the *exceptions* to the taxable reporting requirements (e.g., "Qualified Non-Personal Use Vehicles"). The PPM is available on the SCO website at http://www.sco.ca.gov/ppsd_ppm.html.

State employees must report the taxable amount monthly on the State Controller's Form STD. 676V, *Non-USPS Adjustment Request – Values (Fringe Benefit/Employee Business Expense)* and submit to their Department's Human Resources Unit. We have provided the link below to the STD. 676V for your convenience. If you have questions regarding the taxable amount or the Form STD. 676V, please contact your department's Human Resources Office.

Please be advised that the policies highlighted above may not encompass a complete listing of all policies pertaining to tax considerations and fringe benefits associated with State vehicle usage, and State agencies are responsible for compliance with all applicable policies and regulations.

If you have any questions regarding Vehicle Home Storage Permits or related policies, please contact Carol Shellenberger at carol.shellenberger@dgs.ca.gov or (916) 928-5831.

Sincerely,

KATHY HICKS, Chief
Office of Fleet and Asset Management

Enclosure
Std. 676V: http://www.documents.dgs.ca.gov/osp/pdf/std676v.pdf

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[2] The exceptions include: (1) departing upon or returning from an official trip away from the employee's headquarters under circumstances that make it impracticable for the employee to use other means of transportation, or where the employee's home is reasonably enroute to or from his/her headquarters or other place where he/she is to commence work the following workday; (2) the vehicle is to be used by him/her in the conduct of State business on the same day, or before his/her usual working hours on his/her next succeeding work day, and where such later use has been authorized in writing in advance by his/her agency head or his/her duly authorized representative. The mere possibility that vehicle may be used outside of business hours by an employee "on call" does not qualify under this subsection. (3) no state garage is available; (4) the employee is required to respond to urgent or emergency calls outside of his/her regular working hours, reasonably requiring the use of a State-owned vehicle, or (5) the employee is required to work unplanned overtime with the result that no other practical means of getting home is available to the employee. [CCR § 599.802]

[3] CCR § 599.803