

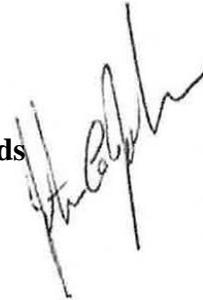
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Justin Johnson, *Secretary*

## MEMORANDUM

**TO:** Secretaries, Commissioners, Deputies and Exempt Heads  
**FROM:** Justin Johnson, Secretary  
**CC:** Business Managers  
**RE:** Bulletin 2.3 ~ State Vehicle Policy  
**DATE:** January 26, 2016



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*Please forward a copy of this Addendum to each employee in your agency, department or unit of government.*

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### [BULLETIN 2.3 – EFFECTIVE FEBRUARY 21, 2016](#)

In order to comply with the Internal Revenue Service (IRS) regulations requiring an employee's personal use of a State owned vehicle, including commuting, be treated as a taxable fringe benefit, the Agency of Administration has revised Bulletin 2.3 ~ State Vehicles Policy (Bulletin) to incorporate and implement this change, effective February 21, 2016. The revised Bulletin is made available (at: <http://aoa.vermont.gov/bulletins>) to allow agencies, departments and employees to familiarize themselves with the requirements prior to the effective date of February 21, 2016.

Use of any State owned vehicle (Fleet/rental or owned by a department) is for **official State business use only**. Employees are generally prohibited from using these vehicles for personal use, including commuting from home to worksite, with certain limited exceptions detailed in the Bulletin. The personal use commuting prohibition exists even when the vehicle is assigned to a specific person for use.

The revised Bulletin contains several changes, in addition to personal use, which are summarized below. This summary is intended as a quick reference guide. The summary below is not all inclusive and is not a substitute for reading, understanding and complying with this Bulletin in its entirety.

#### **Operation of Vehicles:**

- While operating a State vehicle, smoking, picking up hitchhikers and using a hand held electronic device are prohibited;
  - Use of seatbelts by all passengers in a State vehicle is mandatory;
  - Idling while in a State vehicle is prohibited;
  - Only State employees and State officials on official State business are authorized to operate State owned vehicles. Any passengers must also be on official State business.
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## Commuting Use of State Vehicle

- State employees may take home a State owned vehicle 12 or fewer times a year without tax consequences. Each one-way commute counts as a separate “take-home” event.
- Commuting in excess of 12 times per year must be approved by the Secretary of Administration by submitting the “Employee Request to Take State Vehicle Home” form, located at: [http://bgs.vermont.gov/business\\_services/fleet/forms](http://bgs.vermont.gov/business_services/fleet/forms).
- Commuting use, in excess of 12 times per year will be reported as taxable fringe benefit income through the employee’s payroll and is subject to federal FICA taxes (Social Security taxes and Medicare taxes). The taxable income and FICA taxes deducted will be reported on the employee’s annual Form W-2.
  - **Appendix A: Taxable Fringe Benefit – Personal Use of State Vehicles** establishes the process for departments to meet this requirement by reporting to the Agency of Administration’s VTHR Operations Division (VTHR) the taxable fringe benefit value for employees’ personal use of State vehicles. VTHR will record the fringe benefit amount as income to the employee, withhold applicable payroll taxes and report same on the employee’s W-2 form.

## Fuel Card Policy

- **Appendix B: Fuel Card Policy** -- The statewide universal fuel card program is designed to provide State agencies and departments with a vehicle and/or equipment fuel card that allows State employees to purchase fuel and other vehicle-related supplies and services for State vehicles and/or State-owned fuel-powered equipment in order to conduct governmental business. This policy establishes the requirements for managing and using the fuel cards.

The Administration has balanced the IRS requirement to report personal use of a State owned vehicle as a taxable fringe with a methodology to apply this requirement only as necessary.

### Questions should be directed as follows:

1. VTHR and W-2 questions: [VTHR.helpdesk@vermont.gov](mailto:VTHR.helpdesk@vermont.gov);
2. Fuel Card Usage: BGS Purchasing & Contracting Division (802-828-2211);
3. Vehicle Operations: [BGS.FleetServices@vermont.gov](mailto:BGS.FleetServices@vermont.gov).