

## Department of Administrative Services - State Accounting Enterprise

Section	Procedure Number	Page Number	Effective Date
PRE-AUDIT	210.130	1 of 3	July 1, 2016 Revised 7/1/2022
<b>Subject</b>			
TRAVEL GENERAL – STATE OWNED VEHICLES – USED FOR PERSONAL REASONS			

- 1.** To provide the most economical travel at State expense, State of Iowa employees shall utilize State owned vehicles whenever possible for the performance of State business. Chapter 8A.363, Code of Iowa, however, does provide that DAS-Central Procurement and Fleet Services Enterprise (DAS-CPFSE) may approve the payment to State officers and employees for the use of their privately owned vehicle to conduct State business at a rate not to exceed the maximum allowable under the federal Internal Revenue Service rules. Pursuant to these statutory provisions, DAS-CPFSE establishes the following payment rates:

  - a. \$0.50 per business mile will be authorized to State of Iowa employees for the use of their private vehicle, when authorized by their department.
  - b. Other rates of payment may be authorized by the Director of the DAS for the State business use of privately owned vehicles which have been substantially modified or specially equipped as required for use by persons with disabilities.
  
- 2.** Employee Request for Accommodation

Departments are authorized to approve employee requests for vehicular accommodation up to 14,000 miles annually on a fiscal year basis. Upon department determination that a vehicular accommodation is best provided by the utilization of the employee's personal vehicle for the performance of essential job duties, the employee will receive payment for the business use of their private vehicle at the rate in 1.a. above, unless qualified under the provisions of paragraph 1.b. above. A copy of the Request for Reasonable Accommodation form shall be furnished to DAS-CPFSE for recording purposes.

Employees requesting a reasonable accommodation for their vehicular requirements which drive, or are anticipated to drive, more than 14,000 miles annually on a fiscal year basis, shall forward their [Request for Reasonable Accommodation](#) to the Vehicle Accommodation Review Committee established by the DAS-CPFSE for determination of the most appropriate method of accommodation.

Annual review of the methods utilized to provide accommodations may be performed by department supervisors and a Review Committee established by the DAS-CPFSE.
  
- 3.** Volunteers and Member of Board and Commissions

Members of boards or commissions and members of the public volunteering their services to the State of Iowa shall receive the \$0.50 per mile rate for the use of their private vehicle in the conduct of official business.

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4. In conjunction with Code section 8A.363, the DAS-CPFSE has delegated authority to state officers and employees for use of private vehicles up to a maximum of 14,000 miles annually on a fiscal year basis, beginning July 1st of each year. Mileage in excess of 14,000 miles during any fiscal year will not be reimbursed. State officers and employees exceeding the 14,000 mileage limit should contact Fleet Services for information regarding the utilization of a motor pool vehicle for any additional necessary state business travel beyond 14,000 miles. It should be noted the terminology used in this section also applies to board and commission members.
  
5. The Tax Reform Act of 1984, as revised in 1985 in Public Law 99-44, enacted new regulations concerning the taxability of fringe benefits relating specifically to the non-business use of automobiles. (These rules remain in effect in the Tax Reform Act of 1986.) These regulations created a new reporting responsibility for the State of Iowa as an employer when certain situations exist that involve state employees using state vehicles for commuting purposes.
  - a. When an employee uses a state-owned automobile within the city or metropolitan area which is the employee's tax home, the commuting from the employee's home to the first stop and from the last stop to the employee's home each day is a taxable fringe benefit. This is synonymous to commuting from the employee's home to the office or other location of the employer.
  - b. When the employee leaves home and makes the first stop outside the metropolitan area that is the employee's tax home the use of a state automobile would be a working condition fringe not subject to tax.
  - c. Law enforcement (police) officers who are driving a state vehicle, and, who take their state automobile home with them at night do not have a taxable fringe benefit.
  - d. The taxable fringe benefit is the equivalent of \$3.00 per round trip (\$1.50 one way) each time a state car is used for commuting purposes (see item (a) above to see what constitutes commuting). The amount of taxable income from the use of a state automobile is subject to federal and state withholding, as well as FICA. The taxable amounts must be handled through the Human Resource Information System (HRIS).
    - (1) Reporting of commuting in HRIS can be done on a pay period, monthly or quarterly basis. However, an employee who does commute extensively will have a larger tax bite out of one paycheck if the commuting miles are reported on a quarterly basis. It will be necessary to report at least quarterly in order to have correct taxable wages on quarterly reports that HRIS must file. The amount to report is \$1.50 for each one-way trip or \$3.00 for each round trip.

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- (2) The amount to be reported for an employee should be entered on a P-1 document in the field titled "Commute Miles Pay". The amount reported on the P-1 document will remain in HRIS as additional earnings to the employee until another P-1 document is submitted to change the amount or to zero out the amount. Any figure reported in this field will be subject to federal withholding tax, state withholding tax and FICA.
  - (3) After the appropriate taxes have been calculated and deducted on the employee's paycheck, HRIS is programmed to deduct the amount reported in the "Commute Miles Pay" field of the P-1 document from the gross pay amount on the paycheck. Quarterly, a report of this activity is sent to departments.
- e. It is important to remember that the above mentioned rules and guidelines do not supplant the authority granted to the DAS-CPFSE in the assignment, control and use of state-owned vehicles, as contained in Section 8A of the Code of Iowa.