



Federal law are exempt for the purpose of increased tax liability. This exemption means that the taxable income of the employee assigned to one of these vehicles will not be affected.

Home Storage – is defined as a vehicle kept at the employee's residence. Vehicles may not be parked in the streets, and employees must avoid situations that would give rise to a legitimate complaint from neighbors, such as blocking streets, driveways, alleys, etc.

Non-Exempt Vehicles – According to Federal guidelines and for purposes of tax calculation only, all other vehicles of the City that do not meet the criteria to be exempt vehicles are classified as "non-exempt." These non-exempt vehicles normally include pickup trucks and vans. By "non-exempt" the Federal government means that a tax liability will be incurred by the employee to whom the use of the vehicle is assigned.

Hand-held devices – Include but are not limited to cell phones without a hands-free device, radios, and navigation tools.

Tax Liability - An employee who has a non-exempt, assigned take home vehicle will have an assessment, as set by the Federal government each year, added to their taxable income for each day of use. This assessment will only be added for the days the vehicle is used, not to include vacation, sick leave or holidays. The assessed amount is added to the employee's taxable income only for the purpose of calculating the tax liability. The employee assigned the use of a non-exempt take home vehicle will be responsible for the tax on the assessed amount.

Assignment/Reporting Requirements for Take Home Vehicles - Employees that are to be assigned a take home vehicle, whether for daily use or an on-call basis, must be recommended by the Department Director and approved by the City Manager or appropriate Assistant City Manager.

Below is a list of exempted vehicles as outlined in the Federal Register Vol. 50. No. 215/Public Law 99-44:

1. Clearly marked police and fire vehicles,
2. Delivery trucks with seating only for the driver and folding jump seat,
3. Flatbed trucks,
4. Cargo vehicles with a gross vehicle weight over 14,000 pounds,
5. Passenger buses with a capacity of at least 20 passengers,
6. Ambulances or hearses,
7. Bucket trucks or "cherry pickers",
8. Cranes and derricks,
9. Forklifts,
10. Cement mixers,
11. Dump trucks and garbage trucks,

12. Refrigerated trucks,
13. Tractors,
14. Combines,
15. School buses,
16. Specialized utility repair trucks,
17. Moving vans,
18. Unmarked law enforcement vehicles operated by an officer or arson investigator who is a full-time employee, authorized to carry a firearm, execute search warrants, and make arrests.
19. All other vehicles exempted by the IRS under special rulings.

**IV. PROCEDURES:**

- A. Department Directors/Division Managers will prepare a written request which will indicate the individuals to be assigned vehicles, the length of the assignment, the location of home storage, the vehicle type and number and a bona fide city purpose for each assignment. This request will be reviewed annually by the Department Director/Division Manager and be accompanied by an acknowledgement form signed by the employee acknowledging having read and received this policy. Finance will submit the final list to the City Manager for approval.
- B. Finance will be considered the primary repository for the take home vehicle records and will be responsible for initiating the annual re-approval process (generally Oct. 1st).
- C. Modifications to the take-home list will be reported to Finance.
- D. For security purposes all records for Police undercover vehicles will be maintained in the Police Department following approval by the City Manager.
- E. If the vehicle that is assigned is non-exempt, the employee to whom it is assigned will incur the tax liability previously described. That employee will also be given the opportunity to complete a new W-4 to adjust withholdings for this liability. For each pay period, the number of one-way commutes incurred for an employee assigned a non-exempt vehicle should be reported to Finance with their biweekly timesheet and appropriate form.
- F. Once an on-call assignment has been approved by the City Manager, new requests are necessary only when changes in status (i.e. new employee, reorganization of duties, employee moves, etc.) occur or as part of the annual review.

**V. GENERAL PROVISIONS:**

- A. City vehicles are to be used for conducting official city business. The City reserves the right to search those vehicles at any time, for any purpose. Employees have no expectation of privacy in city vehicles.
- B. The operation of City take home vehicles by non-employees is not allowed.
- C. All precautions shall be taken to ensure the safety and security of City Vehicles. This includes, but is not limited to, locking all doors and/or compartments and properly parking vehicles in accordance with applicable laws and ordinances.
- D. Employees authorized to take a vehicle home must drive the vehicle to and from work by the most direct route, without any deviation. The location of home storage for a City vehicle may not be further than 15 miles from the City limits unless approved in writing by the City Manager.
- E. Use of the City vehicle for going to and from lunch shall be restricted within City of Frisco limits.
- F. Carpooling to and from work and home in a City vehicle is not allowed. This restriction includes carpooling with other employees and non-employees. Other employees or non-employees may ride in a City vehicle as long as the bona fide city purpose is not for carpooling or commuting on a regular basis.  
Example: Inclement Weather, Ozone Days, Schools and Conferences, etc. are acceptable reasons for carpooling.
- G. If an accident occurs while taking a vehicle home, the employee and their supervisor shall report the accident to their Division Manager and Department Director immediately. A drug and/or alcohol test will then be administered as described in the City's Drug Testing Policy.
- H. City employees involved in accidents while not in the "course and scope of employment" are responsible for all liabilities arising from the accident.
- I. Employees and supervisors who fail to comply with the requirements of this policy will be subject to disciplinary action as described in the City's Discipline Policy.
- J. Employees may not possess or use alcohol or other controlled substances while operating any City Vehicle as set out under the DRUG AND ALCOHOL TESTING POLICY.
- K. City employees may not use hand-held devices while operating a City Vehicle – whether the vehicle is in motion or stopped. This includes, but is not limited to, answering or making phone calls, engaging in phone conversations, and reading

or responding to emails, instant messages, and text messages. All motor vehicles must be legally and safely parked to operate hand-held devices. Such restrictions for Police and Fire department personnel will be governed by Police and Fire Department policy.

- L. City employees may use accessories or vehicle-based equipment which allows for a hand-held device to be operated hands-free for voice calls only, so the driver may be able to maintain the use of both hands to control the vehicle. Vehicle operators are still required to use good judgment when using hands-free equipment so as not to be distracted from maintaining control of the vehicle.
- M. Department Management shall be authorized to restrict the use of hands-free usage based on the operational needs of the Department or because of the vehicle size.