

SECTION: ADMINISTRATIVE

SUBJECT: COURTESY VEHICLES PROVIDED BY AUTOMOBILE DEALERS TO LCSC
EMPLOYEES

Background: Local automobile dealers may occasionally provide courtesy vehicles to LCSC Athletics Department employees for institutional as well as personal use.

Point of Contact: Office of the Vice President for Finance and Administration (Risk Manager)

Other LCSC offices directly involved with implementation of this policy, or significantly affected by the policy: Athletics, Human Resource Services

Date of approval by LCSC authority: November 19, 2015

Date of State Board Approval: N/A

Date of Most Recent Review: June 2018

Summary of Major Changes incorporated in this revision to the policy: This policy has been revised to clarify the responsibilities of the employee and the college in two different courtesy vehicle agreements, the Courtesy Car Agreement for Business Use Only, and the Courtesy Car Agreement for Business and Personal Use.

Preface:

Local automobile dealers may occasionally provide courtesy vehicles to Athletic Department employees for institutional as well as personal use. This policy describes the relationship between the employee and the dealer and/or the college with regard to these vehicles used for business only or business and personal. IRS regulations require an employer to identify as taxable income the value of any personal use accruing to an employee utilizing a dealer-provided vehicle.

1. Courtesy Vehicle Agreements for Business and Personal Use:

A. Courtesy vehicle arrangements for business and personal use between an automobile dealership and employee are considered to be agreements between the affected employee and the dealer. Employees notify the College when they are offered and wish to accept a courtesy vehicle for business and personal use. Notification is made by use of the "Courtesy Vehicle Agreement for Business and Personal Use" form, described below. College administration (unit director and Vice President for Finance and Administration acknowledges and has approval authority over courtesy car agreements for personnel, but the College is not a party to a Courtesy Vehicle agreement for Business and Personal Use, and the vehicles which may be provided are not considered to be LCSC (State of Idaho) owned and operated vehicles. The dealership provided business and personal use vehicles are eligible for state insurance coverage if the college ensures the employee has provided their own personal insurance as required below in F 1,2, and 3.

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- B. The benefit (personal use) associated with operation of a courtesy vehicle provided by an automobile dealership to an employee is subject to inclusion in the employee's taxable income.
- C. Any vehicle provided to an employee as a "Courtesy Vehicle" will be used by the employee only if a current [Courtesy Vehicle Agreement for Business and Personal Use](#) has been executed and approved. A copy of the Courtesy Vehicle Agreement for Business and Personal Use can be obtained by contacting the office of the Vice President for Finance and Administration.
- D. An LCSC employee making non-reimbursable use of a courtesy vehicle will be required, pursuant to IRS regulations, to maintain a log of all personal miles associated with the use of the vehicle. This information will be communicated to the applicable department head and reported to Human Resources no less frequently than once per calendar quarter during any quarter for which the employee was responsible for the vehicle.
 - 1) If the Courtesy Vehicle Agreement provides the option for the employee to utilize the vehicle for personal use, all personal mileage, including commuting to and from work is required to be reported in mileage logs.
 - 2) Odometer certifications to support mileage logs are required to be completed.
 - 3) Mileage logs, courtesy vehicle agreements and insurance documentation shall be provided by the Athletics Department via e-mail to document provision and timeliness.
 - 4) A standard mileage log worksheet should be utilized which includes the month and year, the courtesy vehicle user name, the vehicle make/model/year, the total miles, and total personal miles and total business miles.
 - a. The Athletics Director will review the personal miles reported quarterly for reasonableness prior to submission to Human Resources.
 - b. The Athletics Director will verify all courtesy vehicle user mileage logs are forwarded to Human Resource Services on a quarterly basis (January, April, July and October) via email and document the submission in a quarterly checklist.
- E. On a quarterly basis, the Human Resource Services Payroll Technician will calculate the taxable income associated with the employee's personal use of the courtesy vehicle based upon the "Annual Lease Value Tables" as stated in Code Sec. 61 of the Federal income tax regulations. The calculated taxable income prepared by the HRS

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Technician shall be reviewed for accuracy by another employee of HRS.

- 1) The amount of this benefit will be reflected in the payroll register as a "taxable fringe benefit" on a quarterly basis and will be included in the employee's annual W-2.
 - 2) Any use not specifically related to institutional purposes will constitute personal use. This includes but is not limited to commuting between home and the institution as well as personal side trips taken while conducting institutional business.
- F. For the purposes of this policy, the "recipient" identified on the Courtesy Vehicle Agreement for Business and Personal Use is defined as the employee. The employee is responsible for procuring and maintaining, at his/her own expense, vehicle insurance, registration, and licensing. The employee is responsible for maintenance of the vehicle.
- 1) Employee shall procure and maintain, at his or her own expense, Vehicle Liability Insurance for the vehicle. The minimum coverage limits for such vehicle liability insurance shall be \$150,000 each person and \$500,000 each occurrence and \$150,000 for property damage or state minimum requirements at the time the vehicle is insured. The vehicle liability insurance policy shall be endorsed to name Lewis-Clark State College as an additional insured.
 - (2) Employee shall procure and maintain, at his or her own expense, Comprehensive and Collision Insurance for the Vehicle. Employee shall be responsible for the payment of any deductible for all such insurance claims. The dealership shall be named as Loss Payee on the Comprehensive and Collision Insurance coverage.
 - (3) Such insurance policy covering requirements of employee shall contain a clause that insurance afforded under the policy will not be reduced or cancelled without (30) days prior written notice, sent to the College and the dealer.
 - (4) Employee shall provide the office of the Vice President for Finance & Administration (Risk Manager) at the College with certificates of insurance signed by a licensed representative of the insurance company for the above required insurance.
- G. The employee must complete the Courtesy Vehicle Agreement for Business and Personal Use (as opposed to the Courtesy Vehicle Agreement for Business Use

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Only) and provide copies to the Athletic Department and to the Office of the Vice President for Finance & Administration. Details on employee obligations are listed in the Courtesy Vehicle Agreement. Employees may not drive courtesy vehicles until all requirements have been met.

- 1) The Athletics Director will verify the Courtesy Vehicle Agreements are properly completed with the required insurance attached prior to LCSC staff driving the courtesy vehicle. The Athletics Director will document such verification on a quarterly courtesy vehicle monitoring checklist.
- 2) The Athletics Director will verify the insurance provided by the employee as attached to the courtesy vehicle agreement contain the four insurance requirements as follows.
 - a. The coverage limits as outlined above in paragraph F, 1.
 - b. Lewis-Clark State College shall be listed as additional insured on the employees policy
 - c. The policy shall list Loss payee assignment to the dealership.
 - d. The Policy shall contain a clause that insurance will not be reduced or cancelled without 30 days prior written notice sent to the College and the dealer.
- 3) The Athletics Director will forward the properly completed courtesy vehicle agreements to the Office of the Vice President for Finance & Administration.
- 4) The Office of the Vice President for Finance & Administration will review the attached insurance policy verifying it contains the four insurance elements as listed above in paragraph G, 2 a, b, c, and d.

2. Courtesy Vehicle Agreements for Business Use Only:

- A. Courtesy vehicle arrangements for business use only are agreements between the automobile dealerships, the employee(s) and the college. These vehicles are eligible for coverage through the college. Use of this vehicle for personal use is strictly prohibited. Employees notify the College when they are offered and wish to accept a courtesy vehicle for business use only. Notification is made by use of the "Courtesy Vehicle Agreement for Business Use Only" form. College administration (unit director and Vice President for Finance and Administration acknowledges and has approval authority over courtesy car agreements for personnel, and the College is

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considered a party to a Courtesy Vehicle agreement for Business Use Only, and these vehicles which may be provided are considered to be LCSC (State of Idaho) owned and operated vehicles. These vehicles are eligible for coverage under College insurance policies.

- B. Any vehicle provided to an employee as a "Courtesy Vehicle" will be used by the employee only if a current Courtesy Vehicle for Business Use Only has been executed and approved. A copy of the [Courtesy Vehicle for Business Use Only](#) can be obtained by contacting the unit Director or the office of the Vice President for Finance and Administration.
- C. An employee making non-reimbursable use of a courtesy vehicle will be required, pursuant to IRS regulations, to maintain a log of all business miles associated with the use of the vehicle. This information will be communicated to the applicable department head and reported to Human Resources no less frequently than once per calendar quarter during any quarter for which the employee was responsible for the vehicle.
 - 1) Odometer certifications to support mileage logs are required to be completed.
 - 2) Mileage logs, and courtesy vehicle agreement documentation shall be provided by the Athletics Department via e-mail to document provision and timeliness.
 - 3) A standard mileage log worksheet should be utilized which includes the month and year, the courtesy vehicle user name, the vehicle make/model/year, the total business miles.
 - a. The Athletics Director will review the personal miles reported quarterly for reasonableness prior to submission to Human Resources.
 - b. The Athletics Director will verify all courtesy vehicle user mileage logs are forwarded to Human Resource Services on a quarterly basis (January, April, July and October) via email and document the submission in a quarterly checklist.
- F. For the purposes of this policy, the "recipient" identified on the Courtesy Vehicle Agreement for Business Use Only is defined as the employee. The employee is responsible for maintaining the vehicle up to the standard of resale value.
- G. The employee must complete the Courtesy Vehicle Agreement for Business Use Only and provide copies to the Athletic Department and to the Office of the Vice

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President for Finance & Administration. Details on employee obligations are listed in the Courtesy Vehicle Agreement. Employees may not drive courtesy vehicles until all requirements have been met.

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