

SECTION: ADMINISTRATIVE

SUBJECT: COURTESY VEHICLES PROVIDED BY AUTOMOBILE DEALERS TO LCSC
EMPLOYEES

Background: Local automobile dealers may occasionally provide courtesy vehicles to LCSC 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: November 2015

Summary of Major Changes incorporated in this revision to the policy: In response to direction from the State Board of Education and the Idaho State Risk Management Office, this policy has been revised to make it clear that courtesy vehicle arrangements are voluntary agreements made between dealerships and individual employees, that LCSC employees who receive courtesy vehicles are personally responsible for obtaining adequate insurance coverage for these vehicles, and that employees who receive such vehicles are personally responsible for maintaining accurate logs of business and non-business use (mileage) in accordance with Internal Revenue Service policy.

1. Preface:

Local automobile dealers may occasionally provide courtesy vehicles to LCSC employees (for example, Athletic Department personnel) for institutional as well as personal use. This policy describes the relationship between the employee and the dealer with regard to these vehicles. 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.

2. Policy:

A. Courtesy vehicle arrangements between automobile dealerships and LCSC employees 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 (notification is made by use of the "Courtesy Vehicle Agreement" form, described below). College administration (unit director and Vice President for Finance and Administration acknowledges and has approval authority over courtesy car agreements for LCSC personnel, but the College is not a party to the agreement, and the vehicles which may be provided are not considered to be LCSC (State of

SECTION: ADMINISTRATIVE

SUBJECT: COURTESY VEHICLES PROVIDED BY AUTOMOBILE DEALERS TO LCSC
EMPLOYEES

Idaho) owned and operated vehicles. These vehicles are ineligible for coverage under College insurance policies.

- B. The benefit (personal use) associated with operation of a courtesy vehicle provided by an automobile dealership to an LCSC employee is subject to inclusion in the employee's taxable income.
- C. Any vehicle provided to an LCSC employee as a "Courtesy Vehicle" will be used by the employee only if a current [Courtesy Vehicle Agreement](#) form has been executed and approved. A copy of the [Courtesy Vehicle Agreement](#) can be obtained by contacting the office of the Vice President for Finance and Administration. [See attached example.]
- 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 no less frequently than once per calendar quarter during any quarter for which the employee was responsible for the vehicle.
- 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.
 - (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](#) 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

SECTION: ADMINISTRATIVE

SUBJECT: COURTESY VEHICLES PROVIDED BY AUTOMOBILE DEALERS TO LCSC
EMPLOYEES

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 (see example on next page), 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.

COURTESY VEHICLE AGREEMENT

_____ enters into this Courtesy Vehicle Agreement with the
(Name of Dealer) individual indicated below (employee) for the purpose of supporting the Lewis-Clark State College athletic program. The agreement is subject to the following terms and conditions:

OBLIGATIONS OF EMPLOYEE:

1. Pay all insurance, registration and licensing fees.
2. 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

SECTION: ADMINISTRATIVE

SUBJECT: COURTESY VEHICLES PROVIDED BY AUTOMOBILE DEALERS TO LCSC
EMPLOYEES

\$150,000 for property damage. The vehicle liability insurance policy shall be endorsed to name Lewis-Clark State College as an additional insured.

3. 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.
4. 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.
5. Employee shall provide the Vice President for Finance & Administration at the college with certificates of insurance signed by a licensed representative of the insurance company for the above required insurance.
6. Properly maintain vehicle, including lube-oil-filter; service every 3,000 miles, preferably at dealer's service department.
7. Pay for all repairs not covered by manufacturer's warranty.
8. Pay for any traffic or parking violations.
9. Refrain from use of spare tire except in an emergency.
10. Notify dealer when between 5,000 and 6,000 miles have been driven.
11. Return vehicle in good, resalable condition.
12. Return and/or exchange vehicle at _____ or _____ months.
13. Other restrictions imposed by dealer: _____

COURTESY VEHICLE IDENTIFICATION:

Make/Year _____ Model _____ VIN# _____

Registered in the name of _____

Approximate Value _____ Payments (if any) _____

SECTION: ADMINISTRATIVE

SUBJECT: COURTESY VEHICLES PROVIDED BY AUTOMOBILE DEALERS TO LCSC
EMPLOYEES

AGREEMENT ACCEPTED BY:

Employee: Signature: _____ Date: _____

Print Name: _____

Dealer Signature: _____ Date: _____

Print Name: _____

ACKNOWLEDGED AND APPROVED BY:

Department Director Signature: _____ Date: _____

Vice Pres Fin & Admin/Bursar Signature: _____ Date: _____