



State of Arizona Accounting Manual

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Individually Operated Motor Vehicle

INTRODUCTION

Traveling for the State is frequently conducted using automobiles, which means that a knowledge of State Travel Policy as it applies to automobiles is critical for efficient and economical agency operations. Automobiles used by State travelers may be owned or supplied by the traveler (privately owned vehicles, POVs), owned or supplied by the ADOA Motor Pool or the agency itself (State owned vehicles, SOVs), or rented from a commercial enterprise. An automobile provided by the ADOA Motor Pool is referred to as a "fleet vehicle."

Additional information related to the use of POVs and SOVs can be found in SAAM Sections 5060 and 5061.

POLICIES

1. General.

1.1. Any person operating a motor vehicle on State business must possess:

1.1.1. A valid driver's license (viz., one issued by the State of Arizona and in compliance with all Arizona laws, rules and regulations) suitable for the type of vehicle being operated. This license must be current, unexpired and neither revoked nor suspended.

1.1.2. Liability insurance meeting the State's minimum coverage requirements.

1.2. An agency may not authorize the use of a motor vehicle on State business if the traveler does not possess a valid driver's license and liability insurance.

1.3. Before authorizing travel or approving a travel claim that includes travel by a POV or SOV, the traveler's supervisor or manager may request to inspect a traveler's driver's license and/or proof of insurance.

1.4. The guidelines set forth immediately below are approximations that may be used to determine which modes of transportation are most economical, given the length of the contemplated in-State round trip. Variations arise from changes in fuel prices, imprecision in estimated trip length, size and fuel efficiency of the vehicle employed, etc.

1.4.1. If the agency has an extended term fleet vehicle, for round trips of:

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- 1.4.1.1. Less than fifteen (15) miles, use a POV.
- 1.4.1.2. More than fifteen (15) miles, use a fleet vehicle.
- 1.4.2. If the agency is located less than five (5) miles from the State Capitol and has to secure a fleet vehicle on a trip-by-trip basis, for round trips of:
 - 1.4.2.1. Less than eighty-five (85) miles, use a POV.
 - 1.4.2.2. More than eighty-five (85) miles, use a fleet vehicle.
- 1.4.3. If the agency is located five (5) or more miles from the State Capitol and would have to secure a vehicle on a trip-by-trip basis, the agency is to consider all of the costs related to the trip in deciding whether a fleet vehicle or a POV should be used and, to the extent practical, the most economical alternative for the State should be selected. The costs to be taken into account include, but may not be limited to:
 - 1.4.3.1. Whether the employee will directly commute to and from the ADOA fleet lot to secure and return the fleet vehicle or whether the employee's trip will commence at some other location that will require reimbursement of travel expenses to and from the fleet pickup point.
 - 1.4.3.2. The employee's time and whether it should be compensated or not..
- 1.4.4. If *possible*, use of a rental vehicle in-State should be avoided and used only for trips of one hundred thirty-five (135) miles or more.

2. SOVs.

- 2.1. A traveler should use an SOV only for official, authorized State business.
- 2.2. Anyone operating an SOV must comply with the directives of ADOA Risk Management, including the acquisition and submission of a Motor Vehicle Record.
 - 2.2.1. When the best interests of the State require, an SOV may be used to commute to and from an employee's home. Such circumstances involve:
 - 2.2.1.1. The necessity of providing security for an SOV when State-owned facilities are not reasonably available.
 - 2.2.1.2. The employee's being on call and required to be available to immediately respond to an emergency

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- 2.2.2. An SOV is not to be used merely as a substitute for one's POV or other means of transportation for commuting, or solely for the convenience of the traveler, or because of the distance between one's home and duty post.
- 2.2.3. Upon each occurrence of an SOV's being used for commuting:
- 2.2.3.1. The agency is to make an appropriate entry on a GAO Form-88. The completed GAO Form-88 for each pay period is to be forwarded to the agency payroll department.
- 2.2.3.2. In compliance with IRS directives, an amount (currently one dollar and fifty cents (\$1.50) for each leg of a commute (i.e., three dollars (\$3) for each round trip)) will be reported as additional non-cash taxable income for each occasion upon which an SOV was used for commuting. This amount is neither paid to nor recovered from the employee; it merely adjusts the amount reported as the employee's taxable income to recognize the taxable benefit the employee received for being a provided a vehicle for what is personal use (i.e., commuting) of the State's vehicle.
- 2.3. SOVs are to be used only for transporting those performing or in the custody of one performing authorized official business for the State; such individuals include:
- 2.3.1. State employees.
- 2.3.2. Interns.
- 2.3.3. Volunteers.
- 2.3.3.1. Volunteers may ride in an SOV, but must first register with State Risk Management.
- 2.3.3.2. Volunteers are covered for liability purposes, but not for Workers' Compensation.
- 2.3.3.3. Volunteers are directed to <https://staterisk.az.gov/insurance/volunteers> for additional guidance.
- 2.3.4. Contractors.
- 2.3.4.1. State Risk Management does not recommend that contractors operate or ride in an SOV.
- 2.3.4.2. Agency heads, however, may make a business decision and decide to allow contractors to operate or ride as passengers in an SOV.
- 2.3.5. Prisoners, as passengers, in the custody of law enforcement or correctional officers.

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- 2.3.6. As passengers, children or students in the custody of a State employee.
- 2.3.7. As passengers, others who may be necessary to effect State business. Authorization for such use, in the case of a vehicle owned by:
 - 2.3.7.1. An agency, must be in writing and come from the agency's head.
 - 2.3.7.2. ADOA, must come from ADOA Fleet Management.
- 2.4. Travelers using SOVs should not normally personally incur many or significant expenses related to the actual operation of SOVs.
 - 2.4.1. Travelers should follow the procedures set forth, as applicable, by their agency or ADOA Fleet Management for fuel, service and minor repairs expenses.
 - 2.4.2. Certain minor expenses incidental to the use of SOVs, such as tolls and parking, will be reimbursed to employees by way of travel claims.
- 2.5. Employees or officers who are assigned SOVs and use the SOVs for commuting (as might be the case when the employee or officer, though off duty, is on call, or when the employee or officer's duty post is fairly extensive and remote) will be required to include an amount in income as a taxable fringe benefit.
 - 2.5.1. Agencies are required to identify employees or officers subject to the tax on the fringe benefit and report the appropriate information to the agency's payroll department.
 - 2.5.2. Contractors and volunteers may not use SOVs for commuting.
- 2.6. The use of SOVs in Mexico requires:
 - 2.6.1. The authorization of ADOA Fleet management, and
 - 2.6.2. Special insurance. Refer to the ADOA Risk Management website at www.azrisk.state.az.us, select "Insurance," and then select "Mexico" for additional information.
- 2.7. Contact ADOA Fleet Management or review Arizona Administrative Code R2-15 for rules involving the use of State Fleet vehicles.
- 3. POVs.
 - 3.1. A traveler may use a POV for official State business if it is the most cost effective mode of travel when all considerations, including employee time, are taken into account. When used, the cost of operating a POV should be less than using an SOV, a rented vehicle, a taxi, or other means of transport.

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- 3.2. The POV motor vehicle mileage reimbursement rate is used to calculate the reimbursement of expenses. Actual expenses of operating a vehicle (gas, oil, repairs, etc.) may not be reimbursed. Incidental expenses related to the use of a POV (tolls, parking, etc.), may, however, be reimbursed.
- 3.3. The cost of commuting between a personal residence and a regular duty post or multiple regular duty posts is generally not to be reimbursed, regardless of the distance. This is true even when the commute occurs on weekends, holidays or other days upon which the employee is not regularly scheduled to work. Commuting is more extensively covered in SAAM 5061.
- 3.4. Except as otherwise provided (special limitations, discussed elsewhere, may apply to telecommuters or others whose homes are their duty posts), reimbursement for travel by POV is allowed for travel on official business on the most practical direct route from one business destination to another as follows:
 - 3.4.1. Between a traveler's regular duty post and a temporary duty post.
 - 3.4.2. Between a traveler's regular duty post and another regular duty post.
 - 3.4.3. Between a traveler's personal residence and a temporary duty post (less an amount for commuting miles).
 - 3.4.4. Between temporary duty posts.
 - 3.4.5. Between a traveler's personal residence and a common carrier terminal (or a parking facility servicing a common carrier terminal) as follows:
 - 3.4.5.1. One (1) round trip, when the vehicle is parked at the terminal (or a parking facility servicing a common carrier terminal) for the duration of the trip; or
 - 3.4.5.2. Two (2) round trips, when the traveler is driven to and picked up from a common carrier terminal.
- 3.5. Reimbursement is limited to the business miles traveled using the most practical direct route to and from each destination. An amount must be calculated and excluded from the daily business miles for normal commuting miles when traveling between a traveler's personal residence and a temporary duty post.
 - 3.5.1. This exclusion for commuting miles is based on one (1) roundtrip between home and regular duty post each day.
 - 3.5.2. Commuting miles must also be deducted on weekends, holidays or other days upon which a traveler might not ordinarily work.

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- 3.6. When one is a telecommuter or one's regular duty post is one's personal residence, one (1) daily roundtrip commute between one's home and any State-owned or State-occupied facility is reimbursable only to the extent that each one-way leg of the roundtrip exceeds fifty (50) miles.
- 3.7. A daily travel log should be maintained by the traveler to document business mileage.
 - 3.7.1. The vehicle's odometer reading should be used to determine allowable business mileage and documented in the daily travel log.
 - 3.7.1.1. If odometer readings are not available, map mileage may be used for distances between cities and towns.
 - 3.7.1.2. The use of Internet mapping programs to determine map mileage is permissible provided that a printout of the mapping program's output showing the addresses of the origin and destination and the mileage calculation is included with the travel claim.
 - 3.7.2. The travel log should include the complete address for the location from which one departed and the destination at which one arrived. General locations or destinations such as "Phoenix" or "Tucson" are not acceptable.
 - 3.7.2.1. A major intersection, if it lies within one-half (1/2) mile of one's domicile, may be used in lieu of one's home address. This practice is allowed merely to protect, as may be desired or required by statute, one's personal information; it is not to be used to increase one's reported mileage or requested travel reimbursement.
 - 3.7.3. The daily travel log used to substantiate business miles on a travel claim must be maintained by the traveler for audit purposes.
- 3.8. If a traveler has no regular duty post, all travel within a fifty (50) mile radius of one's residence is considered commuting.
- 3.9. If a traveler driving a POV on State business is involved in an accident and found to be at fault, the traveler's liability insurance carrier is responsible to the limits of the policy.
 - 3.9.1. If the liability arising from the accident exceeds the limits of the traveler's insurance coverage, the State's self-insurance program will cover the excess, if the traveler was acting within the course and scope of his employment.
 - 3.9.2. If a traveler driving a POV on State business is involved in an accident, regardless of who is at fault, the State will not reimburse the traveler for any damage to the POV.

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- 3.10. In computing mileage for reimbursement, mileage is to be rounded to the nearest tenth of a mile using the 5/4 rounding method.
- 3.11. A traveler may use a POV for personal reasons even though air travel would be the preferable and more economical means of transportation. The cost of meals, lodging, parking, mileage, tolls, ferries, etc., incurred to and from the destination may be reimbursed. However, such reimbursement is limited to the cost that would have been incurred had air travel been selected (based on the lowest available regular coach fare, booked reasonably in advance, for the destination from a commercial air carrier, plus local transportation costs to and from airport terminals). When approving such arrangements, agency management should consider the additional cost of employee time in doing State business in this manner and consider more cost-effective alternatives.
- 3.12. The use of POVs in Mexico requires special insurance. Refer to the ADOA Risk Management website at www.azrisk.state.az.us, select "Insurance," and then select "Mexico" for additional information.

4. Rented motor vehicles.

- 4.1. A traveler may use a rented motor vehicle for official State business if it is the most cost effective, economical or only available means of travel.
- 4.2. When practicable, a traveler's use of a rental vehicle should require agency pre-approval. Before authorizing the use of a rental vehicle, an agency should consider the necessity, advisability and cost of providing this type of transportation to conduct State business.
- 4.3. When traveling within the borders of the State of Arizona:
- 4.3.1. It is generally economically advisable to arrange for a fleet or State-contracted vehicle, or to authorize the use of a POV, before contracting a rental vehicle.
- 4.3.2. The use of a rental vehicle should be authorized only when a fleet vehicle or State-contracted vehicle is unavailable and:
- 4.3.2.1. The estimated POV reimbursement rate would exceed the cost of the rental vehicle for the contemplated trip, or
- 4.3.2.2. The employee does not have access to a reliable POV.
- 4.3.3. The State Fleet Management Office should be contacted to arrange all motor vehicle rentals.
- 4.4. When traveling out-of-State, it may be necessary, advisable and/or economical to authorize the use of a rental vehicle.

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- 4.4.1. Consideration should involve the cost of the vehicle, the cost of alternative means of transport, and the business needs of the agency.
- 4.4.2. A rental vehicle should be engaged only when it is necessary to enable or support the accomplishment of the travel's business purpose.
- 4.5. The actual cost—not the POV mileage rate—of motor vehicle rental expenses is reimbursed.
 - 4.5.1. The actual cost of motor vehicle rental includes:
 - 4.5.1.1. The rental fee.
 - 4.5.1.2. Gasoline (excluding pre-paid gasoline).
 - 4.5.1.3. Oil.
 - 4.5.1.4. Tolls.
 - 4.5.1.5. Parking.
 - 4.5.1.6. CDW coverage for out-of-State vehicle rentals.
 - 4.5.2. No reimbursement is allowed for:
 - 4.5.2.1. Pre-paid gasoline purchased by the traveler related to the use of a rental vehicle.
 - 4.5.2.2. Optional upgrades purchased by the traveler that increase the rental cost, such as a vehicle with satellite radio, GPS, personal accident insurance, personal effects coverage, supplemental liability coverage, etc.
 - 4.5.3. A traveler should plan to have sufficient time to purchase gasoline for the rental vehicle before returning it to the rental agency.
- 4.6. When it has been determined that it is in the best interest of the State that State business be conducted using a rental vehicle:
 - 4.6.1. CDW coverage should be purchased and will be reimbursed for out-of-State vehicle rentals.
 - 4.6.2. Accepting CDW coverage is not permitted and will not be reimbursed for in-State vehicle rentals.
- 4.7. Proof-of-insurance cards should be obtained prior to renting a motor vehicle. Cards may be obtained from State Risk Management by agency coordinators and issued to travelers prior to vehicle rental.

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- 4.8. The criteria listed immediately below are to be used in establishing reimbursement limitations related to out-of-State vehicle rentals.
- 4.8.1. One (1) or two (2) individuals traveling for one (1) week or less: a compact vehicle.
 - 4.8.2. Three (3) individuals traveling for one (1) week or less: a mid-sized vehicle.
 - 4.8.3. Two (2) or three (3) individuals traveling for more than one (1) week: a mid-sized vehicle.
 - 4.8.4. Four (4) individuals traveling for one (1) week or less: a mid-sized vehicle.
 - 4.8.5. Four (4) or more individuals traveling for more than one (1) week: as determined by the agency head or his delegate, taking into consideration economy and the needs of the State.
 - 4.8.6. Other and special circumstances: as determined by the agency head or his delegate, taking into consideration economy and the needs of the State.
- 4.9. The use of rental vehicles in Mexico requires:
- 4.9.1. The approval of the auto rental agency, and
 - 4.9.2. Special insurance. Refer to the ADOA Risk Management website at www.azrisk.state.az.us, select "Insurance," and then select "Mexico" for additional information.