



## Vehicle Questions and Answers

**Question:** A State would like to use TANF policy to exclude one vehicle per household, regardless of value. Food Stamp Program policy would then be used to totally exclude any other household vehicles used to produce income, for transportation of a disabled member, to haul water and fuel, as a home, or with an equity value of less than \$1,500. The fair market value over \$4,650 would then be counted for one non-excluded licensed vehicle per adult household member, regardless of use. The same value would also be counted for any other licensed vehicle a household member under the age of 18 uses to drive to work, school, training, or to look for work.

Is this correct interpretation of current Food Stamp Program vehicle policy?

**Answer:** Yes. Under the vehicle provision of P.L. 106-387 the State can use TANF policy to exclude one vehicle in its entirety, since this policy is more liberal than FSP procedures. This exclusion can be applied to the vehicle with the highest value in the household. For any other vehicles owned by the household, the State can apply FSP vehicle rules if these would result in a lower attribution of food stamp resources to households than would TANF rules.

**Question:** A State would like to use food stamp policy to exclude household vehicles which are producing income, used as a home, transporting physically disabled members, carrying fuel or water, or whose value is inaccessible. The State would then exclude one remaining vehicle. If one tagged vehicle per adult household member, or another vehicle which a teenager drives to work, school, job training, or to look for work remains, the State would use food stamp rules to exempt this vehicle from the equity test, and TANF policy (which uses only an equity test) to exclude the vehicle from the fair market test. Is this mixing of policies acceptable?

**Answer:** No. Section 847(a)(2) of the statute provides that a State may elect to apply TANF vehicle standards in lieu of applying FSP fair market standards. While we have expanded application of this provision to include FSP equity standards, the statute clearly implies that a State can use either the FSP, or the TANF vehicle standard for a particular vehicle or class of vehicles, not both. The State's proposal concerning one non-excluded licensed vehicle per adult household member, and vehicles driven by persons 18 or under, would apply a portion of FSP standards to exclude vehicles for equity purposes and a portion of TANF standards to exclude the same category of vehicles for FMV purposes. This procedure, in effect, applies both programs' procedures to one category of vehicles to completely exclude that category from consideration as a resource. Our reading of the statute indicates that States must choose either the FSP or TANF vehicle policy, whichever results in a lower attribution of resources to a household.

**Question:** Under the new inaccessible vehicle rule, would the equity value still be determined if someone outside the household owes the debt on the car? For example, a father purchases a vehicle for a daughter and puts the car in the daughter's name. The father is paying the loan payments for the car and is not a member of the daughter's household. The daughter does not have to pay the father back. Would we apply the equity value test for this vehicle to determine if it could be considered inaccessible?

**Answer:** Yes. If the daughter has possession of, and title to the vehicle, the entire amount of whatever the daughter gets for selling the vehicle would be considered equity for the \$1,500 inaccessible resource test.

**Question:** CFR 273.8(e)(3)(i)(G) defines the value of a vehicle as inaccessible if its sale would return not more than \$1,500. If the equity test determines that the sale of a vehicle would return more than \$1,500, is the entire value applied toward the \$4,650 limit, or is just the amount above \$1,500 counted? For example, if the sale of a vehicle would return \$2,500, would the full \$2,500 be applied to the \$4,650 limit, or would only \$1,000 be applied to the limit?

**Answer:** The \$1,500 limit is to determine only if the vehicle should be excluded as a resource. If the vehicle's sales value is less than this amount it will be excluded from the program's fair market and equity tests; if more than this amount, its total fair market value (not just the sales value above \$1,500) will be counted toward the \$4,650 limit.

**Question:** Section 273.8(e)(3)(i)(G) says the value of a vehicle will be excluded as inaccessible if the sale of the vehicle would produce an estimated return of not more than \$1,500. Some States have submitted manual material saying the vehicle will be excluded as inaccessible if the household's equity in the vehicle is less than \$1,500.

Is the State's interpretation correct?

**Answer:** Yes, if the State defines equity value as the current (as opposed to the original or blue book) fair market value of a vehicle minus encumbrances. The current fair market value of the vehicle would be whatever price it can be sold for at the present time and in its present condition. Any encumbrances would be subtracted from this amount, and the

remainder would be its equity value. In this context, the term "equity" would essentially be an "estimated return" as specified in Section 273.8(e)(3)(i)(G) and, if less than \$1,500, would allow that vehicle to be excluded from the FSP's fair market and equity tests. If a State defines the fair market value of a vehicle as its blue book value, or uses another definition which does not reflect the vehicle's current value, the response to this question would be "no". This is because the actual amount for which a vehicle can be sold will often vary considerably from its blue book value. Any household that claims a State agency's determination of the value of its vehicle(s) is not accurate has the opportunity to acquire verification of the true value of the vehicle from a reliable source. We believe use of the actual amount realized by a household from the sale of a vehicle is preferable to use of its blue book value for purposes of Section 273.8(e)(3)(i)(G). Households can establish actual amounts realized from the sale of vehicles using documentation from buyers on a case-by-case basis. Verifiable estimates of a vehicle's sales value may be provided by the household using such sources as mechanics, junk dealers and so forth.

**NOTE:** This response is partially at variance with policy issued via email in response to this same question. It is to be used in place of that response.

**Question:** A household has a 15 year old employed teen working at Burger King and their unemployed 16 year old sibling drives the 15 year old to work. Can we use the fair market value of this vehicle based on 7 CFR 273.8(f)(2)(iii)?

**Answer:** Yes. The new regulatory language reads, "Any other vehicle a household member under age 18...drives to commute to and from employment, or to and from training or education which is preparatory to employment, or to seek employment." While this language implies that the teen drive him/herself to and from work, etc., it does not specify this. Since the purpose of the regulation is to simplify resource determinations for such households, it is within reason to apply the provision to households with teens who drive other people to work, etc.. This would enhance the originally intended simplification aspect of the regulation by exempting these households from the equity test.

**Question:** Please define the term "vehicle" as used for Food Stamp Program resource determination purposes.

**Answer:** This term has never been defined for Food Stamp Program purposes, and we do not wish to impose a standard definition on States now. Consequently, States may employ whatever vehicle definition they use in their TANF program. This definition may be used for excluding or including vehicles for FSP purposes as long as licensed vehicles are included in the definition. These vehicles must continue to be included in financial resources in accordance with Section 5(g)(2)(B)(iv) of the Food Stamp Act.