

DEPARTMENT OF HUMAN RESOURCES INCOME MAINTENANCE ADMINISTRATION 11 W. Saratoga Street Baltimore, Maryland 21201	<b>IMA ACTION TRANSMITTAL</b>
<b>ISSUANCE DATE:</b> September 20, 1995	<b>EFFECTIVE DATE:</b> October 1, 1995  <b>CONTROL NUMBER:</b> IMA OPA #96-08

**TO: DIRECTORS, LOCAL DEPARTMENTS OF SOCIAL SERVICES  
DEPUTY/ASSISTANT DIRECTORS FOR INCOME MAINTENANCE  
INCOME MAINTENANCE SUPERVISORS**

**FROM: KATHERINE L. COOK, ACTING EXECUTIVE DIRECTOR, IMA**

**RE: VEHICLES**

**PROGRAMS AFFECTED: FOOD STAMPS**

**ORIGINATING OFFICE: OFFICE OF POLICY ADMINISTRATION**

**Summary**

This transmits the increase in the fair market value exclusion for vehicles to \$4600.

**Background**

A provision of the Mickey Leland Childhood Hunger Relief Act increased the fair market value exclusion in increments. On September 1, 1994 it was increased from \$4500 to \$4550.

**Current Policy**

Unless totally excluded, the value of a licensed vehicle in excess of \$4550 is counted as a resource.

**New Policy**

The fair market value exclusion increases to \$4600 effective October 1, 1995.

**Action Required**

Evaluate each nonexcluded licensed vehicle individually to determine the fair market value. Count the amount in excess of \$4600 toward the resource limit.

**AIMS**

Add the excess amount to any other countable assets and enter on AIMS.

**CARES**

CARES is programmed to calculate the resource based on the fair market value entered on the **AST2** screen.

**Action Due**

The policy is effective October 1, 1995 for new application. Ongoing cases will be adjusted at the first recertification, interim change, on or after the implementation date.

Please place the attached manual pages in the Food Stamp Manual.

**Inquiries**

Please direct any questions to Kay Finegan at (410) 767-7939.

DHR Executive Staff  
IMA Management Staff  
Arnold Dixon

FF: 7CFR

Section Title

Section

Page

## TREATMENT OF LICENSED VEHICLES

201

1

201.1 GENERAL  
INFORMATION:

Each licensed vehicle must be evaluated to determine whether the vehicle can be excluded and, if not, the countable value of the resource.

201.2 o Treatment of  
Licensed  
Vehicles

A licensed vehicle is any vehicle licensed by the state. If a vehicle is not in use and a license has not been purchased, the vehicle must be treated as a non-liquid resource. The procedures in this section do not apply to unlicensed vehicles.

The fair market value must be determined for all included vehicles to establish whether the value exceeds \$4600. Each vehicle must be evaluated separately. The fair market value is the blue book "wholesale" value. Do not include the value of any special or optional equipment, or low mileage in the wholesale value. Any household that claims the value (due to damage, inoperability, etc.) must be given the opportunity to provide verification of that fact. Also, verification must be requested for antique, classic or custom vehicles if the worker is unable to determine the value. If a vehicle is no longer listed in the blue book, the household's statement of value is to be accepted, unless questionable.

If the fair market value of an included vehicle is more than \$4600 the excess value over \$4600 is counted as a resource.

In some cases, the equity value of a vehicle must also be determined (see "Included Vehicles"). Equity value is determined by subtracting the amount owed on the vehicle from the fair market value. If a vehicle has both excess value and equity value, the larger amount is counted as the resource value.

EXAMPLE: a household owns a car worth \$5,000, on which they owe \$4,000. To determine excess value subtract \$4600 from the fair market value or \$5000. The excess value is \$400. Then determine the equity value by subtracting the amount owed (\$4,000) from the fair market value of \$5,000. The difference, of \$1,000 equity value, is greater and would be the countable resource value of the vehicle.

NOTE: The fair market value of two vehicles cannot be added together to exceed \$4600. The value test must be applied to each individual vehicle.

Release No.: FS-19

Date: 5/1/84

Rev. 7/94

Rev. 10/95



REF: 7CFR	Section Title	Section	Page
	TREATMENT OF LICENSED VEHICLES	201	2

201.3 o Excluded Vehicles

Certain vehicles are totally excluded as a resource regardless of the value of the vehicle. Any other vehicles not listed below as excluded would have to be evaluated to determine the countable resource value (see "Included Vehicles").

The following vehicles are totally excluded as a resource:

- A. Any vehicle used primarily for income producing purposes such as, but not limited to, truck, taxi or fishing boat. To qualify for the exemption, over 50 percent of the time the vehicle is in use must be for income producing purposes.
- B. Any vehicle producing income consistent with its fair market value, even if used only on a seasonal basis.
- C. Vehicles necessary for long distance travel (other than daily commuting) if it is essential to the employment of a household member. An example would be a vehicle used by a migrant farmworker following the work stream.
- D. Vehicles necessary for subsistence hunting and fishing.

NOTE: Subsistence hunting and fishing is usually carried out in lieu of wage earning employment in remote areas where employment opportunities are scarce. Though a subsistence hunter or fisherman does not receive cash earnings, he earns income-in-kind for his family:

- E. A vehicle which serves as a home for the household.
- F. A vehicle considered necessary for the transportation of a physically disabled household member. The exclusion applies to one vehicle per physically disabled household member. A vehicle is considered necessary for the transportation of a physically disabled household member if:
  - during some of the time it is used, the vehicle transports the handicapped member. The vehicle need not be a special type of vehicle nor specially equipped to qualify for the exemption.



REF: 7CFR	Section Title	Section	Page
	TREATMENT OF LICENSED VEHICLES	201	3

- 201.3 o Excluded Vehicles
- . it is specially equipped to meet the specific needs of the disabled person; or,
  - . it is a special type of vehicle that makes it possible to transport the disabled person (e.g., van needed because of size to transport the individual in a wheelchair). The vehicle does not need to have special equipment.
- G. A vehicle that a household depends upon to carry the primary source of fuel or water for home use.

An exclusion will apply when the vehicle is not in use because of temporary unemployment, e.g., a taxi driver is ill and cannot work, or a fishing boat is frozen in. If a vehicle meets one of the above criteria, it is exempt and no further evaluation is necessary.

- 01.4 o Included Vehicles
- If a vehicle is not excluded for one of the above reasons, the value of the vehicle must be determined as follows:
- . One vehicle for household use. The equity value is not counted. However, if the fair market value exceeds \$4600, the amount over \$4600 is counted as a resource.
  - . Vehicle used for employment, training or seeking employment. The equity value is not counted, including during periods of temporary unemployment. The amount of fair market value that exceeds \$4600 must be counted as a resource.
- NOTE: The equity exemption is to be applied to one vehicle for household use and any other vehicles necessary for the employment of household members. Even though the equity value is exempt, any portion of the fair market value that exceeds \$4600 would be counted as a resource.
- . All other vehicles - Count the highest of
    - .. fair market value over \$4600, or
    - .. the equity value.



REF: 7 CFR	Section Title	Section	Page
	TREATMENT OF LICENSED VEHICLES	201	4

GENERAL INFORMATION:  
(Con'd)

201.4 o Included Vehicles

EXAMPLE: A household is buying a second car valued at \$5,000, and they owe \$3,500 on the car - The excess fair market value is \$400 (\$5,000 minus \$4600). The equity value is greater (\$1,500), therefore, that is the amount that is counted as a resource.

201.5 o Verification

Verification of a licensed vehicle and/or the value is not required unless information provided is questionable. The worker must, however, check the blue book wholesale value in order to compute the value. Examples of types of verification include, but are not limited to:

- . For new cars, up to 7 years old, the National Automobile Dealers Association (NADA) Used Car Guide Book, or any other publication listing the value of vehicles, provided the publication has been updated within the last 6 months.
- . For older cars, a dealer appraisal, tax assessment, or newspaper advertisement showing what similar vehicles are being sold for. Ordinarily, older vehicles would have little value. Therefore, verification would be required only if ownership of the older vehicle might affect eligibility.
- . For cars that are less than average condition, e.g., damaged or inoperable, and worth less than blue book value, a dealer or body shop appraisal.
- . For antique, custom or classic vehicles, a dealer appraisal or specialized vehicle magazine advertisements.

Verification of physical disability for the purpose of exempting a vehicle is not required unless questionable. If the disability cannot be observed by the worker and there is no evidence of disability in the case record, a statement by a licensed health professional will provide verification.