

nose mary maione



Department of Human Resources  
311 W. Saratoga St.  
Baltimore, MD. 21201-3521

**FIA ACTION TRANSMITTAL**

**Issuance Date:** OCTOBER 1, 1996

**Effective Date:** OCTOBER 1, 1996

**Control Number:** FIA/OPA #97-38

**TO: DIRECTORS, LOCAL DEPARTMENTS OF SOCIAL SERVICES  
DEPUTY/ASSISTANT DIRECTORS FOR FAMILY INVESTMENT  
FAMILY INVESTMENT SUPERVISORS**

**FROM: KEVIN MAHON, EXECUTIVE DIRECTOR, FIA**

**RE: LICENSED VEHICLES**

**PROGRAM AFFECTED: FOOD STAMPS AND TEMPORARY CASH ASSISTANCE**

**ORIGINATING OFFICE: OPA/ DIVISION OF PROGRAM POLICY AND  
REGULATION**

**BACKGROUND**

As a result of Food Stamp provisions of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (H.R. 3734), the treatment of licensed vehicles was changed slightly. The food stamp waiver to exclude one vehicle per household, which was requested as part of the Family Investment Program, was not approved as originally requested. The vehicle exclusion will only apply to Temporary Cash Assistance households. This transmittal provides the new food stamp policy and clarification of how to handle vehicles in TCA/FS households.

**CURRENT POLICY**

- Unless totally excluded, the fair market value of a licensed vehicle in excess of \$4600 is counted toward the resource limit.
- The Family Investment Program (FIP) waiver excludes the value of one vehicle per Temporary Cash Assistance (TCA) household.

**NEW POLICY**

- The Family Investment Program waiver excluding one vehicle per household in calculating the resource limit applies **for TCA households only**.
- Unless totally excluded, the fair market value of a licensed vehicle in excess of **\$4650** is counted toward the resource limit for the Food Stamp Program.

- To determine the value and countable resource from vehicles:
  - ▶ In a TCA household with vehicles:
    - Exclude the vehicle with the greater value and equity test any remaining vehicles.
    - For food stamps - The household is categorically eligible.

Example: The TCA family owns a Ford valued at \$7,000 and a Honda valued at \$5000. The Ford is excluded and the Honda is equity tested. Because \$4000 is still owed on the Honda, the countable resource is \$1000. No further test is required for food stamps because of categorical eligibility.
  - ▶ In an NPA-food stamp only household with vehicles follow policy using the increased fair market value test
  - ▶ When determining the resources of a TCA/ FS mixed household:
    - If a vehicle is owned by a TCA member it is excluded the same as done now for categorical eligibility.
    - Other vehicles are treated according to food stamp policy.

### **ACTION REQUIRED**

#### **AIMS**

The worker manually determines which vehicles are a countable asset and the amount to be counted.

#### **CARES**

Enter **PR** (Primary Residence) in the Vehicle Use Field on the AST2 screen to exclude the one TCA vehicle. The parameter change for the increase in the \$4650 value used to fair market test vehicles will be programmed by October 1, 1996 for NPA Food Stamps.

Note in the narration the decision about how vehicles were treated in calculating the resource.

**ACTION DUE**

The increase in the value used in the fair market test for vehicles is effective for applications and recertifications on or after October 1, 1996. The exclusion of one vehicle per TCA household is effective October 1, 1996, with the implementation of the Family Investment Program.

**INQUIRIES**

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

cc: FIA Management Staff  
Constituent Services



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 \$4650. 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 \$4650 the excess value over \$4650 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 \$4650 from the fair market value of \$5000. The excess value is \$350. 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 \$4650. The value test must be applied to each individual vehicle.



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.

201.4

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 \$4650, the amount over \$4650 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 \$4650 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 \$4650 would be counted as a resource.

- All other vehicles - Count the highest of
  - .. fair market value over \$4650, 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 \$350 (\$5,000 minus \$4650). The equity value is greater (\$1,500), therefore, that is the amount that is counted as a resource.

01.5 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.