

How to Vanpool

in Virginia

A guide for starting
and using a smarter
way to commute



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So...what, exactly, IS a vanpool?

You've probably heard that vanpooling is a great way to help save money and the environment. But what is a vanpool?

Well, typically, a vanpool is a group of at least four people in a seven-passenger vehicle – but the vehicle can be up to a 15-passenger van as long as it is at least half full.

Normally, several members volunteer to drive and everyone pays a fare. The whole group enjoys the economy of sharing their commuting expenses and the convenience of sharing the ride to work.

Some employers may provide transportation in a van or other vehicle for their employees, and in some respects this may appear somewhat like a vanpool. But these really aren't vanpools – they're considered an "employer shuttle" and may not be subject to the same rules as a vanpool. *The guide you're reading right now applies only to employee-operated vanpools and not to employer shuttle types of transportation.*

How many passengers does it take to create a vanpool?

In Virginia and many other states, ridership standards don't exist for vanpools. However, Federal law requires the use of a vehicle seating at least seven people, including the driver, in order to qualify for tax-free vanpool fringe benefits under the IRS code [26 U. S. C. § 132 \(f\)](#).

Most Virginia rideshare agencies consider seven seats with four people to be the normal minimum number for a vanpool. If you're considering taking advantage of any of the programs offered for vanpools by your local rideshare agency, you should check with them to find out what they consider to be the minimum vanpool ridership necessary to qualify.



If it looks like a van, can it be a vanpooling van?

The term "van" is used throughout this guide for convenience -- but please note that the seating capacity of the vehicle is what is significant and not its appearance. A vehicle such as an SUV may qualify to be used as a vanpool vehicle even though it's not the type of vehicle commonly thought of as a "van."

Comparing the categories of vanpools

| Owner-operated vanpool | | Lease-model vanpool | |
|--|--|--|---|
| With this type of vanpool, the owner/operator of the vehicle charges a monthly fare; pays all of the capital costs, maintenance, and operating expenses; and retains the profits from the revenue left over after expenses. The owner/operator creates the routes and recruits riders with feedback from current and potential riders. | | This is when one person enters into a lease agreement with a vanpool vendor. The vendor helps the leaseholder find other riders to fill the van. The leaseholder is responsible for paying the monthly lease amount due to the vendor, who retains the profits from the revenue left over after expenses. Riders are simply paying into the leaseholder's account. | |
| Potential PROS for riders: | Potential CONS for riders: | Potential PROS for riders: | Potential CONS for riders: |
| Riders aren't required to sign a contract and can easily join or leave the vanpool. Also, owners/operators will transport vehicles for required maintenance | Vehicles might not be recent models, and costs might be higher than with lease-model vanpools. | Vehicles are recent models, and costs might be cheaper than owner-operated vanpools. | The leaseholder assumes financial risk when signing the lease. He or she must give written notice to the vendor to terminate the vanpool. And, vanpool participants must transport the vehicle themselves for required maintenance. |

The above list of Pros and Cons is not meant to cover absolutely everything, and you can certainly find high priced lease-model vans and brand new owner-operated vehicles. This information is simply meant as a general guideline.

About taxes and local business licenses

How vanpooling affects your state income tax

For a 15-passenger or less vehicle, including the driver: Under [§ 46.2-1404 of the Code of Virginia](#) (1950), "Money and other benefits, other than salary, received by a driver in a ridesharing arrangement using a motor vehicle with a seating capacity for not more than fifteen persons, including the driver, shall not constitute income for the purpose of the Virginia state income tax law. Regular payments by riders toward a capital recovery fund not exceeding the cost of the vehicle or used to pay for leasing the vehicle shall be considered reimbursement for eligible expenses of operation."

Federal income tax consequences

If you're using a van from a lease-model vendor, you cannot deduct the cost of operating the van on your Federal income tax return. Also, any payments you receive from your passengers are considered reimbursements for your expenses and are not included as income on your Federal return. For further information, see [Internal Revenue Service Publication No. 463 – Travel, Entertainment, Gift, and Car Expenses](#).

Possible personal property tax consequences

For a 15-passenger or less vehicle, including the driver, under [§ 58.1-3506 \(13\) of the Code of Virginia](#) (1950) "privately owned vans with a seating capacity of not less than seven nor more than 15 persons, including the driver, used exclusively pursuant to a ridesharing arrangement" may be taxed by a locality for personal property tax purposes at a lower rate or not at all, if the locality chooses to do so. This is completely optional with the local government. Check with your local Commissioner of Revenue for your applicable tax rate.

Local business license and gross receipts taxes

Under [§ 46.2-1405 of the Code of Virginia](#) (1950), the operator of a vehicle from a lease-model vendor with a seating capacity of no more than 15 people, including the driver, is exempt from obtaining a business license or paying any local gross receipts taxes on the vanpool operation.



How to get financial assistance for starting, operating, and maintaining vanpools

Anyone operating a vanpool in the Commonwealth of Virginia using a van with a seating capacity of seven to 15 (including the driver) is eligible to apply for VanStart and VanSave assistance. Your local rideshare agency (or, if you don't have one, the rideshare agency closest to you) can give you the specific details on how to apply. VanStart is designed to assist in getting new vanpools started, and VanSave is designed to make sure existing vanpools that suffer a temporary loss of riders avoid terminating their service and can get back up to full occupancy quickly.

The following general rules apply to these programs. But please remember, in this section and throughout this booklet, these are just examples. Since situations vary, the details will, too.

VanStart

The VanStart Program is designed to help new vanpools get started. VanStart provides a temporary monetary subsidy for a short period to give the vanpool time to get the necessary number of riders it needs. This subsidy is only available one time and is based on the vanpool's origin and destination.

1. The owner-operator or van lessee must register the vanpool with the local rideshare agency and apply for VanStart assistance within the first three months of operation.
2. The vanpool must already have at least 50% of its passenger capacity filled.
3. The vanpool must be aggressively recruiting new riders and must cooperate with the rideshare agency in attempting to attract new riders.
4. The van must be properly registered with both the DMV and the locality.
5. The van must have the minimum required liability insurance.
6. Assistance is not available if 50% or more of the total ridership has been in another vanpool that has received state financial assistance in the past 12 months.
7. Qualified vanpools may receive cash subsidies up to the following maximums:

| Total Passenger Seats* | Seat Assistance Month #1 | Seat Assistance Month #2 | Seat Assistance Month #3 | Seat Assistance Month #4 |
|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 15 | 4 | 3 | 2 | 1 |
| 12 | 3 | 2 | 1 | 0 |
| 9 | 2 | 2 | 1 | 0 |
| 7 | 2 | 1 | 1 | 0 |

*Including driver.

The awarding of financial assistance is at the discretion of the rideshare agency. Any amount awarded will be based upon the seating capacity of the van and the evaluation by the rideshare agency of the average cost per passenger seat, excluding the driver, for all vanpools operating within comparable distance parameters and within comparable market areas. Your local commuter assistance agency can give you more details.

VanSave

VanSave is a program to help existing vanpools that have suffered a major loss in ridership to continue to operate until the ridership can be built back up to a break-even level.

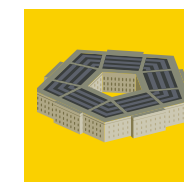
1. The owner-operator must have registered the vanpool with the local commuter assistance agency for at least 30 days prior to applying for VanSave assistance.
2. The vanpool must be aggressively recruiting new riders and must cooperate with the rideshare agency in attempting to attract new riders.
3. The van must be properly registered with both the DMV and locality.
4. The van must have the minimum required liability insurance.
5. The vanpool must have lost at least 25% of its passengers for more than 30 days.
6. The vanpool must have been operating for at least six months and must not have received any state financial assistance in the past 12 months.
7. Qualified vanpools may receive cash assistance up to the following maximums:

| Total Passenger Seats* | Seat Assistance Month #1 | Seat Assistance Month #2 | Seat Assistance Month #3 | Seat Assistance Month #4 |
|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 15 | 4 | 3 | 2 | 1 |
| 12 | 3 | 2 | 1 | 0 |
| 9 | 2 | 2 | 1 | 0 |
| 7 | 2 | 1 | 1 | 0 |

*Including driver.

The awarding of assistance is at the discretion of the commuter assistance agency. Any amount awarded will be based upon the seating capacity of the van and the evaluation by the commuter assistance agency of the average cost per passenger seat, excluding the driver, for all vanpools operating within comparable distance parameters and within comparable market areas.

Regional incentive programs



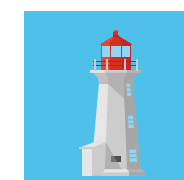
Arlington County: For vanpools traveling to or from Arlington County, a \$50/month credit is offered for your first six months as a new rider or to each new rider in a newly formed vanpool. Visit [their website](#) for more details.



Northern Virginia: By sharing monthly data with Vanpool Alliance, Northern Virginia vanpools can receive at least \$200 per month per vanpool. They can also gain access to the Vanpool Finder database of commuters, as well as marketing and outreach support. See [their website](#) for details on qualifications.



Greater Richmond: RideFinders is a division of the GRTC Transit System. This service supports vanpools by providing formation services for area employers. Vanpoolers can register on the website or call 804-643-RIDE, and RideFinders will match them with at least seven other commuters interested in vanpooling. Visit [their website](#) for more details.



Hampton Roads: TRAFFIX offers a \$300-\$325 monthly stipend to certain vanpools with a specific vendor. Visit [their website](#) for more details.

For information on regional incentive programs in your area, contact a local commuter assistance representative.

Vanpool participants may be eligible for a tax-free fringe benefit!

Commuter Choice Programs

Under a [Federal tax law](#), an employer can provide to employees who vanpool or use mass transit up to a maximum of \$270 per month (current as of January 1, 2020) to help offset their expense of commuting to and from work. (Regulations are at [26 C.F.R. § 1.132-9](#).) This amount may increase in the future as the cost of living increases. Since the benefit is tax-free, the value to the employee is much greater than a similar dollar amount increase in salary would be. If your employer doesn't offer such a benefit, you may want to make them aware of it. You can get more details from your local rideshare agency.

In order to qualify, the vehicle must have a minimum seating capacity of seven persons, including the driver, and must be used at least 80% of the time, based upon mileage, transporting people to and from work while the van is at least 50% occupied by commuting passengers, not counting the driver.

Federal Government Employees

[The Executive Order 13150 of 2000](#) requires that all federal employees in Washington, D.C., and its immediate suburbs receive a tax-free monthly benefit equal to their vanpooling or commuting costs, up to a maximum of \$270, in the form of electronic media. Some agencies provide these benefits to their employees nationwide. Federal employees who don't get a direct subsidy are usually permitted to reduce their pre-tax income by an amount equal to their transit or vanpool expenses, up to the maximum. If you're a federal government employee, check with your agency's benefits management staff to see if you qualify.

The Guaranteed Ride Home Program



One of the advantages of vanpooling is that it makes you eligible for a Guaranteed Ride Home or Emergency Ride Home Program offered by nearly all of the commuter assistance agencies in the Commonwealth. The Guaranteed Ride Home Program is designed to provide a way to get home in case of a personal or family emergency or unscheduled required overtime. Guaranteed rides are typically available up to four times a year. Contact your local rideshare agency for more information on the Guaranteed Ride Home Program.

Where to get additional information

The best source for information about vanpooling is your local commuter assistance agency. Commuter assistance agencies exist to help people with their daily commuting transportation needs, and this includes helping them establish, operate, and join vanpools. They can help you learn more about vanpooling, how to organize or join a vanpool, and what financial assistance may be available for vanpools originating in your area. If there is no program serving your locality, you can contact the commuter assistance agency nearest to you for assistance.

| Area Served | Rideshare Agency | Phone No |
|--|--|----------------|
| Alexandria | GO Alex | (703) 746-4084 |
| Arlington County | Commuter Direct | (703) 228-7433 |
| Caroline, Spotsylvania, Stafford and King George Counties, City of Fredericksburg | GWRideConnect | (540) 373-7665 |
| Charlottesville Area | RideShare | (434) 295-6165 |
| Fairfax County, Cities of Falls Church and Fairfax | Fairfax County Commuter Services | (703) 877-5900 |
| Fauquier, Rappahannock, Culpeper, Orange and Madison Counties | Rappahannock Rapidan Commuter Services | (540) 829-7451 |
| Frederick, Clarke, Warren, Shenandoah and Page Counties, and City of Winchester | RideSmart | (540) 635-4146 |
| Hampton Roads and Eastern Shore Area | TRAFFIX Commuter Options | (800) 700-7433 |
| Loudoun County | Loudoun County Commuter Services | (703) 771-5665 |
| Middle Peninsula - Essex, Gloucester, King & Queen, King William, Mathews and Middlesex Counties | Middle Peninsula Rideshare | (804) 758-2311 |
| Northern Neck - Richmond, Northumberland, Westmoreland and Lancaster Counties | Northern Neck Commuter Services | (804) 333-6683 |
| Northern Virginia, DC, MD | Commuter Connections | (800) 745-7433 |
| Prince William County, Cities of Manassas and Manassas Park | Potomac and Rappahannock Transportation Commission (PRTC) OmniRide Ridesharing | (703) 730-6664 |
| Richmond Area | RideFinders | (804) 643-7433 |
| Roanoke Valley, New River Valley, Alleghany Highlands, West Piedmont and parts of Central Virginia | RIDE Solutions | (540) 342-9393 |

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