

# City of Flagstaff Sustainable Automotive Rebate Program



**Goal:** The City of Flagstaff seeks to promote purchases of fuel-efficient automotive vehicles to reduce air pollution, further the Climate Action and Adaptation Plan (CAAP), and to support local automotive dealers.

## **Rebates Available:**

The City of Flagstaff will rebate part of the local tax paid for purchases of fuel-efficient automotive vehicles. The current local transaction privilege (sales) tax rate on purchase of vehicles is 2.281%. (If the vehicle is purchased for out-of-state use, the local use tax rate of 2.281% is paid in lieu of sales tax).

*All Electric Vehicles:* **2.0%** of the local sales or use tax rate for any new or used vehicle purchased within the City of Flagstaff. Effective tax rate will be .281% after rebate.

*Hybrid / Plug-in Electric Hybrid Vehicles:* **1.5%** of the sales or use tax rate for any new or used vehicle purchased within the City of Flagstaff boundaries that has a city fuel economy of **40 MPG** or higher according to standards established by the U.S. Environmental Protection Agency (EPA). Effective tax rate will be .781% after rebate.

*Fuel-Efficient Vehicles:* **0.5%** of the local sales or use tax rate for any new or used vehicle purchased within the City of Flagstaff boundaries that has a city fuel economy of **35 MPG** or higher according to standards established by the U.S. Environmental Protection Agency (EPA). Effective tax rate will be 1.781% after rebate.

*Income-Based:* For individuals earning less than \$50,000 in adjusted gross income per year, and for couples filing a joint return earning less than \$50,000 in adjusted gross income per year, up to \$250 but not to exceed the total local tax paid for the vehicle that fits within the above-mentioned categories. To apply for this incentive the applicant will need to provide a tax return for the prior calendar year.

Example: Applicant has an adjusted gross income of less than \$50,000. Applicant has purchased \$10,000 fuel-efficient vehicle, and paid local tax to dealership of 2.281% (\$228). Dealership remits tax to state. Upon approval of rebate claim, \$228 will be rebated.

**Criteria:**

- Must be sold by a **qualified dealer**, “A seller of motor vehicles within the City of Flagstaff that has a state and local transaction privilege tax license for the sale of motor vehicles.”
- Must be purchased by a **qualified purchaser**, “Registered owner of the fuel-efficient vehicle.”
- Eligible for rebate while funding lasts and if the purchase was made after the program’s effective start date.
- Limit of one rebate per household per year. Limit of five rebates per commercial account.

**Submittals:** Please fill the out the attached rebate application and submit the completed form to the City of Flagstaff’s \_\_\_\_\_ (Revenue/EV) section. If you have any questions, please contact the Interim Business Attraction Manager, Jack Fitchett at [jack.fitchett@flagstaffaz.gov](mailto:jack.fitchett@flagstaffaz.gov)