

RESOLUTION NO. 2020-43

**A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL ADOPTING A
FLAGSTAFF AUTOMOTIVE SALES TAX REBATE PROGRAM TO FURTHER
THE CITY'S CLIMATE ACTION GOALS AND TO SUPPORT LOCAL
AUTOMOTIVE DEALERS**

RECITALS:

WHEREAS, the City of Flagstaff has authority pursuant to Arizona Revised Statutes ("A.R.S.") § 9-500.11 to spend money on economic development activities;

WHEREAS, the City desires to provide funding for an auto sales tax rebate program to further climate action goals and to support local automotive dealers by providing an incentive to locally purchase energy efficient vehicles;

WHEREAS, the funding is derived from local transaction privilege tax revenues generated by the hospitality industry (also known as the "BBB tax") and dedicated for economic development activities;

ENACTMENTS:

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FLAGSTAFF
AS FOLLOWS:**

SECTION 1. In General


The City Council hereby adopts the Flagstaff Automotive Sales Tax Rebate Program, a copy of which is attached hereto as Exhibit A.

The Economic Vitality Division Director or the Director's designee is delegated authority to undertake all such actions necessary to implement the program, provide information about the program to the public, and to provide a report on and any recommendations related to the program prior to April 1, 2021.

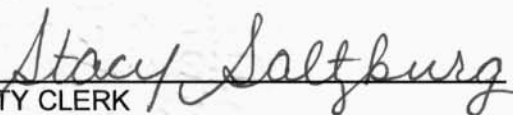
SECTION 2. Effective Date.

This resolution shall be immediately effective.


PASSED AND ADOPTED by the City Council of the City of Flagstaff this 7th day of July, 2020.


MAYOR


ATTEST:


CITY CLERK

APPROVED AS TO FORM:


CITY ATTORNEY

Attachment: Exhibit A

A banner image showing a landscape with mountains and a tree, overlaid with the text "City of Flagstaff Sustainable Automotive Rebate Program".

City of Flagstaff Sustainable Automotive Rebate Program



CHOOSE
FLAGSTAFF

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 a portion of the local tax paid for purchases of fuel-efficient automotive vehicles. The current local transaction privilege (sales) tax rate on the 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). Residents of Flagstaff may qualify for the local version of these incentives by providing their driver's license that illustrates a City of Flagstaff address or provide a utility bill with a City of Flagstaff address.

All Electric Vehicles (Local): 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 0.281% after rebate.

All Electric Vehicles: 1.8% 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 0.481% after rebate.

Hybrid / Plug-in Electric Hybrid Vehicles (Local): 1.6% 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 0.681% after rebate.

Hybrid / Plug-in Electric Hybrid Vehicles: 1.4% 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 0.881% after rebate.

Fuel-Efficient Vehicles (Local): 0.7% 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 1.581% 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 those individuals that earn less than \$50,000 per year, there is an additional \$250 incentive available, upon purchase of a vehicle that fits within the above-mentioned categories. The \$250 may be added to the total rebate but may not exceed the allocated City of Flagstaff Transaction Privilege Tax. Individuals who would like to apply for this incentive will need to submit prior-year tax filing in order to be considered.

Example: Pay \$10,000 for fuel-efficient vehicle, pay local tax of 2.281% (\$228). Upon approval of rebate claim, rebate will be calculated using the corresponding percentage, plus up to an additional \$250, that can be used towards the remaining local transaction privilege tax.

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.
- If you are applying for the local version of these incentives, you must provide proof of residence.
 - A driver’s license with a local Flagstaff address (or),
 - A utility bill with a local Flagstaff address

Submittals: Please fill the out the attached rebate application and submit the completed form to the City of Flagstaff’s Community Investment section. If you have any questions, please contact the Interim Business Attraction Manager, Jack Fitchett at jack.fitchett@flagstaffaz.gov