

What is the Car Allowance Rebate System (CARS)?

The CAR Allowance Rebate System (CARS), formerly referred to as “Cash for Clunkers,” is a \$1 billion government program that helps consumers buy or lease a more environmentally-friendly vehicle from a participating dealer when they trade in a less fuel-efficient car or truck. The program is designed to energize the economy; boost auto sales and put safer, cleaner and more fuel-efficient vehicles on the nation’s roadways.

Consumers will be able to take advantage of this program and receive a \$3,500 or \$4,500 discount from the car dealer when they trade in their old vehicle and purchase or lease a new one. Consumers do not need to register anywhere or at anytime for this program. However, there are eligibility requirements. For current information on how the program works, visit www.CARS.gov, determine if you qualify and what you need to bring to the dealer. When you buy or lease a new vehicle, the dealer handles the submission of all required information to the U.S. Department of Transportation’s National Highway Traffic Safety Administration (NHTSA). NHTSA ensures that your purchase meets the requirements. About 10 (ten) days later, NHTSA will issue a financial credit to the dealer—assuming all program requirements have been met.

Important Things to Know

- Your vehicle must be less than 25 years old on the trade-in date.
- Only the purchase or lease of a new vehicle qualifies.
- Generally, trade-in vehicles must get 18 or less MPG (some very large pick-up trucks and cargo vans have different requirements).
- Trade-in vehicles must be registered and insured continuously for the full year preceding the trade-in.
- You don't need a voucher, dealers will apply a credit at purchase.
- Program runs through Nov 1, 2009 or when the funds are exhausted, whichever comes first.
- The program requires the scrapping of your eligible trade-in vehicle, and that the dealer disclose to you an estimate of the scrap value of your trade-in. The scrap value, however minimal, will be in addition to the rebate, and not in place of the rebate.

How will CARS work?

1. Visit CARS.gov or call the CARS Hotline at (866) CAR-79891 for current information about the program.
2. Determine if you qualify and what you need to bring to the dealer.

What to bring to the Dealer to qualify:

1 Year Proof of Insurance. If your insurance card does not cover the entire year preceding the trade in, you will need other proof of insurance. Contact your insurance company to get

evidence of 1 year worth of insurance. The form must include, at a minimum, the insurance company, policy number, VIN, start and end date of insurance (showing at least 1 year).

Proof of Registration going back at least 1 year.

“Clear” title. This means the title must be free of any liens or other encumbrances. If you have liens, you need to get these cleared before going to the dealer. This may include evidence on the face of the title showing no lien; that the title has been cleared (signed and stamped accordingly), or with an attached lien release from the lien holder.

The vehicle manufacturer date found on the driver’s door or door jamb is less than 25 years old when you trade it in.

If you do not have any of the above items in your possession, you may do the following:

Call your insurance company and have them provide evidence of 1 year’s worth of insurance on the trade-in vehicle. Make sure it includes the minimum requirements noted above.

Contact your DMV for copies of prior registration certificates to show proof of ownership of the trade-in vehicle for at least the past year. The name on the registration must be the same as the name on the title and the same as the purchaser of the new vehicle.

Clear your title by paying-off any loans outstanding and receive either a newly issued title from the DMV that is free of all liens and other encumbrances, or have the lien release document from the lien holder (signed and stamped accordingly), or your title signed and stamped accordingly (showing it is clear).

Once you are at the dealer you will be asked to certify to the following under penalty of law. The above documents will provide proof to the dealer to assist in this certification process.

- The trade-in car is in drivable condition.
- You are the registered owner, and have been for at least the last year.
- The car has been continuously insured for the last year.
- The car is titled in your name and has been for the last year.
- You have not previously participated in the CARS program.

3. When you buy or lease a new vehicle, the dealer handles the submission of all required information to NHTSA.
4. NHTSA ensures that your purchase meets the requirements.
5. About 10 days later, NHTSA will issue a financial credit to the dealer—assuming all program requirements have been met.

FAQ’s

How do I find out when my vehicle was manufactured?

The month and year of manufactured (e.g., 1-96 (January 1996)) appear on the safety standard certification label that is located on the frame or edge of the driver’s door in most vehicles.

Do I need to get a voucher or sign up for this program?

No. You do not need a voucher and you are not required to sign up or enroll in this program. Participating new car dealers will apply a credit, reducing the price you pay at the time of your purchase or lease, provided the vehicle you buy or lease and the vehicle you trade in meet the program requirements. The dealer will then obtain reimbursement from the government.

May I receive or use more than one credit under the CARS program?

No, the CARS Act specifies that not more than one credit may be issued to a single person, not more than one credit may be issued for joint registered owners of a single eligible trade-in vehicle, and that only one credit under this program may be applied toward the purchase or lease of any single new vehicle.

What is the amount of the credit?

The amount of the credit is \$3,500 or \$4,500, and generally depends on the type of vehicle you purchase and the difference in fuel economy between the purchased vehicle and the trade-in vehicle. Different requirements apply for work trucks.

What is the value of the credit for the purchase or lease of a new passenger car?

The value of the credit for the purchase or lease of a new passenger car depends upon the difference between the combined fuel economy of the vehicle that is traded in and that of the new vehicle that is purchased or leased. If the new vehicle has a combined fuel economy that is at least 4, but less than 10, miles per gallon higher than the traded-in vehicle, the credit is \$3,500. If the new vehicle has a combined fuel economy value that is at least 10 miles per gallon higher than the traded-in vehicle, the credit is \$4,500.

What is the value of the credit for the purchase or lease of a new van, pickup truck or SUV?

The value of the credit given for the purchase or lease of a category 1 or 2 truck also generally depends on the difference between the combined fuel economy of the vehicle that is traded in and that of the new vehicle that is purchased or leased. If the new vehicle is a category 1 truck that has a combined fuel economy value that is at least 2, but less than 5, miles per gallon higher than the traded-in vehicle, the credit is \$3,500. If the new category 1 truck has a combined fuel economy value that is at least 5 miles per gallon higher than the traded-in vehicle, the credit is \$4,500.

If both the new vehicle and the traded-in vehicle are category 2 trucks and the combined fuel economy value of the new vehicle is at least 1, but less than 2, miles per gallon higher than the combined fuel economy value of the traded in vehicle, the credit is \$3,500. If both the new vehicle and the traded-in vehicle are category 2 trucks and the combined fuel economy of the new vehicle is at least 2 miles per gallon higher than that of the traded-in vehicle, the credit is \$4,500. A \$3,500 credit applies to the purchase or lease of a category 2 truck if the trade-in vehicle is a category 3 (work) truck that was manufactured not later than model year 2001, but not earlier than 25 years before the date of the trade in.

What rules apply to new work trucks?

A work truck, which is called a category 3 truck under the CARS Act, is subject to special rules. Work trucks are not rated for fuel economy by the EPA. Thus, the eligibility of work trucks for the program does not depend on combined fuel economy. Instead, work trucks may only be traded in under the program if they were manufactured not later than model year 2001 and not earlier than 25 years before the date of the trade in. In addition, work trucks may only be traded in for the purchase of a category 2 truck or another category 3 truck that is of similar size or smaller than the traded-in vehicle. Finally, the Act provides only for a \$3,500 credit for trading in a work truck.

The CARS Act limits the amount of funds that can be used to provide credits for purchases or leases of work trucks. Only 7.5 percent of the funds appropriated for the program may be used for credits for work trucks. Once that limit is reached, NHTSA will stop making payments for these transactions. NHTSA will keep the public informed as to the funds that remain available for these credits.

Is the credit subject to being taxed as income to the consumers or dealers that participate in the program?

The CARS Act expressly provides that the credit is not income for the consumer.

Do I have to pay State or local sales tax on the amount of the CARS program credit?

The question of whether a consumer must pay State or local sales tax on the amount of the CARS program credit would depend on the sales tax law of each State or locality. Consumer should review the law of their respective States or consult a tax advisor to answer this question.

Can dealers charge me a fee for buying or leasing a vehicle under the CARS program?

While dealers can charge their normal types of fees, the CARS Act specifically prohibits dealers from charging a fee for purchasing or leasing a vehicle under the program.

What will I need to bring to the dealer in order to participate in the program?

You should bring documentation establishing the identity of the person who currently owns the vehicle, preferably the title of the vehicle, and documentary proof that the vehicle "has been continuously insured consistent with the applicable State law and registered to the same owner for a period of not less than 1 year immediately prior to the trade-in."

Can I use this credit in combination with manufacturer's rebates and discounts?

The CARS Act requires the dealer to use the credit under the CARS program in addition to any rebates or discounts advertised by the dealer or offered by the new vehicle's manufacturer. The dealer may not use the credit to offset these rebates and discounts.

How do I know if a dealer is participating in the program?

The law requires dealers to be registered to participate in the program. We will be moving as quickly as possible to register interested dealers as soon as the registration process begins in the near future. As dealers are registered, we will list them on this website. We will continue to update this list during the life of the program. Meanwhile, you may wish to contact dealers in your area to ask whether they plan to participate in the program. The CARS Act requires that dealers be licensed by their respective state for the sale of new automobiles in order for them to participate in the program.

Does the program apply if I want to lease a vehicle, or must I purchase a vehicle?

Under the program, you may purchase a new vehicle or lease a new vehicle, provided the lease period for the new vehicle is at least five years.

I don't drive an American car but I would like to trade in my old car for a newer, more fuel efficient one. Is this program only for American cars?

No. You may trade in or buy a domestic or a foreign vehicle.

What new vehicles may be acquired under the CARS program?

The CARS Act applies to new vehicles. Thus, used vehicles do not qualify under the program.

The new vehicle must have a manufacturer's suggested retail price of not more than \$45,000. That price appears on the window sticker on new vehicles. The new vehicle must also achieve minimum combined fuel economy levels. For passenger automobiles, the new vehicle must have a combined fuel economy value of at least 22 miles per gallon. For category 1 trucks, the new vehicle must have a combined fuel economy value of at least 18 miles per gallon. For category 2 trucks, the new vehicle must have a combined fuel economy value of at least 15 miles per gallon. Category 3 trucks have no minimum fuel economy requirement; however, there are special requirements that apply to the purchase of category 3 vehicles.

As noted above, the CARS Act also requires that NHTSA make available on an Internet website a comprehensive list of new vehicles that meet the requirements of the program. Until that information is posted on the program's website, consumers may determine whether a new vehicle meets the fuel economy

requirements of the program in two ways. First, the combined fuel economy of a new vehicle will be posted under the heading "Combined Fuel Economy" on the window sticker ("Monroney label") of a new vehicle. Second, you may also find the combined fuel economy value of a new vehicle by visiting <http://www.fueleconomy.gov/feg/findacar.htm> and searching for their vehicle to find its combined fuel economy value. When searching that website, consumers will need to know their vehicle's model year, make, model, engine size, and transmission type.

I just traded in my old car for a new vehicle last month. Can I go back to the dealer and apply for a credit?

If you purchased the vehicle before July 1 you are not eligible for credit. If you purchased the new vehicle on or after July 1, 2009, you may be eligible for credit. Please contact your dealer to see if you meet the eligibility requirements.

Is there a cap on the price of the vehicle I can buy or lease under the program?

Yes. The new vehicle base MSRP – the price on the Monroney label, before any features, options, taxes, or destination charges are added to the price, cannot exceed \$45,000.

Does the program apply if I want to buy a used car?

No. The program does not apply to the purchase of used vehicles.

What is the amount of the credit?

The amount of the credit is \$3,500 or \$4,500, and generally depends on the type of vehicle you purchase and the difference in fuel economy between the purchased vehicle and the trade-in vehicle. Different requirements apply for work trucks.

How do I know if my car or truck is an eligible trade-in vehicle?

The month and year of manufacture (e.g., 1-96 (January 1996)) appear on the safety standard certification label that is located on the frame or edge of the driver's door in most vehicles.

There are several requirements (but you also have to meet certain conditions for the car or truck you wish to buy). Your dealer can help you determine whether you have an eligible trade in vehicle.

Your trade-in vehicle must:

- Have been manufactured less than 25 years before the date you trade it in.
- Have a "new" combined city/highway fuel economy of 18 miles per gallon or less.
- Be in drivable condition.
- Be continuously insured and registered to the same owner for the full year preceding the trade-in.
- The trade-in vehicle must have been manufactured not earlier than 25 years before the date of trade in and, in the case of a category 3 vehicle, must also have been manufactured not later than model year 2001.

Note that work trucks (i.e., very large pickup trucks and cargo vans) have different requirements.

How do I find out the combined city/highway fuel economy rating of my trade-in vehicle?

Go to <http://www.fueleconomy.gov/feg/sbs.htm> and click on the model year of your vehicle, the make, and then the model. Under the words "ESTIMATED NEW EPA MPG" in the red banner, there is a red number with the word "COMBINED" under it. That is the new combined city/highway fuel economy for your vehicle. You may then enter the make, model, and model year of a new vehicle you may want to buy and see its combined MPG for comparison.

Why is fuel economy important?

Buying a fuel efficient vehicle is important because it can:

- **Save you money**
You can reduce fuel costs each year by choosing the most efficient vehicle that meets your needs.
- **Reduce greenhouse gas emissions**
Carbon dioxide (CO₂) from burning gasoline and diesel contributes to global climate change. You can do your part to reduce climate change by reducing your carbon footprint.
- **Improve energy security and reduce oil dependence costs**
Our dependence on oil makes us vulnerable to oil market manipulation and price shocks.
- **Increase energy sustainability**
Oil is a non-renewable resource, and we cannot sustain our current rate of use indefinitely. Using it wisely now allows us time to find alternative technologies and fuels that will be more sustainable.
For more information on the importance of better fuel economy, go to <http://www.fueleconomy.gov/feg/why.shtml>. For the 2009 Fuel Economy Guide, go to <http://www.fueleconomy.gov/feg/FEG2009.pdf>.

I have a truck and I cannot find its fuel economy rating. Is it an eligible trade-in vehicle?

Maybe. Some trucks, such as work trucks, were never rated for fuel economy. For these trucks, age is the only criterion for determining whether they are eligible trade-in vehicles. If you have one of these trucks, it must be from model year 2001 or earlier, but also the date of manufacture must be less than 25 years from the date you trade it in, to be an eligible trade-in vehicle. Other restrictions may also apply.

In addition to this credit, will I get the full value of my trade-in vehicle?

No. The law requires your trade-in vehicle to be destroyed. Therefore, the value you negotiate with the dealer for your trade-in vehicle is not likely to exceed its scrap value. The law requires the dealer to disclose to you an estimate of the scrap value of your trade-in vehicle.

What happens to the vehicle I trade in?

The CARS Act requires that the trade-in vehicle be crushed or shredded so that it will not be resold for use in the United States or elsewhere as an automobile. The entity crushing or shredding the vehicles in this manner will be allowed to sell some parts of the vehicle prior to crushing or shredding it, but these parts cannot include the engine or the drive train.

May I lease, instead of purchase, a vehicle under the CARS program?

Yes. The credit given for trading in an eligible vehicle may be used to offset the cost of leasing a new vehicle. However, the CARS Act requires that any lease under the program be for a period of at least five years.

How do I determine whether the vehicle I want to purchase or lease is a passenger automobile or a category 1, 2, or 3 truck?

The CARS Act divides the eligible vehicles into four groups: passenger automobiles; category 1 trucks; category 2 trucks; and category 3 trucks. NHTSA will soon publish a list of the vehicles that fall into these groups. For the present, we describe here the statutory definitions, give examples of types of vehicles that satisfy those definitions, and refer readers to the large table at the end of this notice.

The term "passenger automobile" and its definition are borrowed from the fuel economy statute. The definition excludes from that term (1) vehicles that NHTSA has determined are not manufactured primarily

for transporting persons and (2) vehicles that are capable of off-highway operation. Vehicles not manufactured primarily for transporting persons include pickup trucks and certain vehicles that permit expanded use of the vehicle for cargo-carrying purposes. See 49 CFR 523.5(a). Under NHTSA's regulations (49 CFR 523.5(b)), there are two groups of vehicles with capability of off-highway operation. The first includes vehicles that have 4-wheel drive and have at least four out of five specified physical characteristics relating to ground clearance. The second includes vehicles that are rated at more than 6,000 pounds gross vehicle weight and have at least four out of five specified physical characteristics relating to ground clearance, but do not have 4-wheel drive. Passenger automobiles are what are commonly known as passenger cars.

A category 1 truck is a non-passenger automobile. This category includes sport utility vehicles (SUVs), small and medium pickup trucks and small and medium passenger and cargo vans.

A category 2 truck is a large van or a large pickup truck, based upon the length of the wheelbase (more than 115 inches for pickup trucks and more than 124 inches for vans). Note: some pickup trucks and cargo vans exceeding these thresholds are treated as category 3 trucks instead of category 2 trucks.

A category 3 truck is a work truck and is rated between 8,500 and 10,000 pounds gross vehicle weight. This category includes very large pickup trucks (those with cargo beds 72 inches or more in length) and very large cargo vans.

Can I combine this credit with other government incentives?

Yes. You can combine this with other State and Federal incentives, such as the hybrid vehicle credit. For information on this credit, go to http://www.fueleconomy.gov/Feg/tax_hybrid.shtml.

Information provided by:

U.S. Department of Transportation
1200 New Jersey Ave SE
Washington DC 20590
Phone: 866-CAR-7891
www.cars.gov

For more information or to file a complaint, visit our website or contact the Bureau of Consumer Protection.

**Bureau of Consumer Protection
2811 Agriculture Drive
PO Box 8911
Madison WI 53708-8911**

**E-MAIL:
DATCPHotline@Wisconsin.gov**

**WEBSITE:
www.datcp.state.wi.us**

Toll-free in WI: (800) 422-7128

(608) 224-4976

FAX: (608) 224-4939

TTY: (608) 224-5058