



U.S Department of Transportation
Office of Public Affairs
1200 New Jersey Ave., S.E.
Washington, DC 20590
www.dot.gov/affairs/briefing.htm

News

DOT 110-09
Monday, July 27, 2009
Contact: Rae Tyson
Tel: 202-366-9550

Transportation Secretary Ray LaHood Kicks-Off CARS Program, Encourages Consumers to Buy More Fuel Efficient Cars and Trucks

U.S. Transportation Secretary Ray LaHood today kicked off a buyer incentive program designed to help consumers purchase new fuel efficient vehicles and boost the economy at the same time. The Car Allowance Rebate System (CARS), commonly referred to as Cash for Clunkers, is a new federal program that gives buyers up to \$4,500 towards a new, more environmentally-friendly vehicle when they trade-in their old gas guzzling cars or trucks.

“With this program, we are giving the auto industry a shot in the arm and struggling consumers can get rid of their gas-guzzlers and buy a more reliable, fuel-efficient vehicle,” Secretary LaHood said. “This is good news for our economy, the environment and consumers’ pocketbooks.”

The National Highway Traffic Safety Administration (NHTSA) also released the final eligibility requirements to participate in the program. Under the CARS program, consumers receive a \$3,500 or \$4,500 discount from a car dealer when they trade in their old vehicle and purchase or lease a new, qualifying vehicle. In order to be eligible for the program, the trade-in passenger vehicle must: be manufactured less than 25 years before the date it is traded in; have a combined city/highway fuel economy of 18 miles per gallon or less; be in drivable condition; and be continuously insured and registered to the same owner for the full year before the trade-in. Transactions must be made between now and November 1, 2009 or until the money runs out.

The vehicle that is traded in will be scrapped. NHTSA estimates the program could take approximately 250,000 vehicles that are not fuel efficient off the road.

In the coming days, NHTSA will launch an all-out effort to raise public awareness about this program. On Monday, July 27, NHTSA will hold a Webinar with dealers from across the country to explain the program and make sure the process is as user-friendly as possible. Dealers and interested participants are encouraged to visit the official website www.cars.gov for more information. In addition, NHTSA has established a toll-free hotline that consumers can call to get information on the program 866-CAR-7891. In early August, NHTSA will launch a national television and Internet advertising campaign to further educate the public about CARS. Consumers are reminded that they do not need to register for the program in order to participate.

Car Allowance Rebate System (CARS) FACT SHEET

ABOUT CARS:

The Car Allowance Rebate System (CARS) 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.

LEGISLATIVE HISTORY:

On June 24, the President signed into law the Consumer Assistance to Recycle and Save Act of 2009. The Act established a temporary program under the National Highway Traffic Safety Administration (NHTSA) called the Car Allowance Rebate System (CARS), referred to commonly as Cash for Clunkers.

Under the legislation, NHTSA had 30 days from the time the President signed the bill to fine-tune administrative aspects of the Car Allowance Rebate System (CARS) including dealer registration, vehicle eligibility requirements, payment transfers and anti-fraud and abuse protections. The agency met the statutory requirement and issued the implementation rule on July 24. The program ends on November 1, 2009.

ELIGIBILITY:

To be eligible for a trade-in rebate, cars and light trucks must be at least a 1984 model-year vehicle or newer. The vehicle must be drivable, insured and licensed for at least a year, and get 18 miles per gallon or less combined highway/city rating. Both domestic and imported vehicles are eligible for the program. The credit cannot be applied toward the purchase or lease of used vehicles. Requirements for work trucks are slightly different.

HOW IT WORKS:

Consumers bring their vehicles, title, proof of registration and proof of insurance to the dealership. The rebate amount, at the time of purchase, will depend on the improved mileage of the new vehicle.

- For passenger cars, consumers will receive a \$3500 rebate if the new vehicle gets at least 4 mpg higher than the trade-in. To receive \$4500, the new vehicle needs to get at least 10 mpg higher than the trade-in.
- For light trucks, the \$3500 rebate would require at least 2 mpg higher than the trade-in. To receive the \$4500 rebate, the new vehicle must be at least 4 mpg higher than the trade-in.

The dealers are later reimbursed by NHTSA through an electronic funds transfer. The vehicles traded in under the CARS program will be scrapped. Dealers are required under law to use a NHTSA approved salvage facility for vehicle disposal. Vehicles are required to be shredded or crushed within 6 months. The entity crushing or shredding the vehicles can sell some parts of the vehicle prior to crushing or shredding it, but these parts cannot include the engine or the drive train (unless the drive train, the transmission, drive shaft, or rear end are sold as separate parts).

NHTSA estimates that the program could remove approximately 250,000 fuel-inefficient vehicles from U.S. roads. Visit www.cars.gov the only official website for this program.

FREQUENTLY ASKED QUESTIONS:

What is the Car Allowance Rebate System?

The Car Allowance Rebate System is a new program from the government that will help you pay for a new, more fuel efficient car or truck from a participating dealer when you trade in a less fuel efficient car or truck.

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.

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. 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.

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

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 and 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.

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." The final rule will specify what types of documentation would be acceptable.

More Frequently Asked Questions can be found at <http://www.cars.gov/index.php/faq>