

**State of Vermont
Replace Your Ride Program**

PROGRAM GUIDELINES

Version 1.0

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1 PROGRAM OVERVIEW

Fossil-fueled transportation in Vermont significantly impacts the State's economy and environment. The State of Vermont's Comprehensive Energy Plan includes several long-term goals to electrify the transportation sector to reduce emissions and costs. In addition, the Vermont Global Warming Solutions Act established actionable requirements for reducing greenhouse gas emissions in the State by specific deadlines with policies and programs for the transportation sector to be detailed in a forthcoming Climate Action Plan.

While the use of plug-in electric vehicles (PEVs) continues to grow as more models are available at lower price points, Vermont is not currently electrifying its transportation sector on pace to meet its energy and climate requirements. The State of Vermont established a Replace your Ride incentive program to accelerate the market and help low- to moderate-income Vermonters enjoy the benefits of cleaner transportation options, including PEVs. These benefits include faster acceleration compared to combustion vehicles, a smoother and quieter ride, lower emissions, reduced operation and maintenance costs, and the convenience of being able to charge at home or work. Combined with a federal tax credit for PEV purchases and additional incentives offered by electric utilities, eligible consumers have an opportunity to save thousands of dollars on the purchase or lease of a PEV.

This document contains program guidelines for the implementation of the State of Vermont Replace Your Ride (RZR) Program, or "Replace Your Ride" including information on eligibility and processing options to be used by program partners, dealerships or consumers interested in additional details on how the program works.

The Center for Sustainable Energy (CSE) will provide incentives to eligible consumers for eligible vehicles through participating dealerships at the point of sale or lease. The total incentive pool is equally available to all Vermont residents on a statewide, first-come, first-served basis.

The rebate amount for this program has been designated at \$3,000 for each eligible scrapped Internal Combustion Engine ("ICE") vehicle with a model year at least 10 years old from the current year, *when combined with the purchase or lease of a new or used eligible PEV.*

- When scrapping and replacing with a *new* vehicle, the \$3,000 Replace Your Ride rebate must be stacked with the State of Vermont New PEV Program incentive application.
- When scrapping and replacing with a *used* vehicle, the \$3,000 Replace Your Ride rebate will only be approved if accompanied by a MileageSmart Used EV Incentive Program Commitment Letter.

2 APPLICANT ELIGIBILITY

The Program's eligibility requirements related to the purchaser/lessee are detailed below.

2.1 PURCHASER/LESSEE REQUIREMENTS

2.1.1 Residency

Consumers replacing their Internal Combustion Engine (ICE) vehicle must be a Vermont resident at the time of replacement. **A legible copy of a current (not expired) Vermont driver's license is required as proof of residency.** The individual applying for the rebate must be listed on both the new purchase/lease agreement and the old, replaced vehicle registration.

2.1.2 Adjusted Gross Income

Incentive eligibility will be limited to PEV purchasers/lessors meeting the Adjusted Gross Income (AGI) requirements in Table 1 or Table 2 below.

- Incentive amounts listed in Table 1 are for applicants purchasing or leasing a vehicle through the Vermont New PEV program. Incentive amounts are listed in Table 1 according to the filing status of the purchaser/lessor and Adjusted Gross Income.
- Incentive amounts listed in Table 2 are for applicants purchasing or leasing a vehicle through the MileageSmart Used PEV program. Incentive amounts are listed in Table 2 according to the number of persons in the household and Adjusted Gross Income.

Table 1. Incentive Amounts by Tax Filing Status and Adjusted Gross Income for NEW PEV purchases

Tax Filing Status	Adjusted Gross Income (AGI) Limits	State Incentive Amount
Individual filing as single or head of household	\$50,000 or less	\$3,000
Married couple filing jointly	\$75,000 or less	\$3,000
Married couple filing separately	\$50,000 or less	\$3,000
Individual filing as a qualifying widower	\$75,000 or less	\$3,000

AGI is determined by the purchaser's **most recent** State of Vermont income tax return filed as of the date of purchase or lease. The Vermont Department of Taxes form IN-111 lists "Federal Adjusted Gross Income" on Line 1. The federal income tax IRS 1040 form also lists AGI on line 11 of the 2020 and 2021 form.

For applicants who have not filed a recent tax return, documentation may be required to calculate income if they are subject to an incentive audit. Examples of additional documentation that may be required

includes W2s, bank statements, or other income verification documentation requested by the State of Vermont.

Table 2. Incentive Amounts by Tax Filing Status, Adjusted Gross Income, for USED PEV purchases through Mileage Smart

Number of Persons in Household	Annual	Monthly	Incentive Amount for Replace Your Ride – USED PEV
1	\$51,968.00	\$4,330.67	\$3,000
2	\$59,392.00	\$4,949.33	\$3,000
3	\$66,816.00	\$5,568.00	\$3,000
4	\$74,240.00	\$6,186.67	\$3,000
5	\$80,179.20	\$6,681.60	\$3,000
6	\$86,118.40	\$7,176.53	\$3,000
7	\$92,057.60	\$7,671.47	\$3,000
8	\$97,996.80	\$8,166.40	\$3,000

2.1.3 One Per Individual

Replace Your Ride incentives are limited to one per individual over the life of the program.

2.1.4 Research Participation

The State of Vermont may request participation from incentive recipients in ongoing research efforts that support the State’s Comprehensive Energy Plan and Climate Action Plan requirements or continuing Program improvements. The State and/or its designee(s) may administer vehicle owner surveys to collect data and other information pertaining to their PEV purchase or lease, ICE vehicle scrappage, and ownership or lessee experience.

2.2 REPLACED (SCRAPPED) VEHICLE REQUIREMENTS

Inspection of the ICE vehicle being scrapped must take place at a participating dealership where the replacement vehicle is being purchased. Dealerships must confirm and attest:

1. ICE vehicle being replaced is a passenger vehicle with a gross vehicle weight of 10,000 pounds or less. ATV’s, farm equipment, etc are not eligible to be replaced through this program.
2. ICE vehicle is at least 10 years old from current year (e.g. current year is 2022 = ICE vehicle model year is 2012 or older).
3. ICE vehicle being scrapped can drive thirty (30) feet in forward and in reverse under its own power without any assistance.
4. ICE vehicle being scrapped can start readily through ordinary means without any assistance.

5. ICE vehicle being scrapped is currently registered to the applicant with the Vermont Department of Motor Vehicles. The name on the registration must match the applicant's name and have been registered in the applicant's name for at least one year prior to application date.
6. ICE vehicle being scrapped has been registered with the state of Vermont for at least two years prior to the date of application. A vehicle with a lienholder listed is not eligible to be scrapped.
7. ICE vehicle being scrapped is up to date on all vehicle registration fees for the State of Vermont.
8. ICE vehicle being scrapped has an approved inspection sticker dated within the past year.

Upon the sale of the new or used eligible PEV vehicle, the dealership must take possession of the eligible ICE vehicle being scrapped. The intention and expectation of this program is that all scrapped vehicles will be disabled and no longer operable.

2.3 NEW/USED REPLACEMENT VEHICLE REQUIREMENTS & ELIGIBLE MODELS

To be eligible for the Vermont Replace Your Ride program, applicants must also purchase/lease a corresponding eligible replacement vehicle. The replacement vehicle being purchased must meet the guidelines and eligibility requirements of the State of Vermont Incentive Program for New Plug-in Electric Vehicles or the State of Vermont MileageSmart Program for used hybrid or used electric vehicles.

Replace Your Ride is stackable with the State of Vermont Incentive Program for New Plug-in Electric Vehicles or the State of Vermont MileageSmart Program for used hybrid or used electric vehicles. Details for these programs may be reviewed on their corresponding websites and/or Program Guidelines.

Old vehicle scrapping must happen in conjunction and simultaneously with the purchase of an eligible vehicle from either program, through a participating dealer, and all necessary documentation must be uploaded when the transaction is finalized.

3 INCENTIVE PROCESSING

State RYR incentives will be processed by the administrator, the Center for Sustainable Energy (CSE). As described below, dealerships opting into the point-of-sale incentive program will pass through State incentives to their customers at the dealership point of sale or lease and receive reimbursement from the Administrator.

Rebate funds are reserved at the time of application submission, and incentives are provided on a first come, first served basis.

Additional details on the incentive process are included in the sections below.

3.1 PROGRAM FUNDING AND SUNSET PROCESS

Program funding relies on legislative appropriations. The Vermont Replace Your Ride website will report on the program funds when the funding pool is drawn down to \$200,000. Future Program funding beyond these funds is uncertain. **The State will begin a sunset process once the funding pool is drawn down to \$200,000 to ensure Program resources are not overcommitted.**

3.2 DEALER POINT-OF-SALE INCENTIVES

The Vermont Vehicle and Automotive Distributors Association (VADA) has assisted the State in outreach to dealerships to encourage their participation in the Program.

Participating dealerships will submit a completed application along with accompanying supporting documentation as defined below.

For a *new* replacement vehicle, applications must be submitted on the website through:

<https://vermont.drive-electric.org>

For a *used* replacement vehicle, application information must be submitted via the administrator's email address: VermontPEV@energycenter.org.

Initial dealership inspection of the ICE vehicle being scrapped must take place at the time of the new/used PEV purchase. To be eligible, vehicle must meet all the vehicle requirements listed above in the "Replaced (Scrapped) Vehicle Requirements & Eligible Models" section. It is the sole responsibility of the dealer to ensure that the vehicle being scrapped is eligible before applying the rebate to the purchase of a new vehicle. Ineligible ICE vehicles scrapped by the dealership will not be rebated.

It is the responsibility of the dealer to attest to the scrapping of the vehicle. Documentation confirming scrapping of the replaced vehicle in accordance with the RYR Guidelines must be submitted with application. Applications that do not include scrapping documentation will not be approved.

3.2.1 Dealership Incentive Submission

Dealerships are responsible for ensuring that the customer and the vehicle(s) meet eligibility requirements as outlined in the program guidelines above. Required submission documentation includes:

- **A Consumer Attestation Form** with all required information filled in and attestation boxes selected. The applicable form for New or Used Vehicles can be found on the Drive Electric Website.
 - "Dealership Point-of-Sale & Replace Your Ride Incentive" claim option must be selected
 - New Vehicle purchases must use the "New Vehicle Customer Attestation" form
 - Used Vehicle purchases must use the "Used Vehicle Customer Attestation through MileageSmart Program" form
- **A Replaced Vehicle Attestation Form**
 - Form must be signed by participating dealership attesting that vehicle will be scrapped according to program guidelines

- **Proof of Vermont Residency**
 - A copy of a current (not expired) Vermont driver's license valid at the time of sale or lease is required. The name appearing on the driver's license must match the name of the Purchaser/lessor on the invoice or bill of sale.
- **Replaced (Scrapped) Vehicle registration** – A copy of the scrapped vehicle's valid registration must be included with the Program application as proof of registration and must meet these requirements:
 - The registered owner name/lessee matches the name on the State Incentive Program incentive application and on the final contract.
 - The vehicle must be currently registered in Vermont
 - Vehicle has been registered with the Vermont DMV for at least two years prior to application date
 - Vehicle has been registered to the applicant for at least one year prior to date of application
 - The form is complete and signed, if required.
- **Replaced (Scrapped) Vehicle Title**
 - Title must include all pages, front and back, to confirm vehicle eligibility with signatures to confirm proper transfer of ownership to the dealership
 - If the scrapped vehicle is 15 year or older from the current year, the vehicle title may not be available. If the vehicle does not have a title and is older than 15 years, alternative proof of ownership, like a bill of sale, will be required.
- **Bill of Sale**
 - Bill of Sale must show proper transfer of vehicle to the dealership
- For New vehicle sales only, also submit:
 - **Full and complete copy of the purchase or lease agreement with all pages** - The purchase or lease agreement must be signed and executed and all accompanying documentation scans/photos should be clearly legible.
 - Leases must be for a term of 24 months or longer to be eligible for the incentive.
 - **Vehicle registration** - An application for registration of new vehicle must be included with the Program application as proof of registration and must meet these requirements:
 - The registered owner name/lessee matches the name on the State Incentive Program incentive application and on the final purchase agreement/lease.
 - The vehicle must be registered in Vermont
 - The form is complete and signed.
- For Used vehicle sales only, also submit:
 - **MileageSmart Used EV Incentive Program Commitment Letter/Email**

All Replace Your Ride documentation must be submitted within 15 days of the date listed on the replacement vehicle's purchase/lease agreement.

3.2.2 Dealer Participation Opt-In

Auto dealers interested in offering point-of-sale or -lease incentives to their customers will be required to complete a Participating Dealer Agreement prior to being eligible to participate. The Program does not issue a 1099 for your rebate. It is the sole responsibility of the Participating dealers and EV purchaser/lessee incentive recipients to seek professional advice and determine any tax consequences of participation in the Program. Dealers already enrolled in the Vermont Incentive Program for New Plug-in Electric Vehicles will not need to re-enroll in the Vermont RYR program. New PEV enrollment also includes RYR eligibility and enrollment.

3.2.3 State Purchase and Use Tax

Consumers purchasing or leasing an electric vehicle remain subject to the State of Vermont's new vehicle purchase and use tax. The State incentive is applied to the down payment and so does not reduce the overall purchase price used as the basis for the purchase and use tax.

3.2.4 Dealership Payment

To become a participating dealer, a dealership must provide Automated Clearing House (ACH) payment information to the program Administrator and agree to receive all rebate payments by ACH. If the dealership rebate claim application meets all requirements, the VTrans program administrator will pay the rebate amount to the dealership by ACH. ACH payments are initiated within 60 calendar days of claim approval and are generally received by the dealership one to three days later.

4 AUDIT PROCESS

Incentive applicants will self-verify their adjusted gross income eligibility and self-verify they have not already received an incentive under the Replace Your Ride incentive program. To prevent fraud, VTrans will audit a subset of applications for accuracy. VTrans may choose to audit suspicious applications or a random subset or both.

Applicants will be required to agree to provide their tax returns or a release to enable VTrans to obtain their tax returns and related records relevant to their income certification on the incentive application form they sign. The audit may extend to other program requirements, including that the purchase occurred prior to the expiration of any pre-approval deadline and that the applicant was a Vermont resident with a valid Vermont driver's license at the time of purchase. Failure to provide requested documents and to provide reasonable cooperation in the event of an audit will result in revocation of the incentive and an obligation to repay the State the full amount of the incentive plus interest at the statutory rate from the date the incentive was awarded.

Incentive application forms will include the following statement regarding the audit process:

The Vermont Agency of Transportation (VTrans) has the right to audit eligibility for this incentive. In the event of an audit, VTrans will require the applicant to complete a State of Vermont Tax Department form 8821-VT (Authorization to Release Tax Information). Following receipt of this

form, the Tax Department will release the relevant State of Vermont income tax return (form IN-111) information to VTrans for verifying that the applicant's income met the State incentive program requirements for the incentive amount received. Failure to provide the State with a completed form 8821-VT within 21 days following a written request will cause the applicant to be deemed non-responsive and thus ineligible for the incentive. If an applicant is deemed ineligible for the State of Vermont incentive amount claimed—either due to their nonresponse or by an audit finding—then the applicant will be obligated to promptly repay the State the full amount of the incentive received plus interest at the statutory rate from the date the incentive was awarded.

5 CUSTOMER SUPPORT

For more information about the Replace Your Ride Program, questions about your application, or dealership inquiries related to the program please contact the Center for Sustainable Energy by calling 888-807-0446 or emailing vermontPEV@energycenter.org.

Dealerships needing additional support or are unable to provide PDF form submissions for the State incentive program should contact CSE's customer support for further assistance with incentive submittals.

6 PROGRAM OUTREACH & REPORTING

The Vermont Replace Your Ride website will promote the Program, including links to CSE's application portal for the program and other relevant resources.

CSE will provide training opportunities for staff of dealerships participating in the point-of-sale incentive option. This training will offer information on all the PEV & RYR incentives currently available to Vermonters, including the federal tax credit, the State New PEV Incentive Program, and DU incentives.