

This does not constitute tax advice. All persons considering use of available incentives should consult with their own tax professional to determine eligibility, specific amount of benefit available, if any, and further details.

STATE OF ARIZONA

Reduced Annual License Tax for Electric Vehicles

Short Description: Reduction in the annual vehicle license tax for an electric vehicle to a minimum of \$5 per year.

Beneficiary: Owner of the electric vehicle

Type of Incentive: Reduced operating expense

Effective Dates: Current benefit, no sunset date

Value of Benefit: Reduction in assessed value of electric vehicle for purposes for the license tax, from 60% of cost to 1% of cost.

Full Description:

The initial annual vehicle license tax on an electric vehicle is lower than the license tax on conventional vehicles. The vehicle license tax on an electric vehicle is \$4 for every \$100 in assessed value. The assessed value of the electric vehicle is determined as follows: During the first year after initial registration, the value of the electric vehicle is 1% of the manufacturer's base retail price (as compared to 60% for conventional vehicles). During each succeeding year, the value of the electric vehicle is reduced by 15% (28-5805(B)). The minimum amount of the license tax is \$5 per year for each motor vehicle subject to the tax (28-5805(C)).

To be eligible, the vehicle must qualify as an alternative fuel vehicle and be registered within the state of Arizona. Electric vehicles qualify as alternative fuel vehicles in the Arizona Statute (1-215).

State Statutory references:

Arizona Statute 28-5805

- <http://www.azleg.gov/FormatDocument.asp?inDoc=/ars/28/05805.htm&Title=28&DocType=ARS> (reproduced below)

Arizona Statute 28-5801

- <http://www.azleg.gov/FormatDocument.asp?inDoc=/ars/28/05801.htm&Title=28&DocType=ARS> (reproduced below)

Other Link(s):

- <http://www.afdc.energy.gov/afdc/laws/law/AZ/4179> (AFDC website)

Contact Info: Arizona Department of Motor Vehicles: 1-800-251-5866

[ARS TITLE PAGE](#) [NEXT DOCUMENT](#) [PREVIOUS DOCUMENT](#)

[28-5805. Motor vehicle powered by alternative fuel; classification; vehicle license tax; definitions](#)

A. A separate classification of motor vehicles is established for purposes of taxation pursuant to article IX, section 11, Constitution of Arizona, that consists of motor vehicles that are powered by alternative fuel and for which the department issues an alternative fuel vehicle special plate or sticker pursuant to section 28-2416.

B. Notwithstanding section 28-5801, the registering officer shall collect at the time of application for and before registration of the motor vehicle that is classified under this section an annual license tax of four dollars for each one hundred dollars in value. During the first twelve months of the life of the motor vehicle as determined by its initial registration, the value is one per cent of the manufacturer's base retail price of the motor vehicle. During each succeeding twelve month period the value of the motor vehicle is fifteen per cent less than the value of the preceding twelve month period.

C. The minimum amount of the license tax computed under this section is five dollars per year for each motor vehicle subject to the tax.

D. Except as specifically provided in this section, the vehicle license tax on a motor vehicle classified under this section is governed by this article.

E. For purposes of this section:

1. "Alternative fuel" has the same meaning prescribed in section 1-215.

2. "Motor vehicle" means a vehicle that meets the safety standards of the national highway traffic safety administration and includes neighborhood electric vehicles that meet the standards prescribed in 49 Code of Federal Regulations section 571.500, except that, if a vehicle is designed to be operated at speeds of twenty miles per hour or less, the vehicle is not required to have a seventeen digit vehicle identification number.

28-5801. Vehicle license tax rate

A. At the time of application for and before registration each year of a vehicle, the registering officer shall collect the vehicle license tax imposed by article IX, section 11, Constitution of Arizona. On the taxpayer's vehicle license tax bill, the registering officer shall provide the taxpayer with the following:

1. Information showing the amount of the vehicle license tax that each category of recipient will receive and the amount that is owed by the taxpayer.
2. The amount of vehicle license tax the taxpayer would pay pursuant to section 28-5805 if the taxpayer's motor vehicle was powered by alternative fuel.

B. Except as provided in subsections C, D and E of this section:

1. During the first twelve months of the life of a vehicle as determined by its initial registration, the vehicle license tax is based on each one hundred dollars in value, the value of the vehicle is sixty per cent of the manufacturer's base retail price of the vehicle and the vehicle license tax rate for each of the recipients is as follows:

- (a) The rate for the Arizona highway user revenue fund is one dollar twenty-six cents.
- (b) The rate for the county general fund is sixty-nine cents.
- (c) The rate for counties for any purposes related to transportation, as determined by the board of supervisors, is sixteen cents.
- (d) The rate for incorporated cities and towns is sixty-nine cents.

2. During each succeeding twelve month period, the vehicle license tax is based on each one hundred dollars in value, the value of the vehicle is 16.25 per cent less than the value for the preceding twelve month period and the vehicle license tax rate for each of the recipients is as follows:

- (a) The rate for the Arizona highway user revenue fund is one dollar thirty cents.
- (b) The rate for the county general fund is seventy-one cents.
- (c) The rate for counties for the same use as highway user revenue fund monies is seventeen cents.
- (d) The rate for incorporated cities and towns is seventy-one cents.

3. The minimum amount of the vehicle license tax computed under this section is ten dollars per year for each vehicle that is subject to the tax. If the product of all of the rates prescribed in paragraph 1 or 2 of this subsection is less than ten dollars, the vehicle license tax is ten dollars. The vehicle license tax collected pursuant to this paragraph shall be distributed to the recipients prescribed in this subsection based on the percentage of each recipient's rate to the sum of all of the rates.

C. The vehicle license tax is as follows for noncommercial trailers that are not travel trailers and that are ten thousand pounds or less gross vehicle weight:

1. On initial registration, a one-time vehicle license tax of one hundred five dollars.
2. On renewal of registration, a one-time vehicle license tax of seventy dollars.

D. The vehicle license tax is as follows for a trailer or semitrailer that is not a travel trailer and that exceeds ten thousand pounds gross vehicle weight:

1. On initial registration, a one-time vehicle license tax of five hundred fifty-five dollars.
2. On renewal of registration or if previously registered in another state, a one-time vehicle license tax of:
 - (a) If the trailer's or semitrailer's model year is less than six years old, three hundred fifty-five dollars.
 - (b) If the trailer's or semitrailer's model year is at least six years old, one hundred dollars.

E. The vehicle license tax for an all-terrain vehicle or off-highway vehicle as defined in section 28-1171 is three dollars if the all-terrain vehicle or off-highway vehicle meets both of the following criteria:

1. Is designed by the manufacturer primarily for travel over unimproved terrain.
2. Has an unladen weight of eighteen hundred pounds or less.

F. The vehicle license tax collected pursuant to subsection C, D or E of this section shall be distributed to the recipients prescribed in subsection B of this section based on the percentage of each recipient's rate to the sum of all of the rates.

G. For the purposes of subsection C and D of this section, "travel trailer" has the same meaning prescribed in section 28-2003.



ALTERNATIVE FUEL CERTIFICATE

| | | | |
|--|------|------|--------------|
| Vehicle Identification Number | Year | Make | Plate Number |
| Fuel Type <input type="checkbox"/> Liquefied Petroleum Gas, LPG – Propane (L) <input type="checkbox"/> Natural Gas, CNG/LNG (C) <input type="checkbox"/> Blend of 70% alternative fuel and 30% petroleum-based fuel (M) <input type="checkbox"/> Hydrogen (H) <input type="checkbox"/> Solar (S) <input type="checkbox"/> Electric (X) | | | |

I certify that the vehicle described is exclusively powered by the alternative fuel designated above. I understand that this does not exempt the vehicle from any emission inspection requirements that may apply. The fuel type must be inspected by the Arizona Department of Environmental Quality (ADEQ) or its authorized agents.

| | | |
|---|------------------------------|------|
| Owner/Operator Name (first, middle, last, suffix) | Owner/Operator Signature | |
| ADEQ Inspector or Agent Name | Inspector or Agent Signature | Date |

ADEQ Vehicle Emissions Waiver Facilities:

Phoenix — 600 N 40th St
S of the 202, N of Van Buren St
 602-771-3954
 8am–4:30pm
 Monday–Friday

Tucson — 4040 E 29th St
E of Alvernon Way
 520-628-5651
 8am–4:30pm
 Monday–Friday

For a list of third party agents authorized to perform these inspections call 602-771-3954.

Some MVD offices also perform these inspections. For the nearest location call: Phoenix 602-255-0072, Tucson 520-629-9808, elsewhere in Arizona 800-251-5866 (Hearing/Speech Impaired–TDD systems only: Phoenix 602-712-3222, elsewhere 800-324-5425) or visit www.azdot.gov.