

AUTO OWNERSHIP TAX ASSISTANCE AMENDMENT

Senator Barbara A. Mikulski

What the Legislation Does

- Makes interest payments on car loans and sales/excise car tax deductible
- for new cars purchased from Nov. 12, 2008 to December 31, 2009

How does this amendment help our economy?

- Saves Jobs:
 - This year the auto industry has lost 110,000 jobs
 - Car dealerships are small business located throughout the country
 - employ 1.1 million people in small businesses nationwide
 - 700 dealerships have closed or are likely to close this year
 - This would mean 37,000 jobs lost
- Helps consumers :
 - A family would save about \$1,553 on a \$25,000 car (Dodge Minivan)
 - Cars are most families' biggest purchases after their homes
 - Support for States and Local Governments
 - States rely on car excise taxes for their infrastructure projects
 - More car sales means more revenue for struggling state and local governments

Good Stimulus Policy

- Targeted
 - Deduction is only good for loans up to \$49,500 and is phased out for families making over \$250,000
- Timely
 - Busiest time for car sales is December. Getting it done now will go a long way towards helping dealerships make it through their most important month.
- Temporary
 - Will only be in affect when economy needs it most. Expires 12/31/2009

Who would qualify for this tax deduction?

- Families who make less than \$250,000 (\$125,000 for individuals)
- Deduction is "above-the-line" – meaning it can be taken advantage of by itemizers and non-itemizers.