

AUTO OWNERSHIP TAX ASSISTANCE AMENDMENT

What the Legislation Does

- Makes interest payments on car loans and state 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:
 - If the Domestic Auto industry goes bankrupt, US would lose 3 Million jobs
 - This is the only proposal that will have an immediate, significant affect on the demand for new cars
- Support States and Local Governments
 - States rely heavily on car excise taxes for their infrastructure projects
 - Most states have around a 6% sales tax on new car sales
 - New car sales nationally are millions below recent year averages
 - That means states are losing billions in revenue when they can least afford it
 - More car sales means more revenue for struggling state and local governments
- 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

Urgently needed

- To reach viability, Big 3 need US new car sales to be at 13 million/year at a minimum
 - Sales in December were more than 20% below that minimum (10.3 million/year)
- This is the only proposal that will stimulate demand up the supply chain
 - So that the big three's restructuring plans will work

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.
- Tax breaks only applies on \$49,500 of car price

Examples of how families will save money

- Family making \$250,000 buying a Ford F-150 pick-up truck

Car price:	\$35,000
Car Loan:	48 months at 7% interest
Sales tax (6% in MD):	6% of \$35,000 = \$2100
Savings from excise tax deduction:	\$588
Savings from interest deduction:	\$1912
Total Savings:	\$2500

- Family making \$150,000 a year buying a Dodge Minivan

Car Price:	\$25,000
Car Loan:	48 months at 8% interest
Sales tax (6% in MD):	6% of \$25,000 = \$1500
Savings from excise tax deduction:	\$420
Savings from interest deduction:	\$1133
Total Savings:	\$1553

- Individual making \$100,000 buying a Chevy Malibu

Car Price:	\$23,600
Car Loan:	5 years at 5.5% interest
Sales tax (6% in MD)	6% of \$23,600 = \$1416
Savings from excise tax deduction:	\$395
Savings from interest deduction:	\$1066
Total Savings:	\$1461