

STAFF REPORT

Lancaster Redevelopment Agency

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1/27/09
MVB

DATE: January 27, 2009

TO: Chairman Parris and Agency Members

FROM: Vern Lawson, Jr., Economic Development/Redevelopment Director

SUBJECT: Support For H.R. 7273, The Auto Ownership Tax Assistance Act Of 2008

Recommendation:

Authorize the City Manager to send a letter of support for H.R. 7273, the Auto Ownership Tax Assistance Act of 2008 to Senate/House leaders.

Fiscal Impact:

Increased sales tax revenue.

Background:

Congressman McKeon has cosponsored H.R. 7273, the Auto Ownership Tax Assistance Act of 2008, in an effort to boost auto sales through consumer tax relief. Provisions of this bill would allow consumers to deduct sales tax and interest payments from their purchase through the end of 2009.

Summary:

The economy ranks as the most important issue facing Americans today. Most recently the weakening auto industry has come squarely into focus. Nationally, auto sales account for one fifth of the national economy. Locally, dealerships in the Lancaster Auto Mall are a significant source of revenue for the City of Lancaster. With monthly sales at an all time low, a stimulus for auto sales could be welcome relief. If passed, this bill would save customers approximately \$1500.00 on a \$25,000.00 vehicle. This federal government tax break could provide that extra incentive to a Lancaster family to restore consumer confidence, bring customers to the Auto Mall showrooms, and increase sales. Additionally, this bill is targeted to loans up to \$49,500.00 and comes at a time to help provide vital revenue to local communities.

Support for this bill is timely as Congress crafts the second half of the Federal Stimulus package. It is important that Congress attach this bill to the stimulus package being drafted this week.

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