

PUBLIC HEARING ON
BILL 16-521, “LOW EMISSIONS MOTOR VEHICLE
TAX EXEMPTION AMENDMENT ACT OF 2005”

Before the
Committee on Finance and Revenue
Council of the District of Columbia

The Honorable Jack Evans, Chairman

January 25, 2006, 11:00 a.m.
Room 412, John A. Wilson Building



Testimony of
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Office of Revenue Analysis

Natwar M. Gandhi
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Good morning, Chairman Evans and distinguished members of the committee. I am Dr. Fitzroy Lee, Director of Revenue Estimation in the Office of Revenue Analysis. I am pleased to present testimony on Bill 16-521, the “Low Emissions Motor Vehicle Tax Exemption Amendment Act of 2005.”

The proposed legislation would continue the District’s vehicle titling tax exemption and reduced vehicle registration fee for clean fuel or electric powered vehicles. These provisions were enacted in the Department of Motor Vehicles Reform Amendment Act of 2004 (D.C. Law 15-307), which became effective on April 8, 2005.

When this law was enacted, the District used the same definition of clean fuel and electric vehicles that the federal government used in legislation providing federal tax credits for taxpayers who purchase fuel efficient vehicles. The definitions were linked to make it easier for the public and the Department of Motor Vehicles to determine eligibility for the District benefits.

Last year Congress passed the Energy Policy Act of 2005 (Public Law 109-58, signed August 8, 2005), which, among other things, revised the amount of the federal tax credit for clean fuel, hybrid and electric vehicles effective January 1, 2006, and made some changes in the definition of these vehicles. Bill 16-521 conforms the District definition to the federal definition so that District residents will continue to be able to benefit from the titling tax exemption and the lower registration fee.

The legislation will have no effect on the FY 2006 through FY 2009 budget and financial plan, since its fiscal effects are already incorporated in the plan.

This concludes my testimony. I will be glad to answer any questions you may have.

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