



NEWS

AMERICANS FOR TAX REFORM

1920 L Street, NW • Suite 200 • Washington, DC 20036
202.785.0266 • Fax 202.785.0261

WWW.ATR.ORG

FOR IMMEDIATE RELEASE

CONTACT: Paul Proski
Sandra Fabry
202-785-0266

6 DECEMBER 2004

Pro-Taxpayer Legislators Want to Make Good on Old Promise

-- Fiscal conservatives want to overturn the cap on the car tax phase out, a tax increase in disguise --

WASHINGTON, D.C. – Seven years ago, Republican James S. Gilmore was elected largely on his pledge to phase out the car tax - the annual tax levied on the assessed value of one's automobiles -, which leaves taxpayers with huge annual property taxes for the privilege of owning a car.

This year, the Virginia legislature passed a humongous tax increase, and indefinitely froze the popular car-tax-phase out at 30%. The cap will drive up car-tax bills in the next few years. Some legislators, who opposed the tax hike from day one as a matter of principle, now call for repealing the cap, but Gov. Mark Warner, who was elected into office on a promise not to raise taxes, already dismissed phasing out the tax.

“Fiscal conservatives always dismissed the necessity of tax increases and anticipated a surplus. But the governor and his tax-and-spend allies told constituents that fiscal constraints left no other option than taking away the car tax cut and hiking other taxes. Successive revenue reports reveal that taxpayers were misled, and fiscal conservatives were right.” says Grover Norquist, president of Americans for Tax Reform in Washington, DC. **“It is interesting how the governor and other liberals always talk about how much the phase out would cost the state. Hello? The state? This is taxpayers’ money. And, it is illogical. As taxes go down, economic activity increases, we have seen it over and over again.”**

In fact, the number of car registrations in Virginia has risen from 3.596 million in 1997 to 4.008 million, an increase of 11.47 percent, meaning that Virginians buy more cars as taxes go down. As the respected Ohio University economist Richard Vedder points out, states that have cut taxes have experienced faster growth in terms of population, job growth, and growth of personal income than states that increase taxes.

“The governor and other tax hikers like Senator Chichester do not want to understand simple economics,” Norquist continues. **“Fortunately for taxpayers, there are legislators like Delegate Frederick who sponsored a bill that would finally end the car tax. With tax revenues streaming in and the anticipated surplus of about \$1 billion, not repealing the cap would be another slap in the face of the people of Virginia.”**

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact Chris Butler at (202) 785-0266 or by email at cbutler@atr.org