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## Congress of the United States

JOINT COMMITTEE ON TAXATION  
 1015 LONGWORTH HOUSE OFFICE BUILDING  
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JUL 28 2006

Honorable Edward Markey  
 U.S. House of Representatives  
 2108 Rayburn House Office Building  
 Washington, DC 20515

Dear Mr. Markey:

This letter is in response to your request dated July 24, 2006, for an estimate of H.R. 5579, the "No Special Subsidies for Gas Guzzlers Act" as modified by Mr. Moulton of your staff, which expands the scope of both the present law depreciation limitation for certain passenger automobiles and the present law gas guzzler tax.

H.R. 5579 would expand the coverage of the limitation on depreciation for certain automobiles under Section 280F. Under present law, Section 280F does not apply to automobiles whose weight exceeds statutory thresholds. These weight thresholds are set at 6,000 pounds unloaded gross weight (6,000 pounds loaded gross vehicle weight in the case of trucks, vans, and sport utility vehicles ("SUVs")).

Under the proposal, passenger automobiles would be divided into three groups: cars, trucks and vans, and sports utility vehicles. Vehicles weighing in excess of the proposed threshold would be exempt from the Section 280F limitation: cars with unloaded gross vehicle weight in excess of 8,500 pounds, trucks or vans with loaded gross vehicle weight in excess of 8,500 pounds, and SUVs with loaded gross vehicle weight in excess of 14,000 pounds would be exempt. The expansion of the application of Section 280F would apply to vehicles placed in service after the date of enactment.

In addition, H.R. 5579 would expand the applicability of the gas guzzler tax. Under present law, the gas guzzler tax generally does not apply to trucks, vans, SUVs and vehicles capable of off-road use.

The proposal would expand the scope of the gas guzzler tax to include SUVs. As discussed with your staff, the bill as drafted appears to exclude light-duty SUVs from the application of the gas guzzler tax. We understand that this is not your intent. Therefore, we have assumed that the proposal would apply to all SUVs with a gross vehicle weight rating of 14,000 pounds or less. The gas guzzler provision would apply to sales made after the date of enactment.

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For revenue estimating purposes we have assumed the date of enactment to be October 1, 2006. The estimated effect of this bill as modified by Mr. Moulton upon Federal fiscal year receipts is shown in the table below.

<b>Fiscal Years</b> <b>[Billions of Dollars]</b>							
<b><u>Item</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2007-11</u></b>	<b><u>2007-16</u></b>
Expand Section 280F.....	0.2	0.5	0.7	0.8	0.5	2.9	4.1
Expand Gas Guzzler Tax.	2.4	2.0	1.6	1.2	0.8	8.0	11.6
<b>Total.....</b>	<b>2.6</b>	<b>2.5</b>	<b>2.3</b>	<b>2.0</b>	<b>1.3</b>	<b>10.9</b>	<b>15.7</b>

**NOTE:** Details may not add to totals due to rounding.

I hope that this information is helpful to you. If we can be of further assistance in this matter, please let me know.

Sincerely,



Thomas A. Barthold  
Acting Chief of Staff