

West Virginia to Adopt Used Car Donor Tax Credit Program, Incentivizing Donation of Reliable and Affordable Vehicles

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Good News Mountaineer Garage contact: Ron Wiles (goodnews.ron@gmail.com) or (304) 680-7140; National Consumer Law Center contacts: Margot Saunders (msaunders@nclc.org), Stephen Rouzer (srouzer@nclc.org) or (202) 595-7847

This afternoon, the West Virginia state senate unanimously approved HB 4969, Creating a Used Car Donor Tax Credit Program to incentivize the donation and reduced-price sale of safe and reliable used vehicles to a program that provides low-cost financing for low-income West Virginia workers. The legislation was first introduced by Delegate Terri Sypolt (R- Preston) and Senator David Sypolt (R-District 14) and will now head to Governor Jim Justice, who is expected to sign the bill.

“Not having a car is a major barrier to employment, with at least two-thirds of the carless households in West Virginia also facing joblessness,” said Delegate Terri Sypolt. “With labor force participation decreasing year after year, it’s essential that the state provide solutions that will boost our state economy and put low-income West Virginians in the driver’s seat.”

The newly-approved legislation supports a comprehensive program being developed by Good News Mountaineer Garage and the National Consumer Law Center that will:

- Provide low interest rate financing for approved cars to eligible workers in the state;
- Subsidize both the interest rate charged for the financing and the cost of the cars;
- Train participants in critical financial literacy and car ownership skills.

The bill will substantially boost the success of this program by making reliable cars more affordable for participating workers. By providing a tax credit up to half of the car’s fair market value (up to \$2,000), the bill will encourage individuals to donate used vehicles of higher value to the program and incentivize auto dealers to reduce the purchase price of cars sold through the program. Only cars that are certified by the program to be in reliable and safe condition will trigger the tax credit for their owners. Thus a dealer could sell a \$7,000 car for \$3,000 (reducing the car price by \$4,000), and receive a tax credit for \$2,000.

“Low-income workers in West Virginia face significant difficulties finding reliable cars with reasonable financing terms. Without a clean credit history, low-income consumers face higher priced cars and higher interest rates,” said Ron Wiles, deputy director of the Good News Mountaineer Garage. “This bill will help put reliable car ownership in reach for many West Virginia workers.”

Labor force participation has declined in West Virginia over the last several years and car ownership is strongly correlated to employment: at least two-thirds of all carless households in the state have

no employed people. Public transit does not fill the void, only reaching 33 of the state's 55 counties and rarely reaching rural areas. This leaves carless households without meaningful transportation to get to work or medical appointments, to do basic shopping, and to participate in their community.

The state of West Virginia has a strong interest in helping workers access employment opportunities. The program will assist 150 workers each year. After five years, the program will have enabled 750 West Virginians to get to work, generating more than \$13.5 million in wages for these workers along with increased tax revenues for the state.

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The non-profit Good News Mountaineer Garage began in 1999 when a group got together to plan a project to help their fellow West Virginians get on the road to independence. The program has since helped over 3,209 West Virginia families meet their transportation needs.