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***Remarks by Michael W. Thompson, President of the Thomas  
Jefferson Institute for Public Policy***

***To the Meeting of the Small Business Commission and the  
Manufacturing Development Commission***

***Charlottesville, Virginia***

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## ***Tax Restructuring in Virginia***

### *Revenue Neutral Path for Improving Virginia's Economy*

The Thomas Jefferson Institute's Tax Restructuring for Virginia study has these non-variables. These are the constant points to remember when reviewing our restructuring idea:

- 1) Sales tax collections are broadened to the service industry.
- 2) There are no sales taxes on the health care industry. This industry remains exempt in all the examples in this study.
- 3) There are no new business-to-business taxes suggested in this study.
- 4) This study eliminates the BPOL, M&T and MC taxes now collected at the local level by many counties, cities and towns.
- 5) The localities that collect these taxes are made whole so that their budgets are not impacted. This is key to this tax restructuring idea. Secretary Brown can do this.
- 6) The overall tax restructuring outlined herein is, in each modeling scenario, revenue neutral on day one.
- 7) The cutting and elimination of personal income tax brackets are an important piece to the best economic growth scenarios in this study.
- 8) Tens of thousands of new jobs, hundreds of millions of dollars in new investment and billions in disposable income and GDP can be created over the next 5-6 years.

Thank you for your interest in this tax restructuring idea.



Michael W. Thompson  
Chairman and President

Scenario	Jobs Created	Investment	Real Disposable Income	Real State GDP
<p>Scenario #4</p> <p>Eliminates bottom two tax brackets</p> <p>5.75% rate to 5.0%</p> <p>5.0% rate to 4.55%</p>	+ 79,000	+ \$287 million	+ \$2.85 billion	+ \$8.4 billion
<p>Scenario # 12</p> <p>Eliminates state's portion of tax on food for home use</p> <p>Eliminates bottom two tax brackets</p> <p>Cut remaining tax brackets by 4.5%</p>	+ 78,400	+ \$447 million	+ \$3.43 billion	+ \$6.35 billion
<p>Scenario #13</p> <p>Eliminates entire tax on food for home use</p> <p>Eliminates bottom two tax brackets</p> <p>Cut remaining tax brackets by 3.0%</p>	+ 68,500	+ \$439 million	+ \$3.07 billion	+ \$5.52 billion
<p>Scenario #6</p> <p>Private colleges and schools not taxed</p> <p>Day Care services not taxed</p> <p>All tax brackets cut by 13%</p>	+ 59,800	+ \$274 million	+ \$1.7 billion	+ \$6.4 billion

Scenario	Jobs Created	Investment	Real Disposable Income	Real State GDP
<p>Scenario #9</p> <p>Real Estate sector not taxed</p> <p>Eliminates bottom two tax brackets</p> <p>Cut remaining two brackets by 1%</p>	+ 52,200	+ \$ 442 million	+ \$ 2.17 billion	+ \$ 4.36 billion
<p>Scenario # 2</p> <p>Cut all income tax brackets by 17%</p>	+ 45,000	+ \$ 258 million	+ \$ 1.0 billion	+ \$ 4.8 billion