

## ESTIMATED FISCAL IMPACT OF CERTAIN TAX-RELATED ITEMS

**NOTE:** These estimates are tentative and may change as better data become available. In addition, these estimates do not reflect any interaction between each other. If multiple changes to Virginia's tax structure were enacted simultaneously, the fiscal impacts of enacting multiple changes could differ significantly from the sum of the impacts of the individual changes.

The estimates of imposing the sales and use on certain services are highly tentative. These estimates were originally made in 1991 and have been inflated to 1999 to reflect growth. These estimates could change significantly based on more current data.

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| Car Tax Phaseout  | (i) \$394.5 million -- additional FY05 cost to go to 100% reimbursement under current law; *   |
|                   | (ii) \$475.8 million -- additional FY05 cost to go to 100% reimbursement, no cap on value of vehicle; *  |
|                   | (iii) \$729.9 million -- additional FY05 cost to go to 100% reimbursement, no cap on value of vehicle, and no restriction on type of use. *      |
| Food Tax Phaseout | (i) \$150 million -- additional FY04 cost to provide maximum reduction contemplated under current law (i.e. reduce total tax from 4% to 2.5%); * |
|                   | (ii) \$50 million -- additional FY04 cost of each 1/2% reduction. *  |
| Estate Tax        | \$78 million -- FY05 "phaseout" cost (HB 2490 and SB 1123 (2003)); *   |
|                   | \$133.2 million -- FY 06 "elimination" cost (HB 2490 and SB 1123 (2003)). *  |
| BPOL Tax          | \$434.4 million -- FY02 total revenues generated. **   |
| Income Tax        | \$28 million -- annual cost of each \$100 increase in personal exemption (currently set at \$800). *   |

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| Income Tax              | \$21 million -- cost to eliminate marriage penalty (i.e. make joint standard twice single). *   |
| Income Tax              | \$304.2 million -- FY 04 cost of age deduction. *   |
| Income Tax              | \$1.28 billion -- annual revenue from each 1% of tax. *   |
| Sales and Use Tax       | \$155 million -- "one-time" state cost to repeal accelerated sales tax payments by vendors. *   |
| Sales and Use Tax       | \$1.37 billion -- estimated 1999 annual state and local cost of current exemptions, except the following exemptions: (i) exempt goods that are taxed separately (e.g. motor vehicles), (ii) government purchases, and (iii) services. * |
| Sales and Use Tax       | (i) \$1.1 billion -- estimated 1999 additional state and local annual revenues in 1999 if taxed most services. *  |
|                         | (ii) \$111 million -- estimated additional annual revenues in 1999 if taxed following selected services: personal services, amusements, and repair services. *  |
| Sales and Use Tax       | \$764.9 million -- annual revenue from each 1% of tax. *  |
| Corporate Income Tax    | \$60 million -- annual revenue from each 1% of tax (very volatile source). ***  |
| Motor Vehicle Sales Tax | \$176.6 million -- annual revenue from each 1% of tax. *  |
| Motor Fuels Tax         | \$48 million -- annual revenue from each one cent of tax. ***   |
| Cigarette Tax (State)   | \$6.5 million -- annual revenue from each one cent of tax. ***  |

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\* Based on data from the Department of Taxation.

\*\* Auditor of Public Accounts.

\*\*\* Division of Legislative Services.