



NEWS ... NEWS ... NEWS ... NEWS ...

Virginia Voters Say: Give the Money Back!

12/26/2018 -- As a result of recent federal tax changes, Virginia taxpayers will pay an additional \$1.2 billion in state income taxes this year and next, rising to \$4.5 billion in additional taxes by 2024.

[Virginia voters made it clear by a margin of two to one in a recent poll:](#) They want the added tax money returned to them, as opposed to using the funds to expand existing state programs.

The poll was conducted by Mason-Dixon Polling & Strategy, using a question posed by the Thomas Jefferson Institute for Public Policy. Returning the increased state taxes to taxpayers by doubling the state's standard deduction was preferred by 59 percent of the 625 respondents. Only 29 percent preferred the state spending the money. Thirteen percent were not sure.

Support for returning the money cut across all voter categories: 68 percent of Republicans, 59 percent of Democrats, 48 percent of Independents, 61 percent of white voters, 52 percent of black voters, 68 percent of men, and 51 percent of women. Support was also geographically diverse, with support ranging from 53 percent in Richmond Metro area to 65 percent in Lynchburg/Southside region.

The Question:

QUESTION: Recent changes in federal tax law will result in a two-year Virginia state revenue increase of \$1.2 billion. Do you feel Virginia should: (ORDER ROTATED)

- Use the additional money to expand funding for current state programs, or***
- Return the money to 2.8 million Virginia taxpayers by doubling the state's standard deduction for individuals and couples.***

A complete copy of the polling results, with cross-tabs, may be found by [clicking here](#).

A recent poll by the Wason Center for Public Policy at Christopher Newport University also found strong support for returning the funds to taxpayers, but that poll had not contrasted it with the idea of the state keeping the funds for programs.

The General Assembly has begun debating what to do with the added tax revenue, and whether tax policy changes are warranted. Governor Ralph Northam on December 18 proposed using the added taxes to expand existing state programs and listed specific programs he wants to get the funds.

Steve Haner, Senior Fellow for State and Local Tax Policy for the Thomas Jefferson Institute noted doubling the standard deduction was a key recommendation of the Institute. "It's
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popularity with Virginia voters, across all demographics and in all regions, should reinforce our recommendation to the General Assembly. This is an easy, popular, and long-overdue reform of Virginia taxes and we hope it is rapidly approved.

“Of all the policy choices available, our alternative of doubling the standard deduction benefits the largest number of taxpayers. It also mirrors a key element of the tax reform at the federal level, where the standard deduction was also doubled.

“This question correctly describes the choice facing the 2019 General Assembly. On December 18, the Governor confirmed that he intends to use the \$1.2 billion to expand programs, and he was honest enough to list the specific programs where he was earmarking this tax-reform generated revenue to be spent.

“While the Governor is asking to expand the existing Earned income Tax Credit, it represents only about twenty percent of the tax money available. The other eighty percent would be used under his plan to expand other programs. He did not propose to return any of the money to taxpayers by any method.

“We urge the General Assembly to give the increased tax revenue back to the largest number of taxpayers,” Haner concluded.

Background: The current standard deduction on state tax returns is \$3,000 for an individual and \$6,000 for a couple. The Thomas Jefferson Institute has proposed making it \$6,000 for an individual and \$12,000 for a couple, starting immediately with the current tax year 2018.

Making that change would return about \$440 million per year of the additional taxes generated by federal tax reform, most of the new taxes coming from individuals. The Thomas Jefferson Institute has also recommended a reduction in the state corporate income tax rate to return the business tax increases, and that Virginia should begin to adjust its tax brackets and other provisions to account for annual inflation.

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