

## **REPUBLICAN ASSEMBLY RAISES TAXES**

By William Nicoson

History was made on April 27, 2004, when the Virginia General Assembly, controlled by Republicans, voted to raise taxes by a whopping \$1.36 billion in order to fund critical programs such as public safety, Medicaid and local government assistance for public education and tax relief.

Republicans, generally thought to be hostile to any increase in taxation, provided the votes that outdid the proposal of Governor Mark R. Warner (D) for a mere \$1 billion increase.

Of course Democrats in both houses voted overwhelmingly for the tax increase. No Northern Virginia Democrat in either house voted against it. The tax bill was adopted in the Senate by a vote of 31 to 8 and in the House of Delegates by a vote of 52 to 45.

The new revenue will come from a number of sources: the cigarette tax, the sales tax, the income tax, deed recording fees and a freeze on the car tax (assuming Virginians buy more cars and more costly cars). Most of these provisions become effective this year on August 1.

Since I don't smoke cigarettes, I particularly like the cigarette tax as a source of increased revenue. It will mount from 2.5 cents per pack (lowest in the country) to 20 cents this year and 30 cents next year. And since I'm older than 65, I'll be exempt from the new means test imposed on the deduction from income taxes for those who turn 65.

The increase ordered for the sales tax is less dramatic than the cigarette tax: from the current 4.5 cents per dollar to 5 cents. And some tax reductions were actually included: for low income people and for grocery purchases. I buy a lot of groceries and may shortly qualify as a low income person. So I can't complain.

The truth is that the tax increase is an astounding achievement. Legislators from Reston and Herndon – Senator Janet Howell (D), Delegate Ken Plum (D) and Delegate Tom Rust (R) – spent long hours in a session which threatened never to end. They deserve our praise and congratulations.

By contrast, the role played by Delegate Vince Callahan (R-McLean), who chairs the House Appropriations Committee, was mystifying. Early in the session, he seemed to tow the line of the House Speaker, Delegate William J. Howell (R-Stafford), against a tax increase. Over time as a break-away group of some 17 House Republicans gathered to support a tax increase, Callahan joined them. Just before the vote, he announced his opposition. Maybe he feared the loss of his chairmanship; maybe he resented his committee's refusal to accept an annual car tax cap in the budget; or maybe he favored a lesser tax increase. A leader he was not.

Even worse was the proposal backed by U.S. Senator George Allen (R) and former Governor Douglas Wilder (D) that any tax increase be made subject to a referendum of all Virginia voters. This is the classic dodge of politicians faced with a controversial issue: “let the people decide so I can’t be blamed.” Legislators are elected and paid to make difficult decisions. After much wrangling, our Virginia legislators did make a difficult decision, and they got it right.

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