

## **Task Force #2 HJR 60 (2002)**

Other Issues

### **9. More revenue opportunities for localities (particularly for transportation and education).**

The two revenue raising opportunities mentioned most often for localities are a local income tax and an increase in the local portion of the sales and use tax.

Starting with the increase in the sale and use tax, every one percent of sales and use tax generates approximately \$650 million in revenues (or \$275 million for each half percent). Instead of receiving one percent of the sales and use tax revenues based on point of sale, those localities adopting the additional one-half or one percent would then receive one and one-half or two percent of the revenues based on point of sale. This is in addition to the one percent that localities currently receive based on school-age population.

There has been a limited local piggyback income tax in the Code of Virginia since 1989 (§§ 58.1-540 through 58.1-549). It is (i) only applicable to certain northern Virginia and Hampton Roads localities, (ii) subject to voter referendum, (iii) limited in how the revenues raised may be used (for transportation purposes), and (iv) subject to a five year sunset from its effective date.

Attached is a copy of the local income tax provisions currently in the Code.