



# NEWS

## AMERICANS FOR TAX REFORM

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24 AUGUST 2004

## Virginia Governor Mark Warner: Fixing Bad Fiscal Policy with a Band Aid?

*--Going into the new fiscal year with a huge surplus, Gov. Warner proposes minimal tax break for Virginians --*

WASHINGTON, D.C. – A few months after the Virginia legislature and the Governor passed the biggest tax increase in the history of the Commonwealth of Virginia, Governor Mark Warner during a speech before the General Assembly's joint money committees said he would speed up an increase in the personal income tax exemption of \$100. The tax cut, originally scheduled for January 2006, would now take effect on January 1, 2005.

The projected tax relief this cut would provide is \$28.3 million, a strikingly small number that flies in the face of a \$1.6 billion tax increase on the people of Virginia. The governor said that he was prompted to begin the tax break earlier because of an “extra-ordinary quarter of revenue collections”.

**“The ‘extra-ordinary’ revenue collections of the last quarter were not unexpected,”** said Grover Norquist, president of Americans for Tax Reform in Washington, DC. **“The economy had picked up and gained steam, largely helped by the President’s successive tax cuts at the federal level. That should have been a clear signal. Even without a tax increase, the Virginia budget was estimated to increase by 11.6% over the biennium.”**

Taxpayer advocacy groups and fiscal conservatives throughout Virginia and across the nation had convincingly argued against the notion of a ‘necessity’ of a tax increase, yet lawmakers went over their heads and voted for the tax hike in April. Subsequent revenue reports after the vote proved skeptics right: General fund revenues had surged and in March and April were 22.5 percent ahead of the same months of the previous year. While the May increase was more modest – up 7.3 percent – it still boosted year-to-date collections by 9.3 percent.

**“Virginians knew it all along, and they were just as opposed to this year’s humongous tax hike as they were to the sales tax hike which they resoundingly defeated at the ballots in November 2002,”** Norquist continued. **“Warner’s proposal is a sham: after raising the taxes by \$1.6 billion, cutting them by \$28.6 million is an insult to the people of Virginia. What Virginia needs now, is a real tax cut, not a band aid.**

*Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact Chris Butler at (202) 785-0266 or by email at [cbutler@atr.org](mailto:cbutler@atr.org).*

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