



June 25, 2008

An Open Letter to the Virginia General Assembly: Taxpayers Reject Tax Hikes from Democrats and Republicans

Dear General Assembly Member:

On behalf of the more than 9,000 Virginia members of the National Taxpayers Union, I urge you to reject Governor Tim Kaine's proposal to increase Virginia's tax burden by \$1 billion.

It's true that last year's transportation revenue package was a disaster. The hodge-podge measure imposed a number of new taxes and fees, and it conjured up new and un-elected "transportation authorities" in Northern Virginia and Hampton Roads to heap even more taxes upon local residents. However, the missteps of 2007 shouldn't be an excuse for making more mistakes in 2008. As we've all heard time and time again, replacing one wrong with another doesn't make a right. Yet Governor Kaine would squeeze another \$1 billion out of taxpayers by:

- Raising the motor vehicle sales tax from 3 percent to 4 percent;
- Raising the annual vehicle registration fee from \$39.50 to \$49.50;
- Raising the grantor's tax by \$0.25 per \$100 of value; and
- Raising the retail sales tax in Northern Virginia and Hampton Roads by 1 percent on everything except food and drugs.

During a time of high food and fuel costs, these increased tax burdens could significantly hurt the already-tight budgets of everyday Virginians. Before another dollar is ripped from the hands of families and businesses, the Commonwealth should ensure that every dollar it already takes is used in the most efficient manner possible.

To that end, we urge you to support a comprehensive external performance audit of the Virginia Department of Transportation. Such audits have been completed in other states with positive results. Having a better understanding of existing outlays and potential economies will better help the General Assembly to meet current and future transportation demands in ways that will not raise taxpayer burdens or damage the economy.

Virginia's state budget has doubled in the past 10 years, and a \$1 billion tax increase went into effect in 2004. The money for transportation is there, but the Commonwealth Transportation Fund is often raided for unrelated spending. The General Assembly needs to put a "firewall" around this fund and ensure it is only used for genuine transportation projects before it even considers another tax hike.

Finally, as a plaintiff in the *Marshall v. NVTU* case that overturned the unelected regional taxing authorities earlier this year, I would like to note that the re-imposition of HB 3202's assorted taxes is just as unacceptable as Governor Kaine's \$1 billion tax hike.

Sincerely,

Kristina Rasmussen
Director of Government Affairs