



CUTTING TAXES FOR ALL VIRGINIANS PLAN

PAID FOR AND AUTHORIZED BY ED GILLESPIE FOR GOVERNOR

THE PLAN IN 30 SECONDS

- Provides the ***FIRST*** income tax rate cut since rates were established in 1972
- Cuts individual income tax rates by 10 percent across-the-board, putting nearly \$1,300 per year back into the pockets of a family of four
- Sparks natural, organic economic growth to diversify our economy and create more than 50,000 new full-time private-sector jobs in five years
- Puts Virginia on a path toward meaningful local business tax reform
- Phased-in over three years and fully funded within existing revenue growth to ensure core government services are protected, preserving \$2 billion in projected revenue growth for spending over five years

OVERVIEW

As governor, Ed Gillespie will cut individual income tax rates for all Virginians - leaving nearly \$1,300 more in your pocket and creating more than 50,000 new full-time private-sector jobs. The “Cutting Taxes for **ALL** Virginians” Plan is driven by the need for a tax code that - instead of picking winners and losers - fosters natural, organic economic growth for all Virginians and is oriented toward our modern economy. The plan is responsibly phased-in and fully funded within existing revenue growth to make sure Virginia can keep its commitments to education, health care, transportation, public safety, and other core services.

Virginia families are feeling the squeeze, our approach to economic development is antiquated and tired, and Virginia is losing ground to other states. Our economic growth rate has trailed the national average for five straight years. We even fell to the bottom 10 states for economic growth in 2014. Virginia’s antiquated tax code was designed in a bygone era and our income tax rates have never been lowered since they were established in 1972. Our tax climate ranking fell to 33rd in 2017, falling behind neighboring states like North Carolina, Tennessee, and West Virginia. Our business rankings are falling and more people are moving out of Virginia than moving in.

The plan will cut income tax rates for all Virginians by 10 percent over a three-year period. For a family of four, the “Cutting Taxes for **ALL** Virginians” Plan will mean \$1,285 more in your pocket when fully phased in. Economists predict this plan will lead to more than 50,000 new full-time private-sector jobs and more than \$300 million in new investment when fully implemented. Because the plan is phased in over time, we can be sure that state government will meet its existing commitments to education, health care, transportation, public safety, and other core services. This responsible plan utilizes 40 percent of projected revenue growth for tax relief, while preserving approximately \$2 billion for new spending over the next five years.

The plan also puts Virginia on a path to reform the archaic local business taxes that stifle business formation and hamper job creation. These taxes are vestiges of a prior era when Virginia’s economy was growing by leaps and bounds despite these impediments to growth. Local governments, through no fault of their own, have come to rely on these job-killing, growth-stunting taxes. The plan details specific steps to empower localities to replace these anti-growth taxes with revenue options that are less detrimental to growth - all while recognizing the need to appropriately balance state and local funding and services.

The plan will raise take-home pay for hard-working Virginians squeezed by stagnant wages and higher costs, orient our economy toward start ups and scale ups, entrepreneurs, and small businesses, and make Virginia more competitive and attractive to businesses, retirees, and veterans, after three straight years of more people moving out than into Virginia. Instead of solely focusing our efforts on throwing taxpayer dollars at big corporations and hoping they move to Virginia, this plan is crafted to foster natural, organic economic growth over the long term through a more patient approach that will help start ups, entrepreneurs, and existing small businesses. They are the key to sustainable, long-term job creation. The path to diversifying our economy will be charted by entrepreneurs given greater freedom to invest and innovate. They will identify the new sectors, services and products to flourish in Virginia, not a top-down government approach that picks winners and losers in the marketplace, and too often makes the wrong bets with your tax dollars.



THE “CUTTING TAXES FOR ALL VIRGINIANS” PLAN PUTS MORE MONEY IN YOUR POCKET, FOSTERS NATURAL, ORGANIC ECONOMIC GROWTH, AND PROTECTS CRITICAL STATE INVESTMENTS IN CORE FUNCTIONS OF GOVERNMENT. THIS PLAN WORKS FOR ALL VIRGINIANS.

“Virginia families are feeling the squeeze, our approach to economic development is antiquated and tired, and Virginia is losing ground to other states. We’ve got to turn things around. The ‘Cutting Taxes for **ALL** Virginians’ Plan is the centerpiece of a sweeping, substantive agenda we will lay out this year to turn our economy around by emphasizing natural, organic economic growth instead of a top-down government approach that picks winners and losers with our taxpayer dollars. This plan cuts individual income taxes by ten percent across the board for the first time since the rates were established in 1972. The plan means nearly \$1,300 more in the pocket of a family of four, would diversify our economy by helping start-ups and scale-ups, and create more than 50,000 new full-time private-sector jobs.”


Ed Gillespie

Richmond Times-Dispatch

Republican Ed Gillespie rolls out tax-cutting plan as ‘centerpiece’ of campaign for governor



Gillespie proposes first Va. income tax rate cut in 45 years



GOP Candidate
Ed Gillespie Pledges to
Cut State Income Taxes



Gillespie proposes
state tax cut

CASE FOR ACTION

Virginia's tax code is antiquated and damaging to our economy.

Here are five reasons why we need a tax cut.

1 Since the current tax system was established in 1972, Virginia's income tax rates have never been cut.

2 Our tax and business rankings are falling. In 2017, Virginia's **tax climate** dropped from 29th to 33rd in the nation, falling behind our neighbors like North Carolina, Tennessee, and West Virginia. Virginia dropped from number one on **the CNBC list of best states for business** just a five years ago to outside of the top ten in 2016.



3 For the last five years, Virginia's economic growth trailed the national average. In 2015, our economy grew at an anemic two percent, after five years below one percent. In 2014, Virginia fell to the bottom ten states in terms of economic growth.

4 For three straight years, more people have moved out of Virginia than into Virginia, according to the **University of Virginia's Weldon Cooper Center**.



5 Virginia ranks 17th out of the largest 25 states according to the **Kauffman Foundation's Index of Startup Activity**, behind neighboring states Maryland and North Carolina.

THE PLAN

1 Cut Individual Income Tax Rates Across the Board

The “Cutting Taxes for ALL Virginians” Plan cuts taxes for all Virginians in a responsible way that protects the Commonwealth’s investments in the core functions of government.

- Cut individual income taxes by 10 percent across the board over a three year period.

Tax Bracket	Current Rate	Fully Implemented
\$0 to \$3,000	2%	1.8%
\$3,001 to \$5,000	3%	2.7%
\$5,001 to \$17,000	5%	4.5%
\$17,001 or more	5.75%	5.15%

- Fully fund the tax cut through existing revenue growth by using revenue triggers to protect critical investments in education, health care, transportation, public safety, and other core services.
- Further offset revenue reductions by eliminating special interest tax preferences, cutting wasteful spending, and conducting a full review of economic development programs.

THE PLAN

2 Accelerate Local Tax Reform

Cutting state income taxes is only part of the equation. To truly spark economic growth, Virginia needs to reform its antiquated, patchwork system of local business taxes. The **B**usiness and **P**rofessional **O**ccupancy **L**icense or BPOL Tax, the Machinery & Tools Tax, and the Merchants' Capital Tax are vestiges of a prior era when Virginia's economy was growing by leaps and bounds despite these impediments to business growth.

Local governments, through no fault of their own, have come to rely on these job-killing, growth-stunting taxes. We need to work together to replace them with pro-growth alternatives. The plan puts Virginia on a path toward meaningful local tax reform by creating an action-forcing component that empowers localities to replace these anti-growth taxes with revenue options that are less detrimental to growth.

- Sunset the BPOL, M&T, and Merchants' Capital taxes within a three year period.
- Empower localities to affirmatively choose to re-enact pre-existing business taxes or to utilize alternative revenue streams from a menu of options that will be collaboratively developed. The menu of options will be developed by working with all stakeholders, but will not include a local income tax.
- Localities will not be allowed to "double dip" between pre-existing local business taxes and alternative revenue options. Any tax changes will be required to be revenue-neutral.
- Form the Commission on State-Local Funding and Service to foster a partnership between state and local governments to find alternative revenue options that are more business-friendly and conducive to economic growth. The Commission will fully consider the balance between state and local government in funding and service delivery across the Commonwealth. The Commission will be advised by the Mayors and Chairs Advisory Group appointed within the first 100 days of the administration.
- Establish a Technical Assistance Lab at the Department of Taxation to support local tax reform.

THE PLAN

3 Execute Responsibly

Cutting taxes and reforming Virginia's antiquated tax code will not be easy. We have to overcome special interests and decades of entrenched thinking. As governor, Ed Gillespie will responsibly execute this plan by working with the General Assembly in an open and transparent manner.

- Convene a Special Session of the General Assembly to cut taxes in September of 2018.
- Designate a cabinet-level senior advisor to the governor to execute the "Cutting Taxes for ALL Virginians" Plan.
- Convene and solicit citizen input from families and businesses throughout the Commonwealth.
- Form a Taxpayer Paperwork Reduction Working Group to streamline the filing process and provide better technical assistance to taxpayers.
- Task the Department of Taxation to increase transparency about the costs and usage of tax credits, exemptions, and special preferences.
- Require the Department of Planning and Budget to publish simple, comprehensible reports on state spending trends and the use of taxpayer dollars.

THE MATH

This is a sensible and fiscally-responsible plan that is phased-in over three years and fully funded through existing revenue growth by using revenue triggers. Modeling conducted by the Thomas Jefferson Institute and economists that built its tax model at the Beacon Hill Institute shows that under the plan Virginia can keep its existing commitments to education, health care, transportation, public safety, and other core services.

- Virginia’s General Fund is expected to grow by \$3.4 billion over the next five years.
- Under this plan \$1.3 billion, or approximately 40 percent, of currently-projected growth would be provided for tax relief.
- This plan would still allow for more than \$2 billion in new investment in education, health care, transportation, public safety, and other core services.

How Does The Math Work? (\$, mil.)						
		Year 1	Year 2	Year 3	Year 4	Year 5
1	Percentage Cut	3.33%	6.66%	10%	10%	10%
Cumulative Revenue Change: Modeling includes foregone revenue plus new revenue generated by growth.						
2	Cumulative Income Tax Revenue Change	(398)	(819)	(1,342)	(1,404)	(1,462)
3	+ Changes Other Revenue Streams	23	50	87	98	115
4	Cumulative Revenue Change	(375)	(769)	(1,255)	(1,305)	(1,346)
Annual Revenue Change: Line 7 shows annual General Fund growth remaining after the tax cut by adding Line 6 to Line 5. The plan does not include projected savings realized from eliminating special interest tax preferences, cutting wasteful spending, and conducting a full review of economic development programs.						
5	Annual Revenue Change from Prior Year	(375)	(394)	(486)	(50)	(41)
6	+ Currently Projected General Fund Growth	447	753	739	759	787
7	GF Growth Remaining After Tax Cut	72	359	253	709	746
Total General Fund After Tax Cut: Total General Fund Revenues before and after plan based on GACRE projections from December 2016.						
8	Currently Projected General Fund Revenues	19,026	19,779	20,518	21,277	22,064
9	Projected GF Revenues Under Plan	18,651	19,010	19,263	19,972	20,718

THE ECONOMIC IMPACT

Ed’s plan to cut taxes for all Virginians will put more money in your pocket and help small businesses create jobs. Modeling conducted by the Thomas Jefferson Institute and economists that built its tax model at the Beacon Hill Institute shows what this needed plan will do.

- Lead to \$1,285 in additional disposable income for a household of four when fully phased in.
- Lead to more than 50,000 new full-time private-sector jobs - an expected 25 percent increase over current job growth projections.
- Lead to \$304 million in new economic investment and activity.
- Help attract and keep people here in the Commonwealth, especially talented workers, retirees and veterans, by making Virginia more attractive and competitive.

Economic Impact of The “Cutting Taxes for <u>ALL</u> Virginians Plan”					
	Year 1	Year 2	Year 3	Year 4	Year 5
Full-time Private Employment (jobs)	11,839	25,295	43,102	47,250	53,649
Investment (\$, mil.)	61	133	233	262	304
Disposable Income, real (\$, mil.)	962	2,032	3,435	3,730	4,186
Disposable Income per Household (\$)	309	646	1,078	1,158	1,285

THE ECONOMIC IMPACT

What You Can Do With \$1,285 More in Your Pocket	
<p>Take Your Family to Busch Gardens Williamsburg <i>Based on the cost of four tickets, four dining plans and a parking pass to Busch Gardens Williamsburg (Accessed 3/13/17).</i></p>	\$452.96
<p>Make an Extra Car Payment <i>Based on the average monthly car payment from Experian.</i></p>	\$503.00
<p>Cover a Mortgage Payment <i>Based on average mortgage payment in the Southeast from the Bureau of Labor Statistics Annual Consumer Expenditure Survey.</i></p>	\$870.66
<p>Take Two Night Classes at Community College <i>Based on the average cost of nine credit hours from VCCS.</i></p>	\$876.00
<p>Buy Holiday and Christmas Presents for Friends and Family <i>Based on the American Research Group's survey of spending from 2016 estimating an average of \$929 for gifts.</i></p>	\$929.00
<p>New Clothes & School Supplies <i>Based on Community in School's 2016 Backpack Index.</i></p>	\$957.00
<p>Pay Your Electric Bill for Nine Months <i>Based on average annual electric utility bills in Virginia from USEIA.</i></p>	\$1,188.00
<p>Cover the Cost of College Books for a Year <i>Based on the average annual cost of textbooks and supplies from The College Board.</i></p>	\$1,250.00

SUPPORTERS

POLICY LEADERSHIP TEAM

“Ed Gillespie is advancing a desirable, thoughtful, and responsible tax reform plan that will make Virginia more competitive, foster private-sector job creation, and allow all tax paying small business owners, individuals, and families to keep more of the money they have earned. Ed Gillespie’s plan will ultimately save a typical family household nearly \$1,300. That’s truly meaningful tax relief for all taxpayers and will lead to a more vibrant Virginia economy.”

- **Former Governor and U. S. Senator George F. Allen, Honorary Policy Co-Chair**

“Republicans in the General Assembly have worked hard in recent years to put Virginia on fiscally-sound footing and lay the groundwork for exactly the kind of tax cut that Ed Gillespie is laying out. This responsible plan demonstrates Ed’s deep understanding of our economy and the state budget. The plan cuts taxes for all Virginians, creates long-term private-sector job growth, and responsibly protects Virginia’s existing commitments to core services. It’s smart, balanced, and exactly what we need.”

- **Speaker-designee M. Kirk Cox, Policy Co-Chair**

“Ed Gillespie’s bold plan for an across-the-board tax cut demonstrates his commitment to governing through conservative principles. A tax cut like this will make a meaningful difference to hard working Virginia families. It also sends a loud and clear message that Ed Gillespie is serious about restoring Virginia’s position as the best state in the country to do business.”

- **Senator Mark D. Obenshain, Policy Co-Chair**

“Ed Gillespie’s pro-growth plan will foster private-sector job creation by lowering the cost of doing business and increasing the Commonwealth’s competitiveness. Ed understands that the best way to encourage natural and robust economic growth is through fundamental policy shifts, not bigger government grants and incentives.”

- **Doug Holtz-Eakin, President, American Action Forum
and former Chief Economist of the President’s Council of Economic Advisers (CEA)**

“Ed’s plan recognizes the difficult choices that localities have been forced to make while trying to build innovative local economies with a decades-old tax structure. He’s serious about partnering with local leaders to find a path that allows us to eliminate job-killing taxes in a fiscally-responsible way. This is the first local business tax plan I’ve seen from a statewide candidate that can actually work.”

- **Fairfax Supervisor Pat Herrity**

“In order to grow, Virginia needs real leadership in the governor’s office. Ed Gillespie once again demonstrated that his vision for natural, organic growth is substantive and action-oriented. Ed’s vision for Virginia is an entrepreneurial vision for Virginia.”

- **James S. Cheng, Former Secretary of Commerce & Trade and Serial Entrepreneur,
Co-founder CAV Angels**

SUPPORTERS

GENERAL ASSEMBLY LEADERS

“Ed Gillespie’s bold plan to cut taxes will help families and spark the kind of fundamental, long-term economic growth that our Commonwealth needs. Ed is a true leader who can unify Virginians around conservative policies.”

- **Speaker William J. Howell**

“Responsible budgeting by the Senate of Virginia has paved the way for Ed Gillespie’s forward-thinking plan to cut taxes to help families and jumpstart economic growth. I appreciate his leadership, vision and clear commitment to work with the General Assembly to craft a plan that can realistically be accomplished.”

- **Senator Tommy Norment, Majority Leader and Co-Chairman, Senate Finance Committee**

“During my time as Chairman of the House Appropriations Committee, we have made a priority of having a structurally balanced budget, while investing in core services. Ed shares that same commitment to balancing Virginia’s budget and investing in those core services. This is by far the most responsible tax plan I have seen from a statewide candidate in years. I look forward to working with him on the specifics when he is governor.”

- **Delegate S. Chris Jones, Chairman, House Appropriations Committee**

“We need to get our economy growing again and Ed Gillespie has delivered with a serious plan based on conservative principles of lower taxes and less government.”

- **Senator Ryan McDougle, Chairman, Senate Republican Caucus**

“Ed Gillespie is a leader committed to cutting taxes for all Virginians. This plan will put more money in the pockets of working families in Western Virginia and create economic growth across the Commonwealth, especially for Virginia’s small businesses. It is the right approach at the right time.”

- **Delegate Steve Landes, Vice Chairman, House Appropriations Committee and Co-Chair Government Reform Working Group**

“Easing the tax burden of Virginians emerges as the principal objective of Ed Gillespie’s ambitious tax-reform proposal, ‘Cutting Taxes for ALL Virginians.’ Here, finally, is a proposal from a candidate for Governor that is detailed, realistic, and achievable. With support from Republican majorities in the House and Senate, Ed’s plan could well become the marquee legislative initiative of the General Assembly in 2018.”

- **Delegate Lee Ware, Chairman, House Finance Committee**

“Virginia’s hard-working families have been squeezed in an economy that seems to benefit everybody but the middle class. Ed Gillespie will change that with a bold tax cut plan that will benefit all Virginians.”

- **Senator Glen Sturtevant, Co-Chair Government Reform Working Group**

“I am very encouraged that Ed understands the need to nurture and grow the many great small businesses we have in Virginia. He understands they are the workhorses that can best grow Virginia’s economy”

- **Senator Frank Ruff, Co-Chair Jobs and Economic Growth Working Group**

“For too long, Southern Virginia has been an afterthought for governors and statewide candidates, but that’s simply not the case with Ed Gillespie. This plan works for all Virginians but cutting taxes that all Virginians pay. It’s a strong proposal that caters to the needs of our community.”

- **Delegate Danny Marshall, Co-Chair Jobs and Economic Growth Working Group**

SUPPORTERS

ECONOMISTS & TAX EXPERTS

“Ed Gillespie has demonstrated a real and measurable commitment to cutting taxes, with an actual policy proposal and not just political rhetoric. Ed’s plan is a genuine tax cut for families and businesses, not like the so-called “revenue-neutral” plans that shift the tax burden from one group of taxpayers to another that we so often see from political candidates. I am impressed and Virginia taxpayers should be too, since it will make their Commonwealth more competitive with surrounding states again.”

- **Grover Norquist, Founder and President, Americans for Tax Reform**

“Ed Gillespie’s pro-growth plan will foster private-sector job creation by lowering the cost of doing business and increasing the Commonwealth’s competitiveness. Ed understands that the best way to encourage natural and robust economic growth is through fundamental policy shifts, not bigger government grants and incentives,”

- **Doug Holtz-Eakin, President, American Action Forum
and former Chief Economist of the President’s Council of Economic Advisers (CEA)**

“Virginia economy has fallen behind, just by standing still. While other states like North Carolina have moved ahead with bold tax reform plans that will enhance economic growth, Virginia’s antiquated tax code is a harmful obstacle standing in the way of innovation and economic opportunity. Ed Gillespie’s tax reform plan will change that by making Virginia more competitive, lowering the cost of doing business, and growing the economy. This is a strong plan that will lead to meaningful results for the hardworking taxpayers of the Commonwealth.”

- **Jonathan Williams, Economist and Author, Rich States Poor States**

“Few states have lost economic competitiveness to its neighbors as much as Virginia. What was once one of the lowest-tax and lightest regulation states has now moved down the scales. Maryland, West Virginia, Tennessee and Pennsylvania have been cutting taxes and red tape, while Virginia has increased burdens on its citizens and its small businesses. Ed Gillespie’s tax plan will reduce income taxes for all families and employers and will be a shot of steroids into the commonwealth economy.”

- **Stephen Moore, Senior Economic Advisor to Donald Trump and Economic Consultant with FreedomWorks.**

“Virginia’s economy has grown more slowly than the U.S. economy six years in a row. Improving our tax competitiveness is one of several things we need to do to change this picture.”

- **Dr. James V. Koch, Board of Visitors Professor of Economics and President Emeritus, Old Dominion University**

“Attracting and retaining a talented workforce is essential for achieving long-term economic growth in the Commonwealth of Virginia. Lowering the personal tax burden in Virginia will send a message that the Commonwealth is aggressively positioning itself to compete with its peer states for future growth by establishing a favorable personal tax environment that will attract and retain the workforce needed to support increased business investment and attract high-value added jobs to the State. Reducing the personal tax burden on the State’s residents will contribute to achieving a competitive workforce advantage that will fuel more rapid economic growth in the future.”

- **Dr. Steven Fuller, Dwight Schar Faculty Chair and University Professor and Director,
Stephen S. Fuller Institute for Research on the Washington Region’s Economic Future**

“Virginia has benefited for many years from above average federal government spending. But at \$13.1 trillion in debt today and a projected \$22.1 trillion in ten years, the federal government has maxed out its credit card. We desperately need to diversify our economy away from an over-dependence on government spending. By putting more money in the hands of the sole proprietorships, partnerships, and other pass-through entities that comprise the overwhelming majority of businesses in Virginia, this plan will encourage private sector growth and foster the economic diversification that we need.”

- **Dr. Fletcher Mangum, Former President of the Virginia Association of Economists**

SUPPORTERS

LOCAL GOVERNMENT LEADERS

“Ed’s plan recognizes the difficult choices that localities have been forced to make while trying to build innovative local economies with a decades-old tax structure. He’s serious about partnering with local leaders to find a path that allows us to eliminate job-killing taxes in a fiscally-responsible way. This is the first local business tax plan I’ve seen from a statewide candidate that can actually work.”

- **Fairfax Supervisor Pat Herryty**

“Ed Gillespie’s commitment to Southwest Virginia’s future is clear. He’s laid out a plan to cut taxes for hardworking people in our region and work with local leaders on meaningful business tax reform. This plan will put more money in our pockets and help our economy grow.”

- **Washington County Supervisor Saul Hernandez**

“Ed Gillespie understands that Virginia’s success depends on healthy relationships between governments at every level. He understands the challenges Virginia’s cities and counties face together, and is committed to addressing them - with us - through strong partnerships. Ed’s plan will lead to economic growth and successes for counties, cities, and the entire Commonwealth!”

- **Mayor Alan Krasnoff, City of Chesapeake**

“Ed Gillespie will be a governor focused on economic growth and prosperity for all Virginians. His tax plan proves he is ready to lead by working with local governments to make Virginia more economically competitive.”

- **Stafford Supervisor Wendy Maurer**

“Too many governors have forgotten the vital role that local governments play in making Virginia’s economy work, but that’s not the case with Ed Gillespie. He knows that if we’re really going to get Virginia growing again, state leaders will need to work with local governments to bring about meaningful changes to the local tax system. This plan is absolutely the right step.”

- **Hanover Supervisor Wayne Hazzard**

FAQ

Q: *Why did you pursue this plan? Why is tax reform needed?*

A: Our Commonwealth is at a critical juncture. We can either remain stuck in neutral with a stagnant economy, or we can put forward policies to spark economic growth, create private-sector jobs, raise take-home pay, lift people lift themselves out of poverty, and make life better for all Virginians.

Q: *Will this plan raise my taxes?*

A: No, Ed's plan will provide tax relief to all Virginians!

Q: *What happens if there is tax reform in Washington, D.C.?*

A: Ed Gillespie supports federal tax reform and welcomes long overdue action to make Virginia and the nation more competitive. The prospect of changes at the federal level increase the urgency to kickstart our economy and reduce how much we are impacted by federal policies. We want an economy that grows regardless of what happens in Washington.

Q: *How will a cut in personal income taxes result in the creation of 50,000 new jobs? Are you assuming that lower rates will attract new and expanded businesses? Does the growth come through increased consumer spending?*

A: The vast majority of Virginia businesses pay taxes as individuals, not corporations. Start ups and scale ups, small businesses, and contract businesses mostly pay the individual income tax rate. By cutting individual income taxes, we are cutting taxes that most businesses pay, leaving them more money to invest and grow. Also, more than two-thirds of the Virginia economy is driven by consumer spending. Disposable income drives consumer spending and further strengthens the economic impact of this plan.

Q: *Some would say a 10 percent tax cut is not big or bold enough. What would you say to that?*

A: Ed's plan balances the need to spark economic growth with the need to fund education, healthcare, transportation, public safety, and other core government services. If enacted, this will be the largest tax cut in modern Virginia history, but it's also phased in over time to be responsible.

Q: *Virginia just experienced a budget shortfall? Why should we cut taxes?*

A: It is important to remember that Virginia's recent budget shortfall was a symptom of a much larger problem. For the past ten years or more, Virginia has been swapping out high-paying jobs out for low-paying jobs, leading to lower individual income tax collections. And for five straight years, our economic growth rate has trailed the national average. If we want to grow our economy in the long-term, we have to kickstart job creation and small business formation. We won't do that by raising taxes.

Q: *Won't this mean less money for education, public safety and transportation?*

A: Absolutely not. In fact, this plan was specifically crafted to protect these top priorities. The plan is responsibly phased-in over three years. Using the state's own budget projections, this plan still provides more than \$2 billion for new investments in the core services - including education, public safety and transportation.

FAQ

**Q: *What are the revenue triggers?
How do they work?***

A: Revenue triggers will be designed by the Secretary of Finance, agency heads from the Department of Planning and Budget, Department of Taxation, Department of the Treasury in partnership with a working group to include the House Appropriations (HAC) Staff Director, Senate Finance Committee (SFC) Staff Director and other individuals as designated by the governor. The revenue triggers will be reviewed by the Governor's Advisory Committee on Revenue Estimates (GACRE) and ultimately adopted by the General Assembly. The triggers will be designed to ensure that Virginia can maintain its existing commitment to core services.

Q: *Many former candidates and elected officials have attempted to 'solve the BPOL problem.' What makes your plan different?*

A: The challenges facing Virginia's businesses due to the burdensome and anti-growth local business taxes are very real. We relied on significant research and analysis provided by JLARC and others to determine the best path forward for Virginia. This plan is different because it recognizes that something must be done for Virginia to grow and provides localities a choice, not a mandate. Ed plans to lead a collaborative effort to tackle this pressing challenge.

Q: *Your plan mentions "entrenched special interests" but doesn't directly tackle those issues. Do you foresee including further initiatives in your package at the proposed Special Session?*

A: Ed's plan establishes a responsible path to ensure that we actually cut taxes - not just talk about it. Instead of crafting a plan that hinges on eliminating preferences, Ed's crafted a genuine tax cut. In addition to this plan, he will work with General Assembly leaders to eliminate special interest preferences that pick winners and losers



To learn more or to endorse Ed's plan, go to
EDFORVIRGINIA.COM/TAXCUT