



March 2, 2010

Senate Conferees
House of Delegates Conferees

Dear Conferee,

I write to you in strong opposition to the tax increases that are in both the House and Senate budgets (HB 30 & SB 30). As you move forward in conference to resolve the differences in the two budgets, I urge you to remove all tax increases, fees, and mark-ups from the final budget.

Below is a list of tax increases found in the House and Senate budgets that need to be removed in order to craft a final deal that does not include tax increases. **Failure to remove these provisions will result in a final budget that ATR will score as a net tax increase and a violation of the Taxpayer Protection Pledge:**

Tax Increases included in the current version of SB 30:

- a 0.5% tax on property/casualty insurance, \$66 million tax increase over the biennium;
- a 18 cent per line “fee” on phone lines, \$40 million tax increase over the biennium;
- the affiliate nexus (AKA the “Amazon”) tax would burden VA advertisers, potentially putting them out of business, and raise taxes on consumers who shop online;
- a 2% “mark-up” tax increase on alcohol sold at ABC stores, an estimated \$4 million a year;
- a “Fee” increases on court filings, an estimated \$50 million a year;
- and in addition to these taxes, numerous burdensome fees in the Senate budget need to be eliminated.

Tax Increase included in the current version of HB 30:

- elimination of the Section 199 deduction by way of decoupling Virginia’s tax code from the Federal tax code, an estimated \$30 million per year tax increase.

I encourage you to reject all tax increases, “fees,” and “mark-ups;” and instead find ways to address the real problem: overspending. As Governor McDonnell noted in the State of the Commonwealth address, state spending has grown well beyond the rate of population and inflation for quite some time, nearly tripling since he was first elected to public office in 1991. ATR agrees that **Virginia has an overspending problem and that the state budget deficit can be closed by rectifying that problem.**

Just as families across the commonwealth have done and continue to do, lawmakers must make tough decisions so that the Virginia government lives within its means. For this and the other aforementioned reasons, I urge you to remove all tax increases from the final budget. If you have any questions, please contact Nathan Pick, state affairs manager, at 202.785.0266.

Onward,

Grover Norquist

CC: Governor Bob McDonnell
Lieutenant Governor Bill Bolling
Virginia House of Delegates
Virginia Senate

722 12th Street N.W.

Fourth Floor

Washington, D.C.

20005

T:(202)785-0266

F:(202)785-0261

www.atr.org