

# Methodology for the Impact of Tax Reform

**Income tax:** Actual tax year 2001 income tax returns for all Virginia residents were used to determine how individual income tax changes would affect Virginians. This database contains all 2.9 million resident returns filed by Virginians for 2001 -- the latest year available -- sorted by locality. A return-by-return calculation was used to produce the amounts shown on the attached pages.

**Sales tax:** The impacts of changing the sales tax rate and the rate on food were estimated from a national survey of consumer expenditures conducted for 2000-01 by the federal Bureau of Labor Statistics.

**Accelerated sales tax elimination:** The number of dealers in each locality affected by eliminating the accelerated sales tax counts a dealer with locations in multiple localities once in each locality, but only once for a single locality even if it operates more than one store in a city or county.

**Car tax reimbursement:** The number of qualified vehicles and reimbursement amounts for the car tax are based on tax year 2003 data, the most current available.

**Cigarette tax:** The additional cigarette tax paid is dependent on cigarette consumption.

**Estate tax:** The number of estates which would have been exempt in each locality is based on fiscal year 2003 data for estates valued below \$10 million. The estimate of the number of estate tax returns that would have been exempt under the proposal is based on data from fiscal years 2001 through 2003.

## General Notes on Estimated Impact of Governor Warner’s Budget on Localities

- Dollar amounts shown under “Direct Payments” and “Major State Facilities in the Region.” are estimates based upon HB/SB 30, the introduced budget bill for the 2004-2006 biennium. They **do not** represent commitments to distribute the amounts shown, since the caseloads or other factors on which distributions are based may change.
- Unless otherwise noted, dollar amounts are the totals of all fund groups included in HB/SB 30. This includes state general fund dollars, federal funds, and other nongeneral fund dollars.
- Caseload data are based on actual counts for selected periods unless otherwise noted.
- Amounts for counties exclude direct payments to towns. Town data is shown separately.
- Budgets for state facilities are found under the heading “Major State Facilities in the Region.” The entire dollar amount for a state facility is shown in each locality that is economically impacted by that facility.
- There is no double count of dollars between items listed under “Direct Payments” and items listed under “Major State Facilities in the Region.” There is, however, some overlap between dollars found in “Major State Facilities in the Region” and the “State Payroll Information.”

### Notes on Direct Payments

Short Title	Note
<b>Administration</b>	
General registrars salaries	Estimates for reimbursement to localities for compensation to general registrars based on their normal days of service per week using the most recent population estimates.
Electoral board salaries	Estimates for reimbursement to localities for compensation amounts for secretaries and members of local electoral boards

Short Title	Note
Circuit court clerks; Commissioners of the Revenue; Commonwealth's Attorneys; Sheriffs (including regional jails); and Treasurers office funding from the Compensation Board	The amounts identified are estimates. Actual amounts provided by the Compensation Board to constitutional officers' offices could be different than the identified amounts. For localities that share a constitutional officer, the total costs for the position are shown for each locality. Estimated amounts associated with regional jails are fully shown for every locality utilizing the regional jail.
Per diem payments to jails for housing inmates	The amounts identified are estimates. Actual amounts will vary. Regional jail per diems cannot be allocated by locality and are therefore shown in total for each participating locality.
Grants for K-12 instruction programming, radio reading, public radio, and public television	Figures are based on actual allocations in FY 2004 approved by the Virginia Public Broadcasting Board. Some revision to the projected allocations is likely, based on the new funding formula adopted by the VPBB in May 2003.
Veterans' and dependents' assistance services	The amounts are estimates for the various field offices of the Department of Veterans Services (DVS). These amounts are shown in the locality where the office is located. Roanoke figure also includes the headquarters of DVS.
<b>Commerce and Trade</b>	
Planning District Grants	Operating grants to the 21 planning district commissions. The amount by locality is the total amount of the grant for the planning district commission for which the locality is a member.
Abandoned Mined Lands Water Supply Replacement Projects	These are annual grants. Recipients vary from year to year. FY 2005 recipients are known. FY 2006 recipients are not known at this time.
Acid Mine Drainage Abatement Grant	Funds are provided to a Planning District Commission in Scott County but are used for abatement activities in Lee County.
Coal Mine Rescue Team Payments	Funds for designated mine rescue teams. The team servicing Lee County is based in the state of Kentucky.
Payment in lieu of taxes (Mines, Minerals and Energy)	Payments to Wise County in lieu of taxes for the agency's headquarters office in Big Stone Gap.
Virginia Coalfield Economic Development Authority	Funds are sent to the Authority's office in Lebanon in Russell County and are used for infrastructure improvements at the Breaks Interstate Park in Buchanan County.
Virginia Coalfield Tourism Development Authority	Funds are distributed among the counties of Lee, Scott, Wise, Dickenson, Russell, Buchanan, and Tazewell, and the City of Norton.
<b>Education</b>	
Aid to local arts programs	Applied FY 2003 distribution percentages for arts grants to localities to FY 2005 and FY 2006 budgeted amounts
Aid to Local School Divisions	Funds for Standards of Quality (SOQ), incentive-based, and categorical educational programs, and includes all state funds. Does <b>not</b> include any federal funds.
Project Discovery	Grant to Project Discovery for FY 2005 and FY 2006. Project Discovery works with school divisions to increase access and prepare at risk students for post-secondary education.
Small School Division Assistance	Grants to Norton and Highland school divisions for FY 2005 and FY 2006.
Southwest Public Education Consortium	Grant for the operation of the consortium for FY 2005 and FY 2006. Consortium strives to promote and establish regional educational programs to address educational needs by developing and sharing techniques and resources.

Short Title	Note
Southside Regional Technology Consortium	Grant for the operation of the consortium for FY 2005 and FY 2006. Consortium serves school divisions in southside and south central Virginia by providing access to technology and educational opportunities for at risk children.
State aid to public libraries	Estimated allocations for FY 2005 and FY 2006. For libraries that serve multiple localities, the full aid amount is shown for each locality.
Tuition assistance grants	Applied FY 2003 school distribution percentages to FY 2005 and FY 2006 budgeted amounts. Every locality with a private college receiving TAG awards is listed.
<b>Finance</b>	
Estimated ABC Profits distribution	Distributions of ABC profits are based on population.
Estimated Liter tax distribution (wine tax distribution)	Distributions of wine tax collections are based on population.
Estimated Recordation tax distribution	Distributions are based on each locality's share of total recordation tax collections. The distributions for Northern Virginia localities are deposited into the Northern Virginia Transportation District Fund, while the distribution for the City of Chesapeake is deposited into a set-aside fund for the city.
Estimated Rolling Stock tax distribution	Distributions of rolling stock tax collections are based on the fair market value of roadway and track located in localities as well as the number of miles of track located in localities.
Regional Jail Reimbursements	Payments for the state's share of the capital costs for regional jails.
Estimated personal property tax relief reimbursement (Car Tax)	The amounts for each locality assume the phase out of the car tax by tax year 2008 with tax year reimbursement rates of 77.5 percent in tax year 2005, 85 percent in tax year 2006, 92.5 percent in tax year 2007, and 100 percent in tax year 2008.
Virginia Advanced Shipbuilding and Carrier Integration Center debt service payment	Payment to the Newport News Industrial Development Authority for the debt service on the bonds issued to construct the center.
<b>Health and Human Resources</b>	
Adult Day Care	Adult day care is awarded annually by Request for Proposal (RFP). Therefore, award localities vary on an annual basis.
Locally Delivered Programs for the Elderly	Also known as Federal Older Americans Act programs, these programs permit frail senior citizens to remain in their homes and communities.
Center for Behavioral Rehabilitation	A center's funding appears under those locations within a reasonable driving distance of the facility.
Services for at-risk youth (Comprehensive Services Act)	The ratio of actual FY 2003 pool fund and Medicaid expenditures to actual expenditures was calculated on a locality basis. This ratio was applied to the total pool fund appropriated in the introduced budget.
Community health services provided by local health departments (cooperative health budget – locally matched)	Estimates the funding provided for the provision of community health services delivered via local health departments that require local matching dollars. Cooperative budget amount includes general fund, local match, earned revenues and 100 percent local monies (in selected localities).
Community health services provided by local health departments requiring no local match	Estimates the funding provided for the provision of community health services delivered via local health departments that do not require local matching dollars.
Emergency Medical Services (EMS) dollars returned to locality	The estimated amount reflects FY 2004 anticipated distributions and is adjusted per HB/SB 30 allocation of EMS funding.
Drinking Water State Revolving Fund Construction Projects	The amount estimated reflects distribution of funding in the FY 2004 intended use plan. The distribution of dollars could vary depending on annual water supply construction needs.

Short Title	Note
Planning and Water Supply Assistance Grants	The amount estimated reflects FY 2004 distribution of funding. The distribution of dollars could vary depending on annual water supply construction needs.
Family Access to Medical Insurance Security Expenditures (FAMIS) and Medical Assistance Services for Low Income Children ('SCHIP')	Data reflects payments to providers on behalf of recipients residing in the locality. Estimates are based on FY 2003 actual expenditure activity. Data for Bedford County and Bedford City is being reported under Bedford County. Data for Clifton Forge is being reported under Alleghany County. DMAS has some FAMIS amounts that are not identifiable by locality at the present.
Medicaid Payments to Providers	Data reflects payments to providers on behalf of recipients residing in the locality. Estimates are estimated based on FY 2003 actual expenditure activity. Expenditures do not include payments to state-owned mental health and mental retardation facilities. Data for Bedford County and Bedford City is being reported under Bedford County. Data for Clifton Forge is being reported under Alleghany County. Reimbursements made for services to individuals residing in state-owned institutions are reported under Major State Facilities. Payments for Medicare premiums, Medallion management fees, and non-claims based payments (nursing facilities, managed care, and teaching hospitals) are also included as applicable.
Community mental health services provided by community services boards	New funding is divided on a formula basis although it may eventually be based on individual service plans by community service board
Community mental retardation services provided by community services boards	New funding is divided on a formula basis although it may eventually be based on individual service plans by community service board
Community substance abuse services provided by community services boards	New funding is divided on a formula basis although it may eventually be based on individual service plans by community service board
Adult Preventive and Protective Services (including domestic violence prevention and in-home care)	Estimates potential spending by the Department of Social Services for certain adult services. Specifically, services include domestic violence prevention and direct in-home care (i.e. assisted living assessment, home-based services, adult foster and day care.) These programs address the needs of seniors age 60 and over, adults with disabilities over the age of 18 and other adults with specific needs.
Auxiliary Grants	Estimates potential spending on income supplements for recipients of Supplemental Security Income (SSI) and certain other aged, blind, or disabled individuals residing in a licensed assisted living facility or an approved adult foster care home. This is assistance ensures that recipients are able to maintain a standard of living that meets a basic level of need.
Child Day Care Services	Estimates the potential spending by the Department of Social Services for programs that provide funding to enhance the quality, affordability, and supply of child care available to Virginia's families. Includes both TANF mandated and at-risk day care services. The projected amount could vary depending on actual caseload.
Child Support Collections	The amount represents spending for establishing child support orders, collecting payments, and disbursed child support payments that assist custodial parents to attain or retain economic independence.
Community Action Agencies	Funding provided for community services block grant funding to community action agencies. These agencies provide a wide range of services to the low-income population.
Direct Social Services (social worker effort)	Estimates spending for social worker caseload, which includes adult and child protective services cases. The projected amount could vary depending on actual caseload.

Short Title	Note
Employment Services, including Virginia Initiative for Employment not Welfare (VIEW)	Estimated amount of spending by the Department of Social Services on job training and employment services. The amount estimated could vary depending on actual caseload.
Energy Assistance	The Energy Assistance Program assists low-income households, particularly those with the lowest incomes that pay a high proportion of household income for home energy. Specifically, the program includes: Fuel Assistance, Crisis Assistance, Cooling Assistance, and Weatherization. The amount estimated could vary depending upon actual needs.
Foster Care (Title IV-E) and Adoptions	Estimates spending by the Department of Social Services for payments, treatment, and programmatic support. The amount estimated could vary depending on actual caseload.
General Relief for maintenance or emergency assistance	Amounts are estimates of spending for the General Relief program. This program provides benefits and services to indigent persons not eligible for the major federal assistance programs.
Healthy Families/Healthy Start (Social Services)	Funding provided to Healthy Families/Healthy Start. These programs assist families, via education and support services.
Local Eligibility Determination and Administration (Social Services)	Estimates the potential spending by the Department of Social Services for determination and administration of eligibility for many public assistance programs, including TANF, food stamps and Medicaid.
Newcomer Services (Social Services)	Estimates funding provided (100 percent federal) for employment, education, and other acclimation services for refugees. Actual spending could vary by caseload.
Temporary Assistance for Needy Families (TANF) Cash Assistance	Estimates potential spending by the Department of Social Services for TANF cash assistance. Eligible families receive a monthly cash payment to meet their basic needs.
<b>Natural Resources</b>	
Soil and Water Conservation District grants	Operating grants to the 47 Soil and Water Conservation Districts. The amount by locality is the total amount of the grant for the conservation district for which the locality is a member.
Tangier Seawall	The first two payments for Virginia's share of the construction costs for a seawall to protect Tangier Island. The U.S. Army Corps of Engineers is constructing the seawall, and Virginia is a 20 percent partner in the \$2.4 million project.
Air pollution control grant (DEQ)	These are federal funds distributed to certain localities for local air quality monitoring.
Coastal zone management grant (DEQ)	These are federal funds distributed to certain localities for projects relating to protecting Virginia's coastal areas. In cases where payments are made to a regional authority, the total payment amount is listed under each locality within the authority.
Litter control and recycling noncompetitive grant (DEQ)	These funds are provided to localities on a formula basis for litter prevention and recycling activities.
Water Quality Improvement Fund grant (DEQ)	The amounts listed are based on the FY 2005 appropriation; it is not yet known when the actual payments will be made.
<b>Public Safety</b>	
Aid to localities with police departments (HB 599)	Distribution based on latest crime and population data, and proposed budgeted amounts for FY 2005 and FY 2006.
Regional training academies	Amounts identified are for each criminal justice training academy based on FY 2004 funding allocations. The full academy funding is listed for each locality that participates in the academy.

Short Title	Note
Juvenile detention center operating funds	Estimated FY 2005 and FY 2006 state allocations of detention center operating funds, shown in the locality where the detention center is located.
Virginia Juvenile Community Crime Control Act Program (VJCCCA)	Estimated allocations to localities for FY 2005, continued at the same level in FY 2006.
Fire programs grants	Estimated locality allocations based on FY 2005 and FY 2006 budgeted amounts.
<b>Transportation</b>	
Payment in lieu of taxes (Ports)	Estimated payments to localities where Port Authority operations are located.
Street Maintenance (cities and towns)	Maintenance amounts are estimated based on FY 2004 allocations.
County Maintenance (Henrico and Arlington)	Maintenance amounts are estimated based on FY 2004 allocations.
Mass Transit and Rail Assistance	Grants to transit authorities based on FY 2003 expenditures.
NOVA Transportation Commission, District Fund, and Dulles	Based on FY 2003 expenditures plus anticipated federal funding.
Aid to local airports	The amounts identified are estimates of aid to local airports. The final amounts awarded by the Aviation Board could be different than the identified amounts. For airports that are supported by more than one locality, the full aid amount to the airport is shown for every locality.

## Notes on Major State Facilities in the Region

Short Title	Note
<b>General Note</b>	
This category includes budgets for state facilities. The entire dollar amount for a state facility is shown in each locality that is economically impacted by that facility.	
<b>Commerce and Trade</b>	
Food Distribution to Local Schools	Dollars represent the value of U.S. Department of Agriculture food products distributed to local school systems. The FY 2005 and FY 2006 estimates are based on the actual distributions in FY 2003.
<b>Education</b>	
Cooperative Extension Office	Funds for office operations associated with agriculture extension services (funds designated to locality in which the office resides).
Higher education institutions (other than VCCS)	FY 2005 and FY 2006 budgeted operating amounts shown for localities impacted by the institution.
Museums	FY 2005 and FY 2006 budgeted operating amounts shown for localities impacted by the institution.
Virginia Community College System (VCCS)	FY 2005 and FY 2006 budgeted amounts shown for localities in the community college's service area.
<b>Health and Human Resources</b>	
Mental Health Treatment Center and Mental Retardation Training Center	A center's funding appears under those locations within a reasonable driving distance of the facility.
<b>Natural Resources</b>	
State Parks	Total operating funding for the state park that is located within the locality. In the case of a park existing in more than one locality, the total park budget is shown for each one.

Short Title	Note
<b>Public Safety</b>	
Adult and juvenile correctional centers	Includes total FY 2005 and FY 2006 budgeted operating amounts for prisons and field units, shown in the localities surrounding the prison or field unit.
Fort Pendleton and Fort Pickett	Based on FY 2003 expenditures. Listed in locality where fort is located.
Maintenance of armories	Based on FY 2003 expenditures of funds used to maintain armories. Funding is shown in the locality where the armory is located.
Regional forensic labs	FY 2005 and FY 2006 budgeted operating amounts provided for each forensic lab. Amounts budgeted shown in the locality where the lab is located.
<b>Transportation</b>	
DMV customer service centers and other activities	Based on FY 2003 expenditures. Amounts are shown for each DMV center and activity within each locality.
County Maintenance (all counties except Henrico and Arlington)	Maintenance amounts are estimated based on FY 2004 allocations.
County Secondary Road funding (each county)	Secondary road funding amounts estimated for FY 2005 and FY 2006. However, the approved 6-year improvement program that reflects the different localities within each district could differ significantly.
Urban (cities and towns)	Secondary road funding amounts estimated for FY 2005 and FY 2006. However, the approved six-year improvement program that reflects the different localities within each district could differ significantly.
District Administration and Physical (each district)	Amounts shown are based on estimated FY 2005 and FY 2006 district budgets for administration and physical plant and distributed to each county in the district based on the percentage of total district lane miles located in the locality.
District Planning and Research (each district)	District Planning and Research amounts are estimated for FY 2005 and FY 2006. Amounts are listed in the locality where the district office is located.
District Primary and Interstate road funding.	Amounts shown are based on estimated FY 2005 and FY 2006 district budgets for primary and interstate roads construction, and distributed to each locality in the district based on the percentage of total primary and interstate lane miles located in the locality. However, the approved 6-year improvement program that reflects the different localities within each district could differ significantly.

## Notes on Caseload Information

Short Title	Note
<b>Education</b>	
Average Daily Membership	Unadjusted average daily membership projections for FY 2005 and FY 2006
English as a Second Language (ESL)	Projected number of students for whom English is a second language for FY 2005 and FY 2006. Note that Fairfax City information is included with Fairfax County.
Free Lunch	The percentage of free lunch eligibility (2002 free lunch data) applied to unadjusted average daily membership for FY 2005 and FY 2006
Special Education	Projected Standards of Quality special education counts for FY 2005 and FY 2006

Short Title	Note
Higher education student enrollment (headcount)	Higher education student enrollment by locality is based on fall 2003 headcount for all public and private colleges and universities, except the community colleges. For the community colleges, fall 2002 headcount information is used.
<b>Health and Human Resources</b>	
Services for at-risk youth (Comprehensive Services Act)	Total number of children who received services during Fiscal Year 2003
Family Access to Medical Insurance Security Expenditures (FAMIS) and medical assistance services for low income children ('SCHIP') caseload	Current caseload data (enrollment) as of January 17, 2004.
Medicaid caseload	Current caseload data (enrollment) as of January 17, 2004.
Number of Medicaid Beds in Nursing Homes (including dually certified Medicare beds)	Data as of each provider's fiscal year during calendar year 2002.
Child Day Care Services	Annual number of children receiving child day care services (01/01/03-12/31/03)
Foster Care (Title IV-E) and Adoptions	Estimated combined number of children in foster care and children receiving subsidized and special needs adoption subsidies (Foster care data as of 12/31/03; adoption data as of 06/30/03)
General Relief for maintenance or emergency assistance	Average monthly cases of General Relief provided (Based on fiscal year 2003 data)
Temporary Assistance for Needy Families (TANF) Benefits	Average monthly number of TANF receipts (Data based on July 03 - October 03 caseload)

### Notes on State Payroll Information

- Payroll reflects actual amounts paid as salaries and wages for all full-time state employees (faculty, classified, appointees) and hourly employees during calendar year 2003. Dollars are shown in the locality where the employee resides. (Payroll for the decentralized institutions of higher education is shown on a separate line.)
- The count represents the total number of state employees on the payroll during calendar year 2003 that reside in the locality. (The count for the decentralized institutions of higher education is shown on a separate line.)
- For the College of William and Mary, George Mason University, Old Dominion University, University of Virginia, Virginia Tech, James Madison University, and Virginia Military Institute, the payroll amount reflects actual amounts paid as salaries and wages for full-time state employees (faculty, classified, appointees) and hourly employees during calendar year 2003. The entire dollar amount is shown in each locality served by the facility.
- The number of employees as of November 30, 2003, at the seven institutions of higher education is shown in each locality served by the facility.



## What is NOT Included in Estimated Impact of Governor Warner's Budget on Localities

Short Title	Description
All Areas	State central offices and/or central government functions were not included. In addition, not all regional offices and facilities are included.
Commerce and Trade	Housing grants to nonprofit agencies and certain economic development grants made to specific businesses, localities, and organizations are not included (such as enterprise zone, homeless, , Tredegar).
Constitutional Officers	The Compensation Board holds some funds for distribution, as needed, to localities. For jail per diems, some amounts are reserved to be distributed as needed, and are not included.
Distribution of Tennessee Valley Authority payments	The distribution of Tennessee Valley Authority payments in lieu of taxes was not included.
Federal Poverty Programs	Women, Infants and Children (WIC) and Food Stamps have not been included. Both are all federal dollars. For Temporary Assistance for Needy Families (TANF), some pass through grants are not included.
Medical Assistance Services	Several small programs were not included: State and Local Hospitalization, Indigent Care Trust Fund, Regular Assisted Living, HIV Premium Assistance, and Involuntary Mental Commitments. Data is not available by locality for all of these programs.
Natural Resources	Certain competitive grants are not included.
Port Authority	Various local port grants are not included.
Public Safety	Various Department of Criminal Justice Services pass through grants are not included, as well as funding for the local community corrections programs and pre-trial services.
Rehabilitation Services	Rehabilitation services provided by the Department of Rehabilitative Services (except Woodrow Wilson), Department for the Blind and Vision Impaired (except the Rehabilitation Center for the Blind), and Department for the Deaf and Hard of Hearing are not included. Central office functions for these agencies and for the Board for People with Disabilities also have not been included.
Remittance of sales tax revenues from public facilities	The remittance of sales tax revenues from public facilities affects only a few localities and was not included.
Department of Transportation district office funding	Does not include district access road funding and district maintenance funding.
Department of Transportation grants to localities for planning and special projects	Does not include payments to localities and planning organizations for planning, access roads, and special projects.