

A Profile of Residents and Income Tax Returns in Chesapeake in 2001

<u>General Profile</u>		<u>Age Deduction</u>		<u>Car Tax, TY 2003</u>	
Number of Returns	75,442	Returns claiming at least one age deduction	10,289	Number of Qualified Vehicles	139,555
Average Number of People per Return	2.14	As a Percent of Total Returns	14%	Average Assessed Value	\$7,026
Single Returns As a Percent of Total	38,522	People age 62-64	3,287	Average Reimbursement per Vehicle at 70%	\$201
Married Returns As a Percent of Total	32,868 44%	People age 65 or over	11,049		
Married, Filing Separate Returns As a Percent of Total	4,052 5%	Average income for a single person age 65 or over	\$25,101		
Returns Taking Standard Deduction As a Percent of Total	37,401 50%	Average income for a married couple where at least one spouse is 65 or over	\$45,136		
Returns Itemizing Deductions As a Percent of Total	38,041 50%				
Average Income for Single Returns	\$23,177				
Average Income for Married Returns	\$72,786				
Married - Two Earner Returns As a Percent of all Married	21,966 67%				

Impact of Governor Warner's Tax Reform Plan on Residents of Chesapeake City

Personal Exemption			
Increase from \$800 to \$1,000 per person.	Average tax savings per return:		\$26
	Average tax savings for a family of four:		\$46
Standard Deduction			
Single: Increase from \$3,000 to \$4,000.	Percent of single filers claiming the standard deduction:		73%
Married: Increase from \$5,000 to \$8,000.	Percent of married filers claiming the standard deduction:		23%
	Average tax savings per return: (Married filers would receive a greater benefit. Single filers would receive less.)		\$79
Filing Threshold			
Single: Increase from \$5,000 to \$7,000.	Number of filers no longer required to file a return:		5,615
Married: Increase from \$8,000 to \$14,000.			
Age Deduction			
<u>No change for those who are currently 65 or older.</u>	Returns claiming at least one age deduction:		10,289
For those not yet 65 by January 1, 2005, provide a tax benefit based on income.	Average income for married filers claiming an age deduction:		\$49,046
Single: Phase out \$12,000 benefit between \$50,000 and \$74,000.	Average income for single filers claiming an age deduction:		\$25,724
Married: Phase out \$24,000 benefit between \$75,000 and \$123,000.	Of returns claiming an age deduction, the number of married and single filers affected by the income adjustment, <u>if the new provisions were in effect now for those over 65:</u>	284	4%
Eliminate the \$6,000 benefit for those not yet 62 on January 1, 2005.	Of returns claiming an age deduction, the number of married and single filers 62 to 64 who might be affected when they reach 65, <u>if the new provisions were in effect now:</u>	70	2%
	Note: These estimates do not include those who are not yet 62 by January 1, 2005.		
Rates and Brackets			
Lower income tax on first \$20,000 of taxable income. All filers with at least \$20,000 of taxable income benefit.	Tax savings for single filers with at least \$20,000 of taxable income:		\$63
	Tax savings for married filers having at least \$20,000 of taxable income for each spouse:		\$125
Top Bracket			
6.25% for <u>taxable</u> income above \$100,000.	Number of filers affected by new top bracket:	1,679	2%

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Sales Tax on Non-food Items		
Increase state sales tax by 1%.	Additional sales tax paid by a family of four, based on national consumption studies:	
	With income of \$40,000:	\$150
	With income of \$60,000:	\$192
	With income of \$80,000:	\$234
Sales Tax on Food		
Reduce state sales tax on food by 1.5%.	Tax savings for a family of four from reduced sales tax on food, based on national consumption studies:	
	With income of \$40,000:	\$73
	With income of \$60,000:	\$84
	With income of \$80,000:	\$94
Car Tax Reimbursement		
Increase from 70% to 100% over 4 years.	Number of qualified vehicles, TY 2003:	139,555
	Average reimbursement per vehicle at 70%:	\$201
	Additional reimbursement per vehicle at 100%:	\$86
Accelerated Sales Tax		
Eliminate accelerated sales tax payments, effective with the June, 2005 payment.	Number of retailers no longer required to make early sales tax payments:	456
Cigarette Tax		
Increase the cigarette tax by 22.5 cents per pack.	Additional tax paid annually if consumption is:	
	one-half pack per day:	\$41
	one pack per day:	\$82
Estate Tax		
Exempt closely held businesses, farms, and estates valued at \$10 million or less.	Number of estate tax returns filed with taxable estates greater than \$1.5 million, FY 2003:	*
	Percent of estate tax returns filed with taxable estates greater than \$1.5 million statewide in the last three years which would have been exempt under this proposal:	96%

* Confidentiality laws prohibit disclosing the number when fewer than four returns are included in a category.

Note: Tax relief from the Military Family Tax Relief Act, and tax incentives for businesses to invest in equipment are not included in this table. Neither are provisions affecting intangible holding companies, sales throwback, pass-through entities, streamlined sales tax statute, and county authority to levy cigarette taxes.