

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

<u>General Profile</u>		<u>Age Deduction</u>		<u>Car Tax, TY 2003</u>	
Number of Returns	2,675	Returns claiming at least one age deduction	509	Number of Qualified Vehicles	4,813
Average Number of People per Return	2.04	As a Percent of Total Returns	19%	Average Assessed Value	\$5,858
Single Returns	1,452	People age 62-64	146	Average Reimbursement per Vehicle at 70%	\$56
As a Percent of Total	54%	People age 65 or over	559		
Married Returns	1,157	Average income for a single person age 65 or over	\$25,742		
As a Percent of Total	43%	Average income for a married couple where at least one spouse is 65 or over	\$46,867		
Married, Filing Separate Returns	66				
As a Percent of Total	2%				
Returns Taking Standard Deduction	2,102				
As a Percent of Total	79%				
Returns Itemizing Deductions	573				
As a Percent of Total	21%				
Average Income for Single Returns	\$18,613				
Average Income for Married Returns	\$53,681				
Married - Two Earner Returns	729				
As a Percent of all Married	63%				

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

Personal Exemption			
Increase from \$800 to \$1,000 per person.	Average tax savings per return:		\$23
	Average tax savings for a family of four:		\$44
Standard Deduction			
Single: Increase from \$3,000 to \$4,000.	Percent of single filers claiming the standard deduction:		90%
Married: Increase from \$5,000 to \$8,000.	Percent of married filers claiming the standard deduction:		64%
	Average tax savings per return: (Married filers would receive a greater benefit. Single filers would receive less.)		\$93
Filing Threshold			
Single: Increase from \$5,000 to \$7,000.	Number of filers no longer required to file a return:		299
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:		509
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:		\$48,202
Single: Phase out \$12,000 benefit between \$50,000 and \$74,000.	Average income for single filers claiming an age deduction:		\$24,571
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>	20	5%
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>	*	*
	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:	64	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:	4,813
	Average reimbursement per vehicle at 70%:	\$56
	Additional reimbursement per vehicle at 100%:	\$24
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:	51
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.