

## A Profile of Residents and Income Tax Returns in Hampton in 2001

<u>General Profile</u>		<u>Age Deduction</u>		<u>Car Tax, TY 2003</u>	
Number of Returns	49,132	Returns claiming at least one age deduction	8,227	Number of Qualified Vehicles	93,650
Average Number of People per Return	1.97	As a Percent of Total Returns	17%	Average Assessed Value	\$5,628
Single Returns	29,026	People age 62-64	2,400	Average Reimbursement per Vehicle at 70%	\$160
As a Percent of Total	59%	People age 65 or over	9,024		
Married Returns	17,280	Average income for a single person age 65 or over	\$28,370		
As a Percent of Total	35%	Average income for a married couple where at least one spouse is 65 or over	\$51,429		
Married, Filing Separate Returns	2,826				
As a Percent of Total	6%				
Returns Taking Standard Deduction	30,124				
As a Percent of Total	61%				
Returns Itemizing Deductions	19,008				
As a Percent of Total	39%				
Average Income for Single Returns	\$22,989				
Average Income for Married Returns	\$62,165				
Married - Two Earner Returns	10,691				
As a Percent of all Married	62%				

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

<b>Personal Exemption</b>			
Increase from \$800 to \$1,000 per person.	Average tax savings per return:		\$23
	Average tax savings for a family of four:		\$45
<b>Standard Deduction</b>			
Single: Increase from \$3,000 to \$4,000.	Percent of single filers claiming the standard deduction:		76%
Married: Increase from \$5,000 to \$8,000.	Percent of married filers claiming the standard deduction:		37%
	Average tax savings per return: (Married filers would receive a greater benefit. Single filers would receive less.)		\$79
<b>Filing Threshold</b>			
Single: Increase from \$5,000 to \$7,000.	Number of filers no longer required to file a return:		4,247
Married: Increase from \$8,000 to \$14,000.			
<b>Age Deduction</b>			
<u>No change for those who are currently 65 or older.</u>	Returns claiming at least one age deduction:		8,227
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:		\$53,593
Single: Phase out \$12,000 benefit between \$50,000 and \$74,000.	Average income for single filers claiming an age deduction:		\$28,168
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>	288	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>	58	3%
	Note: These estimates do not include those who are not yet 62 by January 1, 2005.		
<b>Rates and Brackets</b>			
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
<b>Top Bracket</b>			
6.25% for <u>taxable</u> income above \$100,000.	Number of filers affected by new top bracket:	556	1%

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<b>Sales Tax on Non-food Items</b> 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
<b>Sales Tax on Food</b> 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
<b>Car Tax Reimbursement</b> Increase from 70% to 100% over 4 years.	Number of qualified vehicles, TY 2003: Average reimbursement per vehicle at 70%: Additional reimbursement per vehicle at 100%:	93,650 \$160 \$69
<b>Accelerated Sales Tax</b> Eliminate accelerated sales tax payments, effective with the June, 2005 payment.	Number of retailers no longer required to make early sales tax payments:	293
<b>Cigarette Tax</b> 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
<b>Estate Tax</b> 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.