

Tuesday, January 24, 2012

Putney wants to raise sales tax

If the chairman of the House Appropriations Committee has his way, Virginia voters would decide this fall whether to increase the state sales tax by 1 percentage point to generate new revenue for road construction and maintenance, mental health services, public schools and higher education.

Del. Lacey Putney, I-Bedford, filed House Bill 1239 on Friday. It calls for a referendum on increasing the state sales tax from 5 percent to 6 percent, with the increase taking effect Jan. 1, 2013.

If voters approve the increase, half of the new revenue would be deposited into a new Supplemental Highway Construction and Maintenance Fund. Of that amount, \$200 million annually would be set aside for secondary road construction and the remainder would go toward repairing deficient bridges and maintaining state highways.

The other half of the sales tax increase would go toward mental health, public schools and state colleges, three of the core services that rely on revenue from the state's general fund.

Putney's approach to finding new transportation dollars is different from the one Gov. Bob McDonnell is pushing in this legislative session. McDonnell wants to gradually increase the share of the existing sales tax that goes toward transportation, from 0.5 percent to 0.75 percent over eight years. But the sales tax rate would remain the same.

Critics say McDonnell's plan will drain revenue from programs such as education, health care and public safety. The governor's proposal would shift \$110 million from the general fund to transportation in the upcoming two-year budget cycle.

-- Michael Sluss

THE ROANOKE TIMES
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