

Appendix A – Tax Structure Virginia

Following is a description of the applicable tax categories that will be calculated for the Goodwill Virginia model:

- Sales Tax

The State of Virginia imposes a retail sales and use tax on the gross receipts from retail sales of tangible personal property. Retail sales are defined as sales to a consumer or to any person for any purpose other than for resale. Exemptions include items such as nonprescription drugs, certain manufacturing processing, construction contracting installing industrial machinery, non-profit churches, fuel for domestic consumption, farmers, and fabrication of foodstuffs. The sales tax rate for the State is 5.3% (4.3% state tax and 1.0% local tax). The tax rate on food purchased for human consumption is reduced to 1.5%.

Taxable sales result from the spending of direct, indirect and induced employees supported by the company. Based on data from the latest U.S. Consumer Expenditure Survey, the projected level of taxable spending and resulting sales tax receipts is calculated.

State sales taxes will also be collected from other sources.

- Local supplies and purchases.** A direct sales tax can be determined if the user inputs local supplies and purchases that are taxable and purchased within the state.
- Direct sales.** Direct taxable sales (if any) can also be input to provide the sales tax collections at the State level on the Fiscal Impact of Operations table.

- State Income Tax

The State of Virginia levies income tax on personal income of Virginia residents. The taxable income begins with federal adjusted gross income. The personal income tax rate varies from 2.0% for income less than \$3,000 to \$720 plus 5.75% of the amount over \$17,000 depending on income levels and is applied to the wages and earnings of direct, indirect and induced employment produced in the model.

- Cigarette Tax

The State of Virginia charges a cigarette tax in the amount of 1.5 cents per cigarette. This equates to about 30 cents per pack. This tax is applied to the projected employee count in the model based on statistics from the Center of Disease Control that 20.6% of Virginians are smokers and smoke an average of 1.03 packs per day.

- Motor Fuel Tax

The State collects a motor vehicle fuel tax of \$0.111 per gallon of gasoline. The tax revenue is calculated based on the average vehicle traveling 15,000 miles per year at 20 miles per gallon. These factors are applied to the projected direct and indirect employee count supported by the company.

