

## ***Leadership Recognized***

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The November issue of *Governing: The Magazine of States and Localities* has two happy faces on its cover: Virginia Governor Mark Warner and Senate Finance Chairman John Chichester. Both have been named by the magazine as "Public Officials of the Year 2004." The recognition comes about from their working together in a bipartisan way for "tax reform legislation that will help make Virginia fiscally solvent for years to come." As the magazine termed it, they represented "solidarity on solvency." Read the background to this amazing chapter in Virginia's history at [www.governing.com](http://www.governing.com).

Future political campaigns are likely to paint a different picture of the work of these two leaders. The neo-conservatives are likely to try again to defeat Senator Chichester in a primary as they attempted unsuccessfully to do two years ago. And whether Mark Warner runs for the U.S. Senate in a couple of years or president of the United States in four years, he will have a whole gaggle of opponents pointing to tax increases in Virginia. For these reasons it is important to document what happened in the Virginia General Assembly in 2004 and the reasons for it.

An excellent analysis of the actions in 2004 in the state legislature can be found in *The Virginia News Letter*, published by the nonpartisan Weldon Cooper Center for Public Service at the University of Virginia. In the September, 2004, issue, Mick Wilkinson documents the unmet funding needs in Virginia leading up to the 2004 legislative session and the revenue shortfall that threatened Virginia's triple-A bond rating. Without repeating the details of the situation that have been written about many times in this column, I think it is instructive to consider Wilkinson's conclusions about the work of the General Assembly and the leadership of Warner and Chichester for which they have been nationally recognized.

On the final revenue bill that passed, Wilkinson concluded that "on virtually any dimension of analysis Virginia will remain a low-tax state." In fact, with the additional tax revenue generated, Virginia will rank 37th in the nation in terms of total state revenue in relation to personal income. The chief source of the new revenue, the state sales tax, increased from 3.5 to 4 percent and when combined with the local one percent is still lower than the combined state and local sales taxes in all states utilizing a sales tax other than Hawaii.

The other source of additional revenue, the cigarette tax, will go from the Nation's lowest at 2.5 cents per pack to 30 cents per pack on July 1, 2005. Even with that increase, Virginia's cigarette tax will remain less than that in 40 other states. The median tax on a pack of cigarettes is 60 cents with the high being New Jersey at \$2.05 per pack.

Governor Mark Warner and Senator John Chichester deserve the recognition they have received. They provided leadership to restore fiscal integrity to Virginia while ensuring that the Commonwealth's citizens have one of the lowest tax burdens in the Nation.