

ADDRESS
of
LINWOOD HOLTON
GOVERNOR
TO THE
GENERAL ASSEMBLY
WEDNESDAY, JANUARY 12, 1972



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Commonwealth of Virginia
Department of Purchases and Supply
Richmond
1972

ADDRESS
of
LINWOOD HOLTON



Mr Speaker, Mr. President, Distinguished Members of the General Assembly of Virginia, Ladies and Gentlemen:

I am here today to help you chart a course for the Commonwealth of Virginia for the next two years—a course that may well affect the lives of future generations of Virginians. We assemble at a time of high expectations for our Commonwealth. Never have our people been more prosperous, our prospects more promising. Nevertheless, to continue our prosperity and realize our prospects, we must be as bold as we are innovative, as receptive to change as we are determined not to be overwhelmed by it. On this twelfth day of January 1972, I ask you to join anew with me in continuing Virginia's progress.

Before looking ahead, I cite very briefly one past achievement. The Governor's Management Study was undertaken in 1970 by a distinguished group of Virginians who volunteered their services and contributed the funds for their staff and consultants and the printing of their report. I am pleased to report to you that, in the area of implementation of the study which could be accomplished by executive action only, there have been savings to the citizens of the Commonwealth of more than sixteen million dollars. These savings are in the form of annual savings, additional annual income, or one-time cost avoidances. But the dollars saved for the taxpayers are savings in fact, and documentation of these savings is available for examination in detail by any interested citizen.

During the past year, recommendations of the Governor's Management Study for legislative action have been studied and considered by a special committee of the General Assembly. I suggest to you, and I hope that the committee will recommend, that additional substantial savings for the taxpayers of Virginia can be effected by legislation which you can pass at this session of the General Assembly.

The Management Study team, however, did not limit itself to savings alone. Of paramount importance, its authors stressed, was governmental reorganization—how to make state government more effective, more efficient, and, above all, more responsive to the demands and needs of our people. Indeed, I believe that the recommendation of the Management Study for the establishment of five Governor's Deputies—a Governor's Deputy of Finance, a Governor's Deputy of Education, a Governor's Deputy of Human Affairs, a Governor's Deputy of Commerce and Resources, and a Governor's Deputy of Transportation and Public Safety—is the heart of all the proposals in this extensive and valuable report.

Today there are more than 150 departments, agencies and institutions in the Executive Branch with 30 to 40 major department heads reporting directly to

the Governor. In addition, there are perhaps 100 more officials reporting to him in theory.

We must secure what the Management Study called "badly needed" control of the Executive Branch. We must end the piecemeal proliferation of state departments and agencies. We must guarantee that our Executive Branch does not become a massive and unwieldy organization.

The Governor's Deputies would exercise and manage functions in a manner similar to that of the executive head of a large operating division of a corporation, subject, of course, to limitations imposed by law. By creating this executive team, we can bring into focus the governmental services required now and in the future, and we can effectively administer such services.

Let me point out, too, that this proposed reorganization of the Executive Branch does not increase the power of the Governor. It merely enables the Chief Executive to exercise effectively the authority already granted to him by our Constitution, an authority which the people of Virginia expect him to exercise.

Another major recommendation of the Management Study, which will provide lasting, continuing benefits to the taxpayers of the Commonwealth, calls for the addition of management engineering specialists to the Division of the Budget. There is today no continuing assistance from the Governor's Office to the various agency heads in the day-to-day management of their operations.

The proposed management engineering specialists could conduct inter and intra agency organization studies and perform management and operational audits as directed by the Governor. They could conduct cost effectiveness studies, program accomplishment evaluations, and supplement the budget examiner staff during the preparation of the budget.

These officials will pay for themselves many times over—in fact, the Management Study estimates they could attain some \$5 million annually in savings—by avoiding duplications, effecting savings, and ensuring better governmental service to the people of Virginia. Accordingly, I have placed funds in the executive budget to staff this new section of the Division of the Budget.

ENVIRONMENT

Since the day of my inauguration, environmental protection and improvement have been major goals of this administration. Through the Council on the Environment, we have begun to coordinate the various programs to control and conserve our natural resources so as to ensure the enjoyment of those resources for all present and future Virginians.

We have provided funds for the construction of municipal waste treatment plants to clean our polluted waters, thereby ameliorating an existing evil and providing leadership for our communities and our sister states. We have created an effective set of air pollution recommendations under strengthened statutes passed by the General Assembly, and we have sought to administer them both firmly and fairly. To continue these vital pollution programs, I shall recommend additional funds in the executive budget which will be submitted to you tomorrow.

Above all, we have come to realize that, if our environment is to be preserved, the problems which we have succeeded in identifying must no longer be dealt

with in a haphazard fashion. I, therefore, offer for your consideration several proposals.

I propose the consolidation of the Air Pollution Control Board, the State Water Control Board and the Division of Water Resources into a Department of Natural Resources to serve as an "umbrella" organization to coordinate our environmental efforts. This department would have the capability to balance the environmental and economic values for the benefit of all. It would have the basic competence to meet the present and future challenges to our environment. It would be responsible for developing and maintaining a comprehensive and coordinated environmental policy for the Commonwealth. It would serve as the principal advisor to the Governor, other departments, and the General Assembly upon matters pertaining to the environment.

Just as our air and water are vital to our well being, so is the land of this Commonwealth, which we all share and love. In this area, I will submit for your consideration a land use policy act. It would establish the procedure for the implementation of a land use policy for the Commonwealth through the localities and the planning districts. It would assign to the Division of State Planning and Community Affairs the responsibility for developing the necessary criteria to ensure that the policy is, in fact, followed. I recognize the validity of the arguments about local control over land use, and about the restrictions on an individual's use of his own land. Nonetheless, I think all will recognize as well the need to avoid the tragic fate which has enveloped so much of the north-eastern United States as a result of haphazard and inadequately planned land development.

Related to overall land use is the all-important question of the location of future power plants and transmission facilities. Requirements for electric energy are increasing every day and our economic development and standard of living are dependent upon the availability of energy. At the same time, however, environmental costs and effects must be balanced with economic benefits. Accordingly, I propose that the Department of Natural Resources apply its expertise to proposals for power sites and make appropriate recommendations to the State Corporation Commission which would be required to consider the environmental factors in reaching a decision about a new site.

I further recommend very strongly that you give favorable consideration to the substantial amounts recommended in the executive budget for park land acquisition and development. The amount I have recommended will not acquire much more than half of the park land that it would have acquired if similar appropriations had been made in the last two biennia. The same sum appropriated two or four years hence will not acquire as much park land for our citizens as will the appropriation now of the amounts I have recommended. The costs of land, in an increasingly urban society, where park lands are more urgently needed every day, increase more rapidly than practically anything else. So, I urge you to act now.

HOUSING

I am pleased that the Virginia Housing Study Commission has made recommendations which will rely basically upon private capital and private enterprise to overcome the deficiencies which have resulted in approximately one third of our people living in substandard housing. Much encouragement will be given to

the private building industry by the adoption of a uniform state building code, and I join in that recommendation of the Housing Study Commission.

Moreover, I have placed in the executive budget the sum of \$300,000 for the "start up" funding of the State Housing Development Authority as recommended by this Study Commission. Experience in other states indicates that such an authority gives substantial impetus to the construction of middle and low cost housing units. Since it takes advantage of private funds, it *will not* create a continuing expense to the taxpayers.

The Housing Study Commission also proposed the creation of a State Department of Housing. Such a department may ultimately have to be created. I believe, however, that the Division of State Planning and Community Affairs is presently equipped to handle the functions of a Department of Housing. The planning division can, in all likelihood, handle these responsibilities without additional expense. I recommend that it be given the authority to do so. And I concur in the recommendation that the Housing Study Commission be continued for an additional two years to assist in the development of this new program, to observe and appraise its operations, and to make further recommendations to you and the Governor prior to the January 1974 session of the General Assembly.

EDUCATION

The State Board of Education has adopted exciting new "Standards of Quality" for public education pursuant to the requirements of our revised Constitution. These new standards particularly emphasize carefully planned kindergarten programs throughout the state, opportunities for some of our handicapped children in the areas of special education, and vocational programs in public education for those who may not expect to attend college. They have required a substantial portion of the increases which are included in the executive budget for the 1972-74 biennium. Nonetheless, the budget recommendation in my judgment will enable us to progress throughout the Commonwealth toward the high quality education which the revised Constitution requires.

The budget will also provide only for the minimum anticipated enrollment increases for our four-year educational institutions and for the community colleges. There are no frills, no programs not previously approved. We have provided only for the increased enrollment of our qualified high school graduates in these institutions of higher learning. I wish we could do more, but I insist that we can do no less.

I am intrigued, as I understand some of you are, by the proposal to expand a state scholarship program to permit more of our deserving Virginia students to attend college either at publicly or privately supported institutions of higher learning. The benefits would include assistance to some of our great private institutions which suffer today from the disparity between their own tuitions and those of the publicly supported institutions. Then, too, of particular interest to us as leaders in state government would be the obvious economy from the use of now vacant seats in privately supported colleges as alternatives to building new classrooms and other facilities in public institutions. I suggest that we consider this idea together, and I believe that, of the alternative courses, the best one is probably the plan recommended by the Virginia Advisory Legislative Council pursuant to House Joint Resolution No. 10 of the 1970 Session of the

General Assembly. The plan would create an instrumentality which could receive appropriations, from the state or federal governments, and distribute the funds to individual students based on their financial need.

Since there is a possible constitutional obstacle to such a program, I suggest that the enabling legislation be passed and that a modest sum be appropriated for it. The arrangements could be made to test its constitutional validity during 1972; and, if we are fortunate enough to receive additional revenues from general revenue sharing, or other sources this year, more substantial appropriations could be made by you in the regular session in 1973.

MENTAL HEALTH

In the area of mental health, one solution—the community approach—stands out above all others. By the community approach, I mean the participation by the state and its localities in joint mental health programs. Indeed, such community participation is imperative if we are to improve our mental health services, provide the highest degree of care at the lowest possible cost, and meet the needs of our fellow Virginians.

Community help for people with mental problems is, of course, the goal of our Chapter 10 program. This program of state-local matching grants to finance mental health care at the local level has been an outstanding success thus far.

We cannot, however, afford to slacken our efforts now. There are still too many of our mental patients institutionalized and there is still so much more that can and must be done at the local level.

For this reason, we are requesting a \$5.6 million appropriation to finance the Chapter 10 program in the coming biennium, with \$3 million allocated for the operations of local mental health boards and \$2.6 million for the construction of community mental health centers. Surely, there can be no doubt today that successful mental health care, like charity, best begins at home.

Equally indisputable is this fact: our greatest need today in the field of mental health is for more trained personnel. I therefore concur with the Commission on Mental, Indigent, and Geriatric Patients in recommending that we should establish Psychiatric Institutes. Accordingly, I have included planning funds for such an institute at the University of Virginia Medical School. Similar funds have been previously authorized for the Medical College of Virginia.

PORTS

Amazing progress has been made toward true unification of our port facilities and toward development of the full potential of our natural resource at the Port of Hampton Roads. You have funded the acquisition by the Virginia Port Authority of municipal facilities formerly owned by the cities of Portsmouth and Newport News. The agreement recently approved by the Norfolk Port and Industrial Authority and by the Virginia Port Authority, if approved by the city of Norfolk and implemented, will put all of our major ports facilities under a unified and coordinated management. This unification will enable us for the first time in our history to develop the job opportunities throughout the Commonwealth that this great natural resource should have provided for us for generations, and I recommend that you support the funding for this important development.

PENAL REFORMS

As in mental health, the community approach must be applied to our penal system. I believe that it is imperative for Virginia to shift the emphasis from incarceration in large traditional penitentiaries to the development of community-based programs in smaller, specialized state institutions, all of which will seek to rehabilitate offenders as productive members of society.

The Department of Welfare and Institutions has proposed a ten-year program in youth services and a 15-year program in corrections. I commend to you for your careful consideration the legislative proposals embodied in these programs, with their increased emphasis on the "corrections" aspect of dealing with those who have broken the law. To further improve our correctional system, we have requested funds which will improve the work schedules for correctional employees. We are seeking various improvements in the medical care programs for inmates as well as improved training and rehabilitation programs. We recommend an extension of our regional juvenile detention homes and our Juvenile and Domestic Relations Court programs. We are also requesting funds to acquire the land and prepare the working drawings for a 400-man maximum security institution.

Our efforts to deal with the problem of crime should emphasize prevention rather than detention. Nevertheless, we must see that those detained in prison are rehabilitated so that they become productive members of our communities rather than continuing problems for them.

WELFARE

I recommend that the state continue to reimburse localities for the local share of federally assisted welfare programs. I am anxious, as I am sure you are, that we provide necessary financial assistance and services for those of our citizens who are truly in need. But, I am equally anxious, as I am sure you are, that the welfare rolls not be abused or misused. I have supported efforts at the federal level to reform existing welfare programs, and our Department of Welfare and Institutions has made every effort to see that our funds go only to those truly in need.

Nonetheless, public confidence in these welfare programs is lacking. I would therefore specifically ask that you appoint a commission to assess and review possible welfare reforms that may be available now, or that may become possible and constitutional under future court decisions. We thus will be in a position promptly to recommend true reform in our welfare system at the earliest opportunity.

DRUG ABUSE CONTROL AND CRIME PREVENTION

The relationship between the abuse of drugs and the hand of organized crime in supporting that abuse is all too clear. Virginia's problems are growing more serious, although we are not yet plagued by the epidemic of criminal drug abuse raging through more urban states. Moreover, with the creation of the Council on Narcotics and Drug Abuse in 1970, our state agencies began a coordinated offensive against these twin menaces. We are now reaching a point where our efforts can be solidified through rehabilitation, education, and law enforcement. To continue our progress, and to ensure the Council's effectiveness in the coordi-

nation of state and local activities, I propose that its power and duties, which are presently defined by executive order, be incorporated into the Code of Virginia.

To continue this broad-scaled approach, I am recommending about \$5 million in general fund appropriations to finance such undertakings as methadone programs, rehabilitation, and expanded efforts by the Department of State Police to combat the illicit traffic of hard drugs. In addition, in this area, you will receive next week the final recommendations of the Virginia State Crime Commission, and you have already received the report of its Organized Crime Detection Task Force. I am certain the Commission's recommendations will receive your most careful consideration.

Certainly, the conquest of drug abuse and crime is a matter on which we all agree. Let us continue the bipartisan effort we have successfully begun to cleanse our state of both.

TRANSPORTATION

A prime priority to which we must address ourselves is the ten-year program for continued construction of adequate highways as recommended by the State Department of Highways and the State Highway Commission.

It alarms me to hear talk of a compromise on this program. The need is there, and the public demand is felt by all of us in the almost daily letters we receive asking for better highway services. We must provide them. Face this problem squarely and let it be resolved. If you compromise to a 1¢ increase in the fuel tax now, I predict that you will simply have to face the experience of raising the tax on two occasions; each will be equally agonizing. Do it once and get it behind you!

By approving the 2¢ increase, we can also provide greater assistance to our urban areas in meeting their transit problems. For example, we can provide funds for more innovative solutions to rush hour congestion. A change in the formula for distributing highway funds will make vehicle registration a new criterion for localities to receive such funds, and this change will be of great benefit to our metropolitan areas. If these areas are to survive and thrive in the years ahead, we must provide now for adequate and attractive transportation systems.

As with the fuel tax increase, I urge you to face squarely, too, a two-step program of our Division of Highway Safety. There is no excuse for not reducing the blood alcohol content from .15 to .10 for establishing a presumption of driving under the influence of intoxicants, or for failing to permit the use of an improved breath test to determine possible intoxication. If we can remove drunken drivers from our highways, we can save lives needlessly lost—it's just that simple!

STATE EMPLOYEES

Our state government is essentially a service organization, and its vital services are provided by employees, largely unsung, whose compensation must be reasonably competitive with private business if we are to retain the high quality of performance our citizens desire. Therefore, funds are included in the budget recommendations for a long-needed hospital-medical insurance plan for employees and for basic pay adjustments.

ADDITIONAL RECOMMENDATIONS

Clearly, there are many other needs to which you must address yourselves during this session, and I cannot give them in this message the proper attention they individually merit. I would, however, like to touch upon some of these needs.

A Virginia Advisory Legislative Council subcommittee has recommended a modified no-fault automobile insurance plan, and I suggest that you look favorably upon this recommendation. The concept of no-fault insurance is an idea whose time has come. It will mean more rapid payments for insured accident victims, regardless of fault; and it will provide for a more equitable distribution of payments for those injured in accidents. At the same time, however, the right to sue a negligent driver is retained, thereby maintaining the present legal rights of an individual. And this plan will reduce court congestion.

There is no question about the public's desire in this state and elsewhere for no-fault insurance, and we should accede to that desire.

In addition, there have been numerous other valuable VALC studies with legislative recommendations. For example, the Court System's Study Commission has produced an excellent program for revamping and revitalizing our courts, thereby accelerating the wheels of justice. I trust you will act favorably on its recommendations, which, in general, I strongly support.

We have made considerable progress in the area of consumer affairs in the past two years. The report of the Consumer Credit Study Commission will undoubtedly indicate other areas in which action may be required, including that of non-profit debt counseling. The VALC study of retail franchising in Virginia also merits your consideration.

I have previously commented on the necessity for preserving our natural resources, but I would like to commend the Wetlands Resources Study Commission for its report and request that you seriously consider its recommendations and also those of others interested in this question. I hope, too, that you will look favorably on any proposals to preserve and enhance our marine resources.

It has been proposed that we increase the membership of the State Corporation Commission from three to five members, and I would like to reiterate my support of this proposal. The workload of the Commission has increased to a point where it must have additional membership if it is to function effectively. I also hope you will consider the proposal for conducting a management study of the Commission similar to the one already done for other state agencies and similar to those done on a regular basis for many business organizations smaller than the SCC.

Our record in the area of state library services has been nothing short of appalling, and I will in my budgetary requests seek additional funds for the development in localities of adequate library systems. While I cannot provide as much financial support as I would like, we must provide more than our libraries have received in the past.

REVENUES

As you may well imagine, the subject of state revenues has been one involving hours, and indeed months, of work as we have prepared the 1972-74

executive budget. I would like now to discuss with you the conclusions we have reached.

In the preparation of this budget, we have, in view of the massive financial needs of the Commonwealth, sought appropriations only for the minimum requirements in the various areas of governmental service. We have, therefore, made substantial reductions in nearly every agency request for maintenance and for capital outlay.

Now, I insist, as strongly as I know how, that the revenue projections we have used are utterly realistic. There is no padding, no hidden expectancy. I firmly believe that funds paid to the state by taxpayers should be put to use as soon as possible—to help meet urgent needs and to offset additional expenses that inevitably are incurred because of increased costs during periods of delay.

This is, in my judgment, the truly conservative approach. The alternative of keeping a “comfortable balance” not only results in unmet needs; it is also a simple waste of money.

Even though we have recommended the minimum appropriations to meet necessary operations of a state which is truly responsive to the needs of its people and even though we are using utterly realistic revenue projections, we find ourselves short of funds to meet those needs by about \$200 million.

I am, thus, in a position which Governor Godwin foresaw in his message to the General Assembly on January 10, 1968. After noting that he had tapped every source of revenue available for the 1968-70 biennium, and after recommending the use of large portions of a one-time windfall for recurring expenses because “the only alternative was to raise taxes,” Governor Godwin said: “I feel constrained to add that it is highly unlikely the next Governor of Virginia will have that option (of not raising taxes).”

Governor Godwin was right for a number of reasons, and I would like to set them forth at this time. As you know, our state agency heads requested capital outlay projects costing more than \$400 million from the general fund. I deny that these requests were unrealistic, particularly since very little was allocated for capital outlay in the 1970-72 budget. Rather, they were simply requests by conscientious agency heads for needs as they saw them.

It was my conclusion that we could not meet the total capital outlay requests, but we cannot entirely ignore them either. I, therefore, commend to you most earnestly the approximately \$126 million in capital outlay appropriations from the general fund that will be spelled out to you in detail in the executive budget.

Another reason we must ask for new funds is the importance of continuing our progress in education. We have developed a momentum in higher education which cannot be stopped without denying to some of our young people the opportunities that we have begun to provide for others. Moreover, we have made a commitment to quality education in our public school system for every young Virginian regardless of where he may live.

A third reason we must raise new funds is because we have decided to face frankly the needs of the mentally ill and mentally retarded, including the provision of decent housing for these unfortunate citizens.

A major reason that I must ask for additional revenues is because we are increasing our financial aid to our sorely pressed localities. The proposed budget

provides for state aid to the localities from the general fund of more than \$1.4 billion—an increase of \$362,643,915, or 34 per cent. This aid will benefit local public schools, reduce local welfare costs, and help finance improved mental and public health services.

Finally, we must now seek new revenues for this reason: In the past few years, we have spent approximately \$400 million from so-called “windfalls,” the proceeds of a bond issue, and a number of large surpluses in order to meet some of our needs. The common characteristic of such funding is that it does not recur.

For example, with a windfall, you can build a classroom building at a community college. It is a one-time source of revenue and a one-time expenditure. The teachers, however, who teach in that community college classroom come back every month for their salaries. The windfall does not come back to pay them. We have also used one-time revenue items to pay recurring expense items, as Governor Godwin candidly stated in that same message of 1968.

Thus, we have come to a point in our history where, in my judgment, we must provide additional revenue sources—revenues which will come back again and again to help us pay for the progress our people desire and deserve.

My proposal for new revenue sources will not catch up on all unmet needs during one biennium. My proposal will, however, enable us to make a start toward catching up. It will enable us to pay those recurring bills which come from expanded programs in education, mental health, and expanded, continuing aid to the localities on a reliable basis. And my proposal will enable those of you who will serve here after I am gone to continue the catching-up process on needed capital improvements which must now be postponed.

I therefore propose that you adjust state income tax rates as follows: Apply a 2 per cent tax to the first \$2,000 of taxable income; apply a 3 per cent tax to the next \$3,000 of taxable income; apply a 6 per cent tax rate to taxable income in excess of \$5,000; and increase the rate of income tax on corporations from 5 per cent to 6 per cent on all of their taxable income.

These changes should be made applicable to 1972 incomes, and they will produce in the biennium additional revenues to the Commonwealth of approximately \$200,000,000. Their impact on programs for the benefit of our citizens will be significant.

Fortunately, however, because we have gone to the tax reporting system which conforms to the federal income tax law, and because of recent tax reductions in the federal income tax, the net result will be a tax reduction for some lower income families, and the impact on the remaining lower income families will not be unduly burdensome.

A table will be attached to your copies of this address showing the effect of the proposed tax changes on given types of taxpayers. But I would point out that an individual over 65, with an income of \$5,000, would pay \$9.50 less under my proposal than he was paying the Commonwealth under the old rates and before we adopted the conformed reporting system. A man and wife with two children, and an income of \$5,000, would pay \$17 less under my proposal than they were paying before we went to the conformed system of reporting.

The gain for the Commonwealth, of course, is in the higher brackets. But the impact on upper income families would be reduced somewhat because they would normally be expected to itemize their deductions on their federal returns, and our state tax is a deductible item for federal income tax purposes.

Let me discuss one additional tax proposal which has received a great deal of attention—additional tax powers for the localities. First, I remind you that the localities of Virginia will receive substantial additional monetary aid if you adopt the executive budget. If, nonetheless, the localities show a need for yet more funds, I recommend that they be granted an option, exercisable only by all of the governments in a given regional planning district, to increase the sales tax in their respective jurisdictions by 1 per cent. I recommend that the revenues from this increase be allocated only for regional projects approved by the planning district commissions.

This would, in my judgment, supply an important stimulus to our localities to effect the economies which can come from solving regional problems on a regional basis. It would bring about regional facilities such as landfills, water systems, sewage plants, and solutions to regional traffic problems without duplication and waste.

Emphasis should be made that regional projects can be undertaken by contracts signed by the participating governments, by creation of an authority, and perhaps by other methods as well as through the device of service districts.

In another area involving local finances, there is a great need for property tax reform in Virginia because there are now inequities in the way this tax is levied. This is an extremely complex problem, but we must guarantee that everyone pays only his fair share of his local property tax. In view of the complexities of this problem, I propose the creation of a legislative study commission to examine the inequities of local property taxes and to submit its recommendations to the 1973 session.

VIRGINIA TOMORROW

“All things excellent,” wrote the Dutch philosopher, Spinoza, “are as difficult as they are rare.” This is a maxim by which we can guide ourselves in the weeks ahead. Let excellence be our goal, and let the difficulties in attaining that rarity neither discourage nor deter us.

In far too many quarters today, state government is derided, rejected, and even pronounced dead. Part of this criticism is unfounded, but we must candidly admit that there have been failures of state governments to meet their legitimate responsibilities. Our forefathers, with Virginians prominent among them, conceived our federal system with its distribution of responsibilities between the local, state and federal governments. Now you ladies and gentlemen, chosen by your fellow Virginians to lead them, can demonstrate that this federal concept is still as vital today as it was when it was adopted in 1787.

You have the opportunity to make Virginia an example for the nation of the continued viability of our democracy. You can show by what you do here in this session that state government is responsive and responsible.

You can point the way toward tomorrow, a tomorrow in which the federal system will be restored to its proper balance. You can build a Virginia in which our children and our children's children will be proud to live. By so doing, you can write a notable—and noble—chapter in the long and illustrious history of our state.

**TYPICAL TAXPAYERS, TAX LIABILITY UNDER PRECONFORMITY
AND PROPOSED CONFORMITY WITH THE \$1,300
MINIMUM STANDARD DEDUCTION**

Adjusted Gross Income ^a	Preconformity	Proposed Conformity With a 6 Percent Top Rate	Change from Preconformity to Proposed Conformity	
			Amount	Percent
<i>Individual Under 65</i>				
\$ 3,000	\$ 37.00	\$ 22.00	\$ -15.00	-40.5
5,000	82.50	73.00	-9.50	-11.5
7,500	176.25	166.00	-10.25	-5.8
10,000	295.00	304.00	+9.00	+3.0
15,000	470.00	574.00	+104.00	+22.1
20,000	685.00	832.00	+147.00	+21.4
<i> Couple Under 65^b</i>				
\$ 3,000	17.00	10.00	-7.00	-41.2
5,000	55.00	55.00	..	..
7,500	126.25	130.00	+3.75	+3.0
10,000	245.00	268.00	+23.00	+9.4
15,000	420.00	538.00	+118.00	+28.1
20,000	635.00	796.00	+161.00	+25.4
<i>Family of Three^b</i>				
\$ 3,000	11.00	..	-11.00	-100.0
5,000	49.00	38.00	-11.00	-22.4
7,500	114.75	112.00	-2.75	-2.4
10,000	230.00	232.00	+2.00	+0.9
15,000	405.00	502.00	+97.00	+24.0
20,000	620.00	760.00	+140.00	+22.6
<i>Family of Four^b</i>				
\$ 3,000	5.00	..	-5.00	-100.0
5,000	43.00	26.00	-17.00	-39.5
7,500	105.75	94.00	-11.75	-11.1
10,000	215.00	196.00	-19.00	-8.8
15,000	390.00	466.00	+76.00	+19.5
20,000	605.00	724.00	+119.00	+19.7
<i>Family of Five^b</i>				
\$ 3,000	..	..	..	..
5,000	37.00	14.00	-23.00	-62.2
7,500	96.75	76.00	-20.75	-21.4
10,000	200.00	160.00	-40.00	-20.0
15,000	375.00	430.00	+55.00	+14.7
20,000	590.00	688.00	+98.00	+16.6

**TYPICAL TAXPAYERS, TAX LIABILITY UNDER PRECONFORMITY
AND PROPOSED CONFORMITY WITH THE \$1,300
MINIMUM STANDARD DEDUCTION (cont'd)**

Adjusted Gross Income ^a	Preconformity	Proposed Conformity With a 6 Percent Top Rate	Change from Preconformity to Proposed Conformity	
			Amount	Percent
<i>Family of Six^b</i>				
\$ 3,000	..	..	..	..
5,000	\$ 31.00	\$ 2.00	\$-29.00	-93.5
7,500	87.95	58.00	-29.95	-34.0
10,000	185.00	127.00	-58.00	-31.4
15,000	360.00	394.00	+34.00	+9.4
20,000	575.00	652.00	+77.00	+13.4
<i>Individual Over 65</i>				
\$ 3,000	25.00	10.00	-15.00	-60.0
5,000	64.50	55.00	-9.50	-14.7
7,500	146.25	130.00	-16.25	-11.1
10,000	265.00	268.00	+3.00	+1.1
15,000	440.00	538.00	+98.00	+22.3
20,000	655.00	796.00	+141.00	+21.5
<i>Couple Over 65^b</i>				
\$ 3,000	..	..	..	..
5,000	31.00	26.00	-5.00	-16.1
7,500	87.75	94.00	+6.25	+7.1
10,000	185.00	196.00	+11.00	+5.9
15,000	360.00	466.00	+106.00	+29.4
20,000	575.00	724.00	+149.00	+25.9

^a All income is assumed to be in the form of salaries and wages. Figures assume that taxpayers making \$10,000 or less take the standard deduction (i.e., under preconformity 5 percent up to \$500, and under present conformity the \$1,300 federal minimum standard deduction and the 15 percent up to \$2,000 federal maximum standard deduction that will be effective in 1972), those making \$15,000 have deductions of \$2,000 (i.e., under preconformity that they itemize and under present conformity that they take the maximum standard deduction), and those making \$20,000 itemize deductions in the amount of \$2,700.

^b It is assumed that joint returns are filed.

