

# How Key Tax Proposals Would Improve Affordability in Virginia

As lawmakers consider budget proposals, several options would cut taxes and boost income for most families, including increasing Virginia's refundable Earned Income Tax Credit to 25% of the federal credit, a refundable child tax credit, ending the grocery tax, a larger standard deduction, and a Fair Share tax.

The largest benefits go to lower- and moderate-income families with children — most affected by rising costs. Other middle-income households still see some savings, and the wealthy would pay their fair share.

## Example Families: Topline Income Impacts

Household	Income situation	Estimated change
Single parent, 3 children	Average home health aide salary in Virginia	+ \$1,115
Couple with toddlers	One earner household, average baker salary	+ \$1,314
Mid-career public workers	Two average Virginia public-sector salaries	+ \$226

*Illustrative households; individual impacts vary  
Assumes a \$15/18/20k standard deduction*

## Where the Savings Appear

### Marcie

is a home health aide making the average salary in Virginia (\$31,430) and mom to three children, ages 4, 7, and 12.

Eliminating the **grocery tax** saves Marcie about **\$71,\*** and the larger **head of household standard deduction** lowers taxes by roughly **\$327**.

The biggest boost to income comes from a **\$400 child tax credit** and an additional **\$317** from **increasing the refundable EITC** from 20% to 25%.

### Scott & Richard

have twin two-year olds. Scott makes the average salary for a baker (\$34,410), while Richard cares for the children.

A larger **standard deduction** lowers their taxes by about **\$125**, and eliminating the **grocery sales tax** saves roughly **\$73.\***

Most of the change comes from family credits — a one-time **\$800 child tax credit** and about **\$316** from the increased **refundable EITC**.

### Erica & James

both 54, are married and their adult children live on their own. They make average pay as a teacher (\$66,327) and firefighter (\$58,510).

A larger **standard deduction** reduces their taxes by about **\$144**, and eliminating the **grocery tax** saves roughly **\$82**.

**None of these families would pay a Fair Share tax.**

\* Grocery savings reflect taxable food purchase estimates; SNAP-covered groceries are already exempt from sales tax.

## How would a Fair Share tax make life more affordable for these families?

Fixing Virginia's unfair tax code by getting the wealthy to pay their fair share would raise billions of dollars in revenue that the state could invest in our shared priorities.

Investments in transportation could mean that Marcie's mom can more easily take the bus to come watch the children so she can take evening classes.

For Scott and Richard, new revenues could mean moving off the child care subsidy waitlist, and Richard could return to work.

New revenue could mean increased teacher pay, allowing Erica and James to set aside more for retirement and their grandchildren's college funds.