



VIRGINIA IS FOR TAX-LOVERS?

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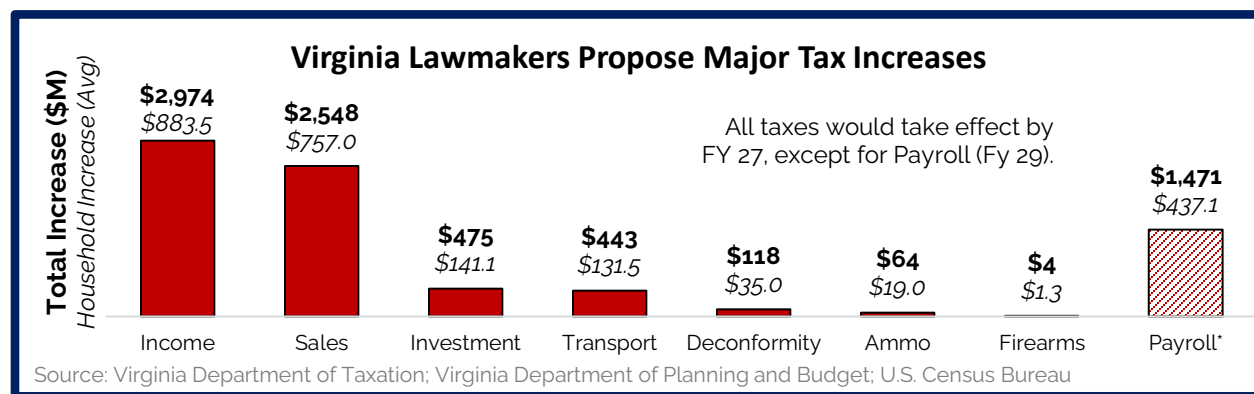
FEBRUARY 18, 2026

**ADVANCING AMERICAN
FREEDOM FOUNDATION**

TOPLINE: Virginia's Democrat-controlled House and Senate are proposing dozens of tax increases, which could cost Virginian families billions of dollars a year in new taxes.

Upwards of \$37 Billion in Potential Tax Increases over 5 Years:

- 7 proposed bills would raise taxes by an **estimated \$6.6 billion in fiscal year (FY) 27**.
- **These tax increases would be more than 300% more** than the previously forecasted growth in VA taxes between FY26 and FY27.
- An eighth tax (on payroll) would go into effect FY 29, when it would raise taxes by an **additional \$1.5 billion** per year.
- **Together, these taxes would raise taxes by more than \$37.2 billion over 5 years (FY 27-31)**, not including other proposed tax increases with no fiscal impact statements.



Proposing New Taxes and Expanding Old Ones:

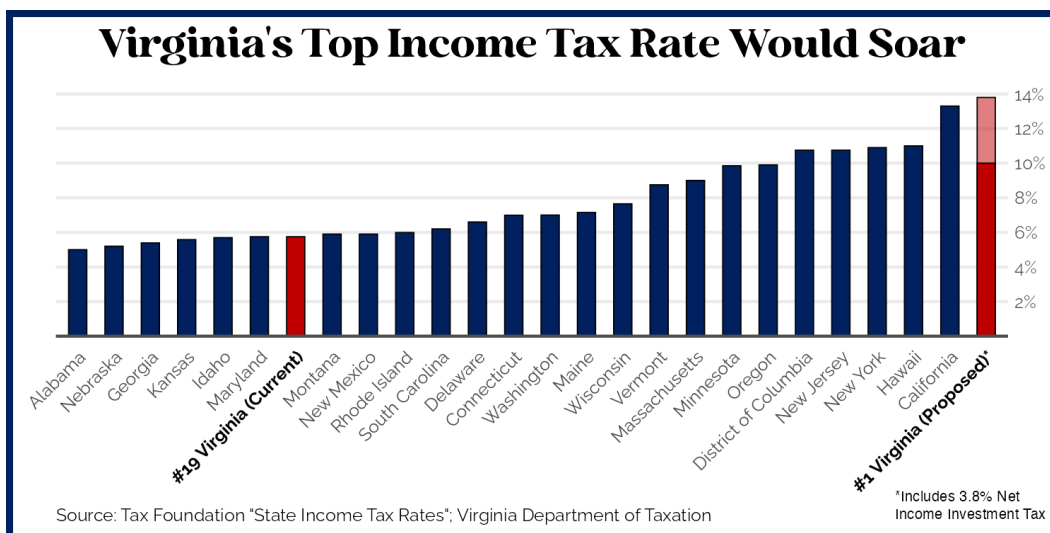
- Create a new 10% top income tax bracket: **HB188 (\$3b)**.
- Reduce the state sales tax rate from 4.3% to 4% but expand the tax to more services, as well as increase the local sales tax in certain Northern Virginia cities and counties, add a retail delivery fee in Northern Virginia, and increase the highway use fee by 30%: **HB900 (\$2.6b)**.
- Establish a payroll tax beginning in FY 29 to fund a family and medical leave program, with the tax rate set annually by the Virginia Tax Commissioner: **HB1207 (\$1.5b)**.
- Create a new 3.8% Net Investment Income Tax (NIIT) on certain investment income that would apply on top of the regular income tax: **HB378 (\$475m)**.
- Create a regional sales tax; impose a statewide flat fee on retail deliveries; add a 4.3% tax on certain transportation revenues; add a regional parking tax; and increase the highway use fee by 30%: **SB638 (\$443m)**.
- Impose a constitutionally questionable 11% tax on manufacturers' firearm and ammunition gross receipts: **HB1094 (\$64m)**.



- Change VA's tax code to conform less to the federal tax code, making state taxes more complicated and leading to higher taxes: **SB664 (\$118m¹)**.
- Impose a \$500 excise tax on sales of firearm silencers: **HB207 (\$4m)**:
- Some of the other proposed tax increases include: a tax on [fantasy football](#) and other contests, a tax on [plastic bags](#), a local [lodging](#) tax, a local tax on [admission](#) to events, taxes on [data centers](#) and data center [equipment](#), higher taxes on [loss-making companies](#), other [local sales taxes](#), local taxes on [land](#), a tax on utilities, and an extension of a tax on [peanuts](#).

Virginia's Top Income Tax Rate Could Soar to #1 in the Nation

- VA's top income [tax rate could increase](#) from 5.75% to 13.8%.
- VA is currently a top-20 state for income taxes. This change would instantly catapult VA to the highest effective tax rate of any state.
- The proposed income tax hikes would take nearly \$3.5 billion more per year out of the hands of Virginia's families and taxpayers.



High Taxes Drive Unaffordability

- The 3 states with the highest top income tax rates are also among the top-5 states for [highest costs of living](#).
- High top-rate income taxes hammer small and midsize pass-through businesses, and those costs show up as higher prices for consumers.
- High-tax California and New York lost [2 million](#) residents who moved to other states in just over 3 years.
- High-income individuals are especially likely to flee from high taxes.
- In 2024 earners with incomes over \$100,000 accounted for [78% of Virginia's total income tax](#) liability. Losing those high contributors could reduce tax collections and trigger further hikes to make up the difference.

BOTTOMLINE: Virginia's new Governor, Abigail Spanberger, campaigned on affordability but the bills proposed in the Virginia General Assembly would saddle Virginians with higher taxes and higher costs.

¹ Includes FY26 rollover.

