

Senator Houck Reports From Richmond  
Week of March 6, 2006

While the Senate has pledged to fund a sustainable resource for transportation dollars, we also have pledged to provide tax relief to all Virginians. As a member of the Senate Finance Committee and a recent appointee to the Budget Committee of Conference, I am able to play a key role in passing tax relief legislation. Let me address some of the key tax relief legislation that passed the Senate.

*Death Tax Cut*

It provides for deaths occurring on or after December 31, 2006, a tax in the amount of the federal credit shall be imposed on the taxable estate of a citizen only if the estate exceeds \$10 million. The tax will not be imposed if the majority of the assets are an interest in a closely-held business or working farm. This tax cut will provide relief to citizens who fear losing their families' farms and small businesses after the death of family member.

*Income Tax credit for purchase of long-term care insurance*

This legislation enacts a credit against individual income taxes for certain long-term care insurance premiums paid during the taxable year. The amount of the tax credit shall equal ten percent of the amount paid during the taxable year by the individual in long-term care insurance premiums for himself. The credit will be available beginning in tax year 2006. Any unused credit may be used for the next five years.

*Sales and Use Tax Exemption for School Supplies*

This legislation provides a sale and use tax exemption for a three-day period each year beginning on the first Friday in August for school supplies, clothing, and footwear. School supplies include, but not limited to, calculators, notebooks, pens, and pencils. Additionally, the bill authorizes dealers to absorb the sales and use tax on all other items sold during the same time period and thereby relieve the purchasers of the obligation to pay such tax.

*Retail Sales and Use Tax Exemption for Veterinary Medicines*

This bill, which I introduced, exempts from sales and use tax medicines and drugs that are used by veterinarians in treating agricultural production animals. It also exempts medicines sold to farmers for direct use in producing an agricultural product for market and used by a veterinarian for agricultural production animals and dispensed or sold on prescription by the veterinarian.

As always, if you have any questions or comments, please do not hesitate to contact my office. I can be reached via e-mail at [district17@sov.state.va.us](mailto:district17@sov.state.va.us) or via telephone at (804) 698-7517.