

002390924

HOUSE BILL NO. 277

Offered January 12, 2000

A *BILL to amend the Code of Virginia by adding in Chapter 3 of Title 58.1 an article numbered 23, consisting of sections numbered 58.1-550 and 58.1-551, relating to local government revenue resources.*

Patrons—Rust, McDonnell, Albo, Purkey, Suit and Wagner

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 3 of Title 58.1 an article numbered 23, consisting of sections numbered 58.1-550 and 58.1-551 as follows:

*Article 23.**Local Government Revenue Resources.*

§ 58.1-550. *Disposition of revenues; costs of administration.*

A. *For taxable years beginning on and after January 1, 2001, all individual income tax revenues collected by the Tax Commissioner from resident individuals pursuant to Article 2 (§ 58.1-320) of Chapter 3 of this title shall be paid into the general fund of the state treasury. Five percent of such revenues, after refunds have been calculated, shall be transferred monthly by the Comptroller to a special fund entitled "Collections of Individual Income Taxes for Localities," upon certification of such amounts by the Tax Commissioner.*

B. *As soon as practicable after the last day of each calendar quarter, the Comptroller shall pay over and distribute to each county and city the net individual income tax revenues collected in such county or city to be estimated by the Tax Commissioner. The Tax Commissioner shall reconcile such estimates during the month following the close of the fiscal year for those returns on file with the Department for the preceding taxable year.*

C. *The direct costs of state administration of the individual income tax as certified to the Comptroller by the Department shall be deducted on a prorated basis from the distributions to each county and city under subsection B. In determining each county's or city's prorated share of administrative costs, the Comptroller shall apportion the total administrative costs in the ratio which the revenues distributed to each county or city bear to the total net individual income tax revenues.*

D. *Notwithstanding the distributions set forth in subsection B, no distribution of the net individual income tax revenues shall be made to localities unless (i) actual general fund revenues for the fiscal year preceding the fiscal year in which such distributions in subsection B are contemplated to occur exceed the official general fund revenue estimates for such preceding fiscal year, as estimated in the most recently enacted and approved general appropriation act, by at least one percent; and (ii) none of the events listed in subsection C of § 58.1-3524 or subsection B of § 58.1-3536 have occurred.*

E. *If the distributions set forth in subsection B do not occur as contemplated as a result of the conditions described in subsection D, the Comptroller shall disburse the amounts held in the special fund for the fiscal year into the general fund of the state treasury. The distributions shall not occur until the next fiscal year in which all of the conditions described in subsection D are met.*

§ 58.1-551. *Reduction of local taxes.*

In the first full fiscal year in which any portion of the net individual income tax revenues are allocated to counties and cities pursuant to § 58.1-550, the governing body of each county and city shall reduce the rate of its real estate tax, or its real estate and other locally levied taxes, in an amount that will reduce tax revenues in the following fiscal year by an amount equal to the lesser of (i) ninety percent of the net individual income tax revenues allocated to the county or city, or (ii) five percent of real estate tax revenues for such county or city in the tax year immediately prior to the year in which the rates are reduced.

The amount of the tax reduction shall be calculated by subtracting the amount collected at the reduced rates from the amount which would have been collected at the tax rates in effect for the tax year immediately prior to the year in which the rates are reduced. Such reduced rates shall not be raised during the entire tax year for which the tax rates are reduced but may be raised for subsequent tax years.

INTRODUCED

HB277