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## SENATE JOINT RESOLUTION NO. 387

Offered January 10, 2001

Prefiled January 10, 2001

*Establishing a joint subcommittee to study and develop a plan to implement the recommendations of the Commission on Virginia's State & Local Tax Structure for the 21st Century as appropriate.*

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 Patron—Hanger
 

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 Referred to Committee on Rules
 

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WHEREAS, House Joint Resolution 578 (1999) established the citizen Commission on Virginia's State & Local Tax Structure for the 21st Century ("Commission") and directed it to examine all aspects of the state and local tax structure and the proper division of revenues and responsibilities for services between state and local governments; and

WHEREAS, the 2000 General Assembly directed the Commission to include in its review consideration of proposals to (i) eliminate the merchants' capital tax and the business, professional, and occupational license taxes (House Bill 354); (ii) grant fiscal autonomy to elected school boards (House Joint Resolution 105); (iii) change the methods by which merchants remit their state and local sales tax collections (House Joint Resolution 152); (iv) examine the equity of the sales and use tax in the advent of Internet commerce (House Joint Resolution 311); (v) consider changes in the application of the sales and use tax to certain purchases made by federal contractors (House Joint Resolution 158 and Senate Joint Resolution 150); and (vi) evaluate the propriety and fiscal ramifications of providing compensation to merchants for the collection and remittance of local food and meal taxes (House Bill 225); and

WHEREAS, the Commission has completed its charge and issued a report with recommendations to the Governor and the 2001 General Assembly; and

WHEREAS, the Commission's recommendations include policy considerations such as funding education, social services, and transportation and collecting sales, use, property, and income taxes; and

WHEREAS, the General Assembly's review and implementation of the recommendations of the Commission as appropriate may be critical in structuring state and local taxes for the twenty-first century; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That a joint subcommittee be established to study and develop a plan to implement the recommendations of the Commission on Virginia's State & Local Tax Structure for the 21st Century as appropriate. The joint subcommittee shall consist of 10 legislative members as follows: four members of the Senate, to be appointed by the Senate Committee on Privileges and Elections; and six members of the House of Delegates, to be appointed by the Speaker of the House, in accordance with the principles of proportional representation contained in the Rules of the House of Delegates.

In conducting its study, the joint subcommittee shall review the Commission's report and recommendations and, among other issues, focus on (i) a plan to return a portion of the state income tax to the localities or a grant of authority to implement local income tax; (ii) a plan to completely eliminate all tax on personal property; (iii) a plan to expand and protect the sales tax base in the Commonwealth; (iv) a plan to more equitably address exemptions, deductions, and rates for personal and business income tax; (v) a plan to eliminate merchants' capital tax and the business, professional, and occupational license taxes; and (vi) a plan for equitable assumption of state levels of support for education and state mandated services in light of the reforms recommended by the Commission.

The direct costs of this study shall not exceed \$25,000.

The Division of Legislative Services shall provide staff support for the study. Technical assistance shall be provided by the Department of Taxation. All agencies of the Commonwealth shall provide assistance as requested by the joint subcommittee.

The joint subcommittee shall complete its work in time to submit its written findings and recommendations to the Governor and the 2003 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

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