

2004 SESSION

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HOUSE JOINT RESOLUTION NO. 128

Offered January 14, 2004

Prefiled January 13, 2004

*Requesting the Department of Taxation to study all of the state and local sales and use tax exemptions.
Report.*

Patron—Hamilton

Referred to Committee on Rules

WHEREAS, there were originally 23 exemptions created when the state and local sales and use tax was first enacted in 1966; and

WHEREAS, today there are hundreds of organizations that are exempt; and

WHEREAS, with each new exemption the sales and use tax base is narrowed thereby shifting the tax burden to fewer taxpayers; and

WHEREAS, the Department of Taxation studied the exemptions in the past but has not done so in several years; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Department of Taxation is hereby requested to study all of the state and local sales and use tax exemptions.

In conducting its study, the Department of Taxation shall compile data for each of the 10 categories of sales tax exemptions including, when possible, (i) the number (or an estimate) of entities taking the exemptions, (ii) the revenue loss broken down by types of organizations within each of the 10 categories as far as possible, and (iii) any other data it deems helpful in evaluating the exemptions and their impact on revenues. The Department of Taxation shall also describe problems with how the current exemption process works and recommend changes to improve it.

The Department of Taxation shall complete its meetings for the first year by November 30, 2004, and for the second year by November 30, 2005, and the Tax Commissioner shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the next Regular Session of the General Assembly for each year. Each executive summary shall state whether the Department of Taxation intends to submit a document of its findings and recommendations to the Governor and the General Assembly. The executive summaries and the documents shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

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