

## HOUSE JOINT RESOLUTION NO. 75

*Establishing a joint subcommittee to study local incentives provided to private businesses for economic development purposes. Report.*

Agreed to by the House of Delegates, February 8, 2008

Agreed to by the Senate, March 4, 2008

WHEREAS, there are several ways in which a locality is permitted to give grants, tax incentives, and other assistance for economic development purposes to private businesses that locate or expand operations in the locality, including the incentives permitted under the Enterprise Zone Grant Program; and

WHEREAS, some of the criteria for some incentives are restricted to large businesses with large numbers of employees and large amounts of investments; and

WHEREAS, such incentives may place smaller, long-standing businesses at a competitive disadvantage; and

WHEREAS, measurements may be lacking to determine whether the incentives have affected business decisions to locate or expand in the locality; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to study local incentives provided to private businesses for economic development purposes. The joint subcommittee shall have a total membership of 11 members that shall consist of eight legislative members, two nonlegislative citizen members, and one ex officio member. Members shall be appointed as follows: five members of the House of Delegates to be appointed by the Speaker of the House of Delegates in accordance with the principles of proportional representation contained in the Rules of the House of Delegates; three members of the Senate to be appointed by the Senate Committee on Rules; one nonlegislative citizen member who shall be a local government economic development official to be appointed by the Speaker of the House of Delegates; and one nonlegislative citizen member who shall be a small-business owner to be appointed by the Senate Committee on Rules. The Secretary of Finance or her designee shall serve ex officio with voting privileges. Nonlegislative citizen members of the joint subcommittee shall be citizens of the Commonwealth of Virginia. Unless otherwise approved in writing by the chairman of the joint subcommittee and the respective Clerk, nonlegislative citizen members shall only be reimbursed for travel originating and ending within the Commonwealth of Virginia for the purpose of attending meetings. If a companion joint resolution of the other chamber is agreed to, written authorization of both Clerks shall be required. The joint subcommittee shall elect a chairman and vice-chairman from among its membership, who shall be members of the General Assembly.

In conducting its study, the joint subcommittee shall (i) determine all incentives that localities are permitted to provide to private businesses; (ii) evaluate the impact of such incentives on smaller local competitors of the businesses provided incentives; and (iii) evaluate the effectiveness of the incentives that are provided.

Administrative staff support shall be provided by the Office of the Clerk of the House of Delegates. Legal, research, policy analysis, and other services as requested by the joint subcommittee shall be provided by the Division of Legislative Services. Technical assistance shall be provided by the Department of Taxation. All agencies of the Commonwealth shall provide assistance to the joint subcommittee for this study, upon request.

The joint subcommittee shall be limited to four meetings for the 2008 interim, and the direct costs of this study shall not exceed \$8,800 without approval as set out in this resolution. Approval for unbudgeted nonmember-related expenses shall require the written authorization of the chairman of the joint subcommittee and the respective Clerk. If a companion joint resolution of the other chamber is agreed to, written authorization of both Clerks shall be required.

No recommendation of the joint subcommittee shall be adopted if a majority of the House members or a majority of the Senate members appointed to the joint subcommittee (i) vote against the recommendation and (ii) vote for the recommendation to fail notwithstanding the majority vote of the joint subcommittee.

The joint subcommittee shall complete its meetings by November 30, 2008, and the chairman 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 2009 Regular Session of the General Assembly. The executive summary shall state whether the joint subcommittee intends to submit to the General Assembly and the Governor a report of its findings and recommendations for publication as a House or Senate document. The executive summary and the report 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.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may approve or disapprove expenditures for this study, extend or delay the period for the conduct of the study, or authorize additional meetings during the 2008 interim.