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**SENATE JOINT RESOLUTION NO. 353**  
**AMENDMENT IN THE NATURE OF A SUBSTITUTE**  
 (Proposed by the Senate Committee on Rules  
 on February 6, 2009)

(Patron Prior to Substitute—Senator McEachin)

*Establishing a joint subcommittee to study the processes and the accuracy of the distribution of local taxes and state taxes collected by state entities for local governments. Report.*

WHEREAS, the local retail sales and use tax and the communications sales and use tax are taxes collected by state entities the revenues of which are returned to local governments; and

WHEREAS, it is imperative for the financial soundness and budget planning process of local governments that local taxes and other taxes collected by the Commonwealth for local governments are accurately returned to local governments; and

WHEREAS, local governments have incurred significant costs in ensuring that local taxes that are collected by the Commonwealth are being accurately returned; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That a joint subcommittee be established to study the processes and the accuracy of the distribution of local taxes and state taxes collected by state entities for local governments. 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: three members of the Senate, of whom one shall be a member of the Senate Committee on Finance, and one member shall represent a Senate district that has been impacted by the misallocation of local taxes and certain state taxes collected by state entities and returned to local governments, to be appointed by the Senate Committee on Rules; five members of the House of Delegates, of whom two shall be members of the House Committee on Appropriations, and one member shall represent a House district that has been impacted by the misallocation of local taxes and certain state taxes collected by state entities and returned to local governments, 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; one nonlegislative citizen member who shall represent a city to be appointed by the Senate Committee on Rules upon the recommendation of the Virginia Municipal League, if any; and one nonlegislative citizen member who shall represent a county to be appointed by the Speaker of the House of Delegates upon the recommendation of the Virginia Association of Counties, if any. The Commissioner of the Department of Taxation 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) study the processes in place for returning local taxes and certain state taxes collected by state entities to local governments; (ii) determine the materiality of past errors in returning such taxes to local governments; (iii) review the costs incurred by local governments in ensuring that such taxes are accurately returned; and (iv) make recommendations with the objective of improving the accuracy in returning such taxes to local governments.

Administrative staff support shall be provided by the Office of the Clerk of the Senate. 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 2009 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 Senate members or a majority of the House 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, 2009, and the chairman shall

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60 submit to the Division of Legislative Automated Systems an executive summary of its findings and  
61 recommendations no later than the first day of the 2010 Regular Session of the General Assembly. The  
62 executive summary shall state whether the joint subcommittee intends to submit to the General  
63 Assembly and the Governor a report of its findings and recommendations for publication as a House or  
64 Senate document. The executive summary and the report shall be submitted as provided in the  
65 procedures of the Division of Legislative Automated Systems for the processing of legislative documents  
66 and reports and shall be posted on the General Assembly's website.

67 Implementation of this resolution is subject to subsequent approval and certification by the Joint  
68 Rules Committee. The Committee may approve or disapprove expenditures for this study, extend or  
69 delay the period for the conduct of the study, or authorize additional meetings during the 2009 interim.