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HOUSE JOINT RESOLUTION NO. 123

Offered January 13, 2010

Prefiled January 13, 2010

Establishing a joint subcommittee to study ways to improve the balance of local revenue sources. Report.

Patron—Morgan

Referred to Committee on Rules

WHEREAS, the Constitution of Virginia has segregated the real and personal property tax for local governments to fund their financial needs; and

WHEREAS, local governments are being significantly impacted by the sharp drop of both residential and business real property values, and therefore assessed values, which translate into lower real estate taxes; and

WHEREAS, Virginia's state government has relied on both income and sales taxes as its primary sources of general fund revenue, which, although impacted by the recession, has been much less severely impacted than the revenue of Virginia's localities; and

WHEREAS, local governments in Virginia continue to operate with a tax structure that dates back to 1926, when the real and personal property tax was segregated for local taxation only; and

WHEREAS, real property ownership was a major component of "wealth" in the 1800s and 1900s but no longer is the only category of wealth; and

WHEREAS, that time has long passed and the Commonwealth must look to modernize the mix of local sources of revenue so that local governments can continue to meet the needs of local government and its citizens; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to study ways to improve the balance of local revenue sources. The joint subcommittee shall have a total membership of nine members that shall consist of six legislative members, two nonlegislative citizen members, and one ex officio member. Members shall be appointed as follows: four 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; two members of the Senate to be appointed by the Senate Committee on Rules; one nonlegislative citizen member who shall be a current or past commissioner of the revenue in the Commonwealth of Virginia to be appointed by the Speaker of the House of Delegates; and one nonlegislative citizen member who shall have expertise in local government to be appointed by the Senate Committee on Rules. The Commissioner of the Department of Taxation or his 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 review the entire spectrum of local revenue sources to ensure the revenue sources are efficient to administer, are fair to the taxpayer, and do not unduly burden economic activity on any sector of the economy. The joint subcommittee shall also ensure that the revenue capacity of the revenue sources is capable of meeting the revenue needs of the entire spectrum of Virginia's local governments whether they are rural agricultural areas or the high-tech corridors of Northern Virginia.

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 2010 interim and four meetings for the 2011 interim, and the direct costs of this study shall not exceed \$6,800 for each year 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

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59 be required.

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

64 The joint subcommittee shall complete its meetings for the first year by November 30, 2010, and for
65 the second year by November 30, 2011, and the chairman shall submit to the Division of Legislative
66 Automated Systems an executive summary of its findings and recommendations no later than the first
67 day of the next Regular Session of the General Assembly for each year. Each executive summary shall
68 state whether the joint subcommittee intends to submit to the General Assembly and the Governor a
69 report of its findings and recommendations for publication as a House or Senate document. The
70 executive summaries and reports shall be submitted as provided in the procedures of the Division of
71 Legislative Automated Systems for the processing of legislative documents and reports and shall be
72 posted on the General Assembly's website.

73 Implementation of this resolution is subject to subsequent approval and certification by the Joint
74 Rules Committee. The Committee may approve or disapprove expenditures for this study, extend or
75 delay the period for the conduct of the study, or authorize additional meetings during the 2010 or 2011
76 interim.