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HOUSE JOINT RESOLUTION NO. 4

Offered January 11, 2012

Prefiled December 7, 2011

Directing the Department of Taxation to study the local license tax business classifications and tax rates. Report.

Patron—Landes

Referred to Committee on Rules

WHEREAS, the local license tax is a local tax imposed on the gross receipts of a business operating at a definite place of business in a county, city, or town; and

WHEREAS, some of the major local license tax business classifications and applicable tax rates are: contractors who are taxed at a rate not to exceed \$0.16 per \$100 of gross receipts; retailers who are taxed at a rate not to exceed \$0.20 per \$100 of gross receipts; repair, personal, and business service providers who are taxed at a rate not to exceed \$0.36 per \$100 of gross receipts; financial, real estate, and professional service providers who are taxed at a rate not to exceed \$0.58 per \$100 of gross receipts; and wholesalers who are taxed at a rate not to exceed \$0.05 per \$100 of purchases; and

WHEREAS, the current local license tax business classifications and maximum tax rates were enacted pursuant to a recommendation of the Revenue Resources and Economic Study Commission made in the late 1970s; and

WHEREAS, it is necessary to review these business classifications and tax rates to determine if they reflect today's modern economy; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Department of Taxation be directed to study the local license tax business classifications and tax rates.

In conducting its study, the Department of Taxation shall (i) solicit the input of business and industry and local government representatives and other interested persons, (ii) recommend to the Governor and the General Assembly local license tax business classifications or industry groupings that are functionally related and fairly reflect today's modern business world, and (iii) recommend to the Governor and the General Assembly maximum local license tax rates for each business classification or industry grouping identified under clause (ii) which ensure that the local license tax is fairly imposed among such business classifications or industry groupings.

All agencies of the Commonwealth shall provide assistance to the Department of Taxation for this study, upon request.

The Department of Taxation shall complete its meetings by November 30, 2012, 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 2013 Regular Session of the General Assembly. The executive summary shall state whether the Department of Taxation intends to submit to the Governor and the General Assembly a report of its findings and recommendations for publication as a House or Senate document. The executive summary and 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.

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