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HOUSE BILL NO. 406

Offered January 8, 2014

Prefiled January 3, 2014

A *BILL to amend and reenact § 30-338 of the Code of Virginia, relating to the Joint Subcommittee to Evaluate Tax Preferences.*

Patron—Toscano

Referred to Committee on Rules

Be it enacted by the General Assembly of Virginia:**1. That § 30-338 of the Code of Virginia is amended and reenacted as follows:****§ 30-338. Powers and duties of the Joint Subcommittee; staffing; reports.**

The Joint Subcommittee shall have the following powers and duties:

1. Undertake a systematic review of Virginia's tax preferences;

2. Adopt a schedule for reviewing tax preferences based upon program areas to which the preferences relate. *The initial schedule shall be adopted by October 1, 2014, and shall be updated annually by October 1, as necessary, for purposes including but not limited to incorporating newly enacted tax preferences;*

3. Establish procedures and performance measures to evaluate the effectiveness of tax preferences. *For economic development tax preferences, the performance measures established by the Joint Subcommittee shall require the creation or the maintenance of a minimum number of new full-time jobs for which (i) the average wages are at least equal to the prevailing average wage in the county or city in which the economic development project is located, and (ii) standard fringe benefits are paid or provided by the employer;*

4. Request that the Governor direct Department of Taxation staff conduct independent evaluations of tax preferences in promoting economic activity, generating revenue, or otherwise achieving their intended policy purpose and report the findings to the Joint Subcommittee. *In evaluating an economic development tax preference, the Department shall measure the effectiveness of the tax preference using the economic development performance measures described in subdivision 3 and such other objective criteria it determines necessary;*

5. Recommend a process and guidelines for establishing expiration dates for tax preferences; and

6. Submit an annual report to the General Assembly and the Governor *by October 1* of its recommendations, including which tax preferences should be continued, expanded, modified, or eliminated. *The report shall cover the period from the last annual report.*

The Joint Subcommittee is authorized to establish a technical advisory group to assist the work of the Joint Subcommittee and Department of Taxation staff by providing additional guidance and reviewing evaluations conducted by the Department. The technical advisory group shall include individuals with tax policy or economic expertise and legislative staff.

Administrative staff support shall be provided by the Office of the Clerk of the House of Delegates. Legal, research, policy analysis, and other services requested by the Joint Subcommittee shall be provided by the Division of Legislative Services. Technical assistance shall be provided by the staffs of the House Committee on Appropriations and the Senate Committee on Finance.

The chairman shall submit to the General Assembly and the Governor an annual executive summary of the interim activity and work of the Joint Subcommittee no later than the first day of each regular session of the General Assembly. The executive summary 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.

INTRODUCED

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