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HOUSE JOINT RESOLUTION NO. 45

Offered January 8, 2014
Prefiled January 3, 2014

Establishing a joint subcommittee to study the local business license (BPOL) tax. Report.

Patron—DeSteph

Referred to Committee on Rules

WHEREAS, the local BPOL tax is a tax on the gross receipts of a business, which results in businesses having a net loss from operations also having to pay the tax; and

WHEREAS, in fiscal year 2011 the BPOL tax accounted for more than 10 percent of the local tax revenues for some counties and more than 25 percent for some towns; in fiscal year 2012, the BPOL tax generated approximately $684 million statewide; and

WHEREAS, a sustainable replacement source of revenue must be provided to localities in order to achieve any major changes to the structure of the BPOL tax; and

WHEREAS, the expected impact on Virginia's economy from federal budget sequestration makes it imperative that Virginia create a taxing environment that will foster business investment and expansion in the Commonwealth; and

WHEREAS, the BPOL tax is a deterrent to creating new jobs, retaining existing jobs, and investing in capital in Virginia; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to study the local business license (BPOL) tax. The joint subcommittee shall have a total membership of 14 members that shall consist of eight legislative members, four nonlegislative citizen members, and two ex officio members. 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 with significant experience in a manufacturing or technology industry and one nonlegislative citizen member with expertise in Virginia local government finances to be appointed by the Speaker of the House of Delegates; and one nonlegislative citizen member with significant experience in a manufacturing or technology industry and one nonlegislative citizen member with expertise in Virginia local government finances to be appointed by the Senate Committee on Rules. The Secretary of Commerce and Trade or his designee and the Secretary of Finance or his designee shall serve ex officio with nonvoting 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 structure of the BPOL tax, review whether the maximum BPOL tax rates that may be imposed on different industries are rational and equitable, examine the feasibility of eliminating the tax by providing localities with alternative sources of replacement revenues, and explore modifications to the tax that will make it fairer for beginning businesses and small businesses.

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 Virginia 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 2014 interim and four meetings for the 2015 interim, and the direct costs of this study shall not exceed $19,840 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 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

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recommendation and (ii) vote for the recommendation to fail notwithstanding the majority vote of the joint subcommittee.

The joint subcommittee shall complete its meetings for the first year by November 30, 2014, and for the second year by November 30, 2015, 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 next Regular Session of the General Assembly for each year. Each 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 summaries and reports 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 2014 or 2015 interims.