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HOUSE JOINT RESOLUTION NO. 536

Offered January 13, 2021

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Directing the Joint Legislative Audit and Review Commission to study remote sales and use tax distribution to localities. Report.

Patrons—Mugler, Ayala, Kory, Reid and Simon

Referred to Committee on Rules

WHEREAS, in 2018 the Supreme Court issued its decision in *South Dakota v. Wayfair, Inc.*, 585 U.S. ____ (2018), which enabled states to impose sales taxes on remote out-of-state purchases; and

WHEREAS, in 2019 the General Assembly enacted legislation to impose the Commonwealth's retail sales and use tax and corresponding local taxes on such purchases pursuant to Chapter 6 (§ 58.1-600 et seq.) of Title 58.1 of the Code of Virginia; and

WHEREAS, such local sales taxes are collected by the Tax Commissioner and, pursuant to 23VAC10-210-2070, are payable to the locality in which the property sold was delivered; and

WHEREAS, many Virginia localities, such as the City of Williamsburg and the Counties of James City and York, share postal zip codes; and

WHEREAS, these shared zip codes raise the possibility that sales tax revenues may not be remitted to the proper locality; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Legislative Audit and Review Commission be directed to study remote sales and use tax distribution to localities.

In conducting its study, the Joint Legislative Audit and Review Commission shall evaluate whether current practices are distributing the proper amount of revenue to each locality; whether requiring remote sellers to determine and report the specific address of a consumer, as opposed to a zip code, would be an effective means of administering the tax; whether there are any other reforms that would result in more efficient and precise distribution of remote sales taxes to localities; and any other factors it deems relevant. The Joint Legislative and Audit Review Commission shall recommend whether the General Assembly should make changes to the system for distributing remote sales tax revenues to localities and shall make any other appropriate recommendations.

Technical assistance shall be provided to the Joint Legislative and Audit Review Commission by localities and the Department of Taxation. The Joint Legislative and Audit Review Commission shall consult with the Virginia Municipal League, the Virginia Association of Counties, and any other stakeholders deemed appropriate. All agencies of the Commonwealth shall provide assistance to the Joint Legislative Audit and Review Commission for this study, upon request.

The Joint Legislative and Audit Review Commission shall complete its meetings by November 30, 2021, and the Director 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 2022 Regular Session of the General Assembly. The executive summary shall state whether the Joint Legislative and Audit Review Commission 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 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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