

# GENERAL ASSEMBLY OF VIRGINIA -- 1995 SESSION

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## HOUSE JOINT RESOLUTION NO. 487

*Establishing the Commission on State and Local Government Responsibility and Taxing Authority.*

Agreed to by the House of Delegates, February 23, 1995

Agreed to by the Senate, February 21, 1995

WHEREAS, the state and local tax system in the Commonwealth as in all states has developed and grown over a number of years; and

WHEREAS, the economy and demographics of Virginia have changed significantly in recent years and these changes are projected to accelerate, resulting in changing service demands upon state and local governments; and

WHEREAS, fiscal soundness and the provision of quality state and local government services are essential to Virginia's economic growth and prosperity; and

WHEREAS, many taxes, regulations, and laws governing commerce in Virginia which were framed for an agricultural society and adapted to an industrial economy have not been adequately adapted to the realities of a post-industrial, information economy; and

WHEREAS, because the different sections of the tax code have been added at varying times, the impact each has on the other and on the taxpayers could not always be anticipated; and

WHEREAS, service responsibility and taxing authority of local government has evolved over the years in a piecemeal approach as responsibility for the delivery of services moves back and forth between the Commonwealth and its political subdivisions; and

WHEREAS, locally integrated and regional service delivery has proven to afford economies; and

WHEREAS, the federal government has mandated that state and local governments provide services that meet federally established standards; and

WHEREAS, the service demands on the state and its local governments have caused major fiscal pressures on tax and fee sources and rates resulting in governmental downsizing, prioritizing, and privatization of services; and

WHEREAS, the allocation of tax and fee authority between state and local governments should be examined periodically to ensure the efficacy and efficiency of that authority; and

WHEREAS, local and state taxes are major factors when businesses make decisions to expand, locate, and relocate in Virginia; and

WHEREAS, some state and local taxes have been criticized by citizens and businesses as being inequitable and adversely impacting state and local economies and impeding business growth; and

WHEREAS, the equity of the entire tax system in the Commonwealth has not been evaluated in depth; and

WHEREAS, the administration of all taxes needs to be examined in order to achieve uniformity as well as fair and equitable collection, audit, and appeals procedures; and

WHEREAS, JLARC examined the allocation of service responsibility between state and local governments and identified broad options for realignment of selected service responsibilities; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Commission on State and Local Government Responsibility and Taxing Authority be established. The Commission shall be composed of twenty-five members to be appointed as follows: the Speaker, the majority leader, and the minority leader of the House of Delegates; the Lieutenant Governor, President pro tempore, the majority leader, and the minority leader of the Senate; the Attorney General of Virginia; and seventeen citizens of whom three shall be appointed by the Speaker of the House, two shall be appointed by the Senate Committee on Privileges and Elections, and three shall be appointed by the Governor; four representatives of the Virginia Chamber of Commerce, upon its recommendation, to be appointed by the Speaker of the House; one representative of the Virginia Association of Commissioners of the Revenue, and two representatives each of the Virginia Municipal League and the Virginia Association of Counties, upon the recommendation of the respective organizations, to be appointed by the Senate Committee on Privileges and Elections.

Consideration shall be given to appointing citizens and organizational representatives in such a manner as to provide geographical and demographic representation. The Commission shall choose its chairman and vice-chairman from the membership of the Commission.

The Commission is requested to examine and make recommendations concerning the following: (i) the service responsibilities of local, regional, and state governments, giving consideration to the appropriate role of government at all levels and what distribution of service responsibility provides the greatest efficiency and best serves Virginia citizens; (ii) revenue resources such as taxes, fees, and debt

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structures available to government to support their respective responsibilities and minimize burdens on taxpayers, which are appropriate to current and emerging economic, governmental, and social realities; (iii) a timetable and framework for implementing changes in service responsibilities and revenue resources; (iv) uniform and equitable administrative procedures for local and regional taxes which shall include, but not be limited to, audits and reviews, collection practices, taxpayer litigation, communications with taxpayers, and the feasibility of the codification of a uniform ordinance; (v) the identification and examination of all taxes and fees; (vi) the equity of each such tax and fee assessed, including the most efficient and least burdensome of such taxes and fees; (vii) the changes needed in the tax structure relative to Virginia's changing economy; and (viii) possible alternatives for the replacement or consolidation of taxes and fees.

The Weldon Cooper Center for Public Service at the University of Virginia and the Division of Legislative Services shall provide staff support for the study. Technical assistance shall be provided by the Department of Taxation and the State Corporation Commission. All agencies of the Commonwealth shall provide assistance to the Commission, upon request.

The direct costs of the study shall not exceed \$50,000.

The Governor and all entities requested to make appointments or to recommend persons to be appointed to the Commission are requested to submit such appointments and recommendations expeditiously so that the Commission may begin its work by April 1, 1995.

The Commission shall complete its work and submit its findings and recommendations to the Governor and the General Assembly by December 1, 1995, as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.