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## SENATE JOINT RESOLUTION NO. 371

Offered January 23, 1995

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

Patrons—Calhoun, Bell, Earley, Hawkins, Norment, Potts, Robb, Schewel, Stosch, Trumbo and Woods;  
Delegates: Brickley and Clement

Referred to the Committee on Rules

WHEREAS, the fiscal soundness of local governments and the provision of quality local government services are essential to Virginia's economic growth and prosperity; 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 local governments and state government; 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, service responsibility and taxing authority of local government have evolved sporadically over the years; and

WHEREAS, JLARC examined the allocation of service responsibility between state and local governments and identified broad options for realignment of selected service responsibilities; 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 local governments have caused major fiscal pressures on local tax and fee sources and rates, resulting in local governments having to take steps to downsize, prioritize, and privatize 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, the BPOL tax has been identified as a tax on gross receipts which adversely impacts business growth and development and cannot be adequately and equitably adapted to modern and emerging economic and business realities; and

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

RESOLVED by the Senate, the House of Delegates concurring, That there be hereby created the Commission of Local Government Responsibility and Taxing Authority. The Commission shall examine and make recommendations to the Governor and General Assembly of Virginia concerning the following:

1. The service responsibilities of local governments, and state government, 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;

2. Revenue resources such as taxes, fees, and debt structures available to local governments adequate to support their respective responsibilities, all of which shall minimize burdens on taxpayers, shall be appropriate to current and emerging economic, governmental, and social realities, and shall not include the business, professional, and occupational license tax;

3. A timetable and framework for implementing changes in service responsibilities and revenue resources; and

4. 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 which shall be codified in the form of a uniform ordinance.

The Commission shall be composed of 24 members appointed in the following manner: two members of the Senate who serve on the Finance and Local Government Committees, to be appointed by the Senate Committee on Privileges and Elections; two members of the House of Delegates who serve on the Finance and Local Government Committees, to be appointed by the Speaker of the House; the Lieutenant Governor; the Speaker of the House of Delegates; the Chairmen and one senior minority member each of the Senate Finance Committee, House Finance Committee and the House Appropriations Committee; and twelve nonlegislative members consisting of two members from the business community, two members as submitted by the Virginia Municipal League, two members as

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60 submitted by the Virginia Association of Counties, and six at-large members to be appointed by the  
61 Governor.

62 The former Governors of the Commonwealth shall serve as ex officio members of the Commission.

63 The Governor and those entities submitting members shall give due consideration to geographic and  
64 other demographic factors.

65 The chairman and vice-chairman shall be chosen by the Governor from the membership of the  
66 Commission.

67 The members of the Governor's cabinet and all agencies of state and local government shall  
68 cooperate with the work of the Commission.

69 The direct cost of work of the Commission shall not exceed \$50,000.

70 The Weldon Cooper Center for Public Service at the University of Virginia and the Division of  
71 Legislative Services shall provide staff support for the work of the Commission.

72 The Commission shall complete its work and submit its findings and recommendations to the  
73 Governor and General Assembly no later than November 15, 1995. The Governor and all entities  
74 charged with submitting members to the Governor are requested to act expeditiously so that the  
75 Commission may begin its work no later than April 1, 1995.