

1996 SESSION

ENROLLED

HOUSE JOINT RESOLUTION NO. 202

Establishing a select committee of the House Committee on Finance and the Senate Committee on Finance to examine Virginia's gross receipts tax imposed on insurance companies.

Agreed to by the House of Delegates, February 8, 1996

Agreed to by the Senate, February 21, 1996

WHEREAS, the Commonwealth taxes insurance companies on the basis of their gross receipts from insurance premiums; and

WHEREAS, gross receipts taxes have been criticized by some as being an unfair basis of taxation because it is unrelated to profitability; and

WHEREAS, insurance companies are not taxed on some segments of their business because they do not generate insurance premiums; and

WHEREAS, insurance companies are one of the last sectors of the economy which the Commonwealth still taxes on the basis of gross receipts; and

WHEREAS, insurance businesses include different types of companies offering such diverse products as property, casualty, life, accident, and automobile insurance; and

WHEREAS, the insurance industry is a growth area which is marketing new products to consumers and businesses; and

WHEREAS, Virginia's taxation of insurance companies has only been studied once since 1914; and

WHEREAS, Virginia possesses an opportunity to attract insurance companies to expand or locate in Virginia if the state tax structure is competitive with that of other states; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a select committee of the House Committee on Finance and the Senate Committee on Finance be established to (i) examine Virginia's gross receipts tax imposed on insurance companies and (ii) ensure that it is equitable and is competitive with that of other states. The select committee shall be composed of 7 members to be appointed as follows: 4 members from the House Committee on Finance to be appointed by the Speaker of the House; and 3 members from the Senate Committee on Finance to be appointed by the Senate Committee on Privileges and Elections.

The direct costs of this study shall not exceed \$4,200.

The Division of Legislative Services shall provide staff support for the study. All agencies of the Commonwealth shall provide assistance to the select committee, upon request.

The select committee shall complete its work in time to submit its findings and recommendations to the Governor and the 1997 Session of the General Assembly 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.

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