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SENATE JOINT RESOLUTION NO. 11

Senate Amendments in [ ] — February 9, 1996

Establishing a joint subcommittee to study the advisability of reducing or eliminating the tangible personal property tax in the Commonwealth.

Patrons—Colgan; Delegates: Brickley, Marshall and Parrish

Referred to the Committee on Rules

WHEREAS, the tangible personal property tax has been administered by counties, cities, and towns in the Commonwealth since 1926; and

WHEREAS, the tangible personal property tax generates over $900 million annually and is the second largest source of revenue for Virginia's local governments; and

WHEREAS, due to the exemption of many classes of personal property, the personal property tax in the Commonwealth is levied primarily on motor vehicles, boats, and aircraft; and

WHEREAS, rapid increases in the cost of the items typically subjected to the tangible personal property tax, notably motor vehicles, has caused many citizens to express concern over the rising rate of increases in tangible personal property tax assessments; and

WHEREAS, the tangible personal property tax generally is required to be paid in a single installment, which creates an undue burden on many taxpayers; and

WHEREAS, the number of classes of tangible personal property, many of which are taxed at a lower rate than the rate on the general classification of personal property applicable to motor vehicles, has increased from eight in 1979 to 24 in 1995; and

WHEREAS, the proliferation in the number of classes of tangible personal property has compounded the perception that the owners of motor vehicles are required to bear a disproportionate share of the local tax burden; and

WHEREAS, limiting, reducing, or eliminating local taxation of tangible personal property would substantially affect the ability of the counties, cities, and towns of the Commonwealth to raise adequate revenues to provide essential services, unless localities are authorized to implement alternate methods of generating revenue; now, therefore, be it

RESOLVED, by the Senate, the House of Delegates concurring, That a joint subcommittee be established to study the advisability of reducing or eliminating the tangible personal property tax in the Commonwealth. In its deliberations, the joint subcommittee shall examine (i) the fairness of the current system of taxing tangible personal property and (ii) the advantages and disadvantages of any alternate sources of revenue that may be authorized to offset any reduction or elimination of the tangible personal property tax.

The joint subcommittee shall consist of [~~seven~~ ten] members as follows: three members of the Senate, of whom two shall be members of the Senate Finance Committee and one shall be a member of the Senate Committee on Local Government, to be appointed by the Senate Committee on Privileges and Elections [~~, and~~ ;] four members of the House of Delegates, of whom three shall be members of the House Finance Committee and one shall be a member of the House Committee on Counties, Cities and Towns, to be appointed by the Speaker of the House [; one representative of the Virginia Municipal League to be appointed by the Senate Committee on Privileges and Elections; and one representative of the Virginia Association of Counties and one representative of the commissioners of revenue, to be appointed by the Speaker] .

The direct costs of this study shall not exceed $ [~~4,200~~ 5,400] .

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

The joint subcommittee 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 processing 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.

8/9/22 18:34

ENGROSSED