

2004 SPECIAL SESSION I

HOUSE SUBSTITUTE

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HOUSE JOINT RESOLUTION NO. 5018
AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the House Committee on Rules
on April 20, 2004)

(Patron Prior to Substitute—Delegate Hamilton)

Directing the House Committee on Finance and the Senate Committee on Finance to study the sales and use tax and individual and corporate income tax preferences found in Title 58.1 of the Code of Virginia. Report.

WHEREAS, since 1995, the General Assembly has enacted legislation that created more than 50 income tax preferences; and

WHEREAS, such tax preferences include individual and corporate income tax credits, deductions and subtractions; and

WHEREAS, the fiscal impact of such tax preferences exceeds \$600 million annually; and

WHEREAS, since 1966 when the sales and use tax was enacted, the number of exemptions has grown from 23 to more than 425; and

WHEREAS, the estimated fiscal impact of those exemptions exceeds the actual total revenues collected annually from the sales and use tax; and

WHEREAS, no criteria or consistent economic policy tying all of the tax preferences together has been developed; and

WHEREAS, the effect of all such tax preferences narrows the tax base thereby shifting the tax burden to fewer taxpayers; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the House Committee on Finance and the Senate Committee on Finance be directed to study the sales and use tax and individual and corporate income tax preferences found in Title 58.1 of the Code of Virginia. In conducting its study, the committees shall (i) examine the policy reasons for such tax preferences, (ii) make recommendations regarding which, if any, preferences should be repealed or amended, and (iii) develop criteria for granting any such future tax preferences.

Administrative staff support shall be provided by the Office of the Clerk of the House of Delegates. Staff support for the joint committee shall be provided by the staffs of the House Committee on Appropriations, the Senate Committee on Finance, and the Division of Legislative Services. Technical assistance shall be provided by the Department of Taxation. All agencies of the Commonwealth shall provide assistance to the joint committee for this study, upon request.

No recommendation of the joint committee shall be adopted if a majority of the House members or a majority of the Senate members of the joint committee (i) vote against the recommendation and (ii) vote for the recommendation to fail notwithstanding the majority vote of the joint committee.

The joint committee shall complete its meetings by November 30, 2004, and the chairman shall submit an executive summary of its findings and recommendations no later than the first day of the 2005 Regular Session of the General Assembly to the Division of Legislative Automated Systems. The executive summary shall state whether the joint committee intends to submit to the General Assembly and the Governor a report of its findings and recommendations for publication as a document. The executive summary and the 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.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may approve or disapprove expenditures for this study, extend or delay the period for the conduct of the study, or authorize additional meetings during the 2004 interim.

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