

2004 SPECIAL SESSION I

HOUSE SUBSTITUTE

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HOUSE RESOLUTION NO. 5004

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 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, That the House 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. The committee 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the policy reasons for such tax preferences, (ii) make recommendations regarding which, if any, preferences should be repealed or amended, and (iii) develop criteria for granting any such future tax preferences.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 Committee shall be provided by the staffs of the House Committee on Appropriations 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 Committee for this study, upon request.

The Committee shall complete its meetings by November 30, 2004, and the Chairman shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the 2005 Regular Session of the General Assembly. The executive summary shall state whether the 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 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.

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