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SENATE JOINT RESOLUTION NO. 71

Offered January 11, 2006

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Establishing a joint subcommittee to study substituting a local option income tax in lieu of all other taxes they currently utilize. Report.

Patron—Quayle (By Request)

Referred to Committee on Rules

WHEREAS, the General Assembly has given localities a host of local tax sources ranging from real and personal property taxes and the sales tax that generate large amounts of revenue to relatively small sources such as an admission tax, transient occupancy tax, severance tax, and even a tax on wills; and

WHEREAS, some citizens complain they are "pennied and dined" to death on a daily basis, with taxes imposed on virtually everything they purchase, use, or own; and

WHEREAS, some argue the local tax burden under the present structure places a disproportionate tax burden on certain groups of taxpayers such as homeowners; and

WHEREAS, ultimately all taxes are paid from income, whether it be from working, investing, savings or from retirement; and

WHEREAS, a great deal of administrative cost could be eliminated both from individuals and businesses, as well as for local governments, if localities were given the option of eliminating the myriad of local taxes and replacing them with a broad-based, easily administered local income tax; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That a joint subcommittee be established to study the feasibility and impact of giving localities the option of repealing the myriad of local taxes and replacing such taxes with a broad-based, easily administered local income tax. The joint subcommittee shall consist of 10 members appointed as follows: six members of the House of Delegates to be appointed by the Speaker of the House of Delegates in accordance with the principles of proportional representation contained in the Rules of the House of Delegates, and four members of the Senate to be appointed by the Senate Committee on Rules. The joint subcommittee shall elect a chairman and vice chairman from among its membership.

In conducting its study, the joint subcommittee shall examine the advantages and disadvantages of giving localities the option of repealing the myriad of local taxes they currently utilize and replacing such taxes with a local income tax that would conform to the state's income tax. The joint subcommittee shall examine the administrative savings both to taxpayers as well as local governments, the local income tax rate that would be needed, the impact to local taxpayers, as well as the desirability of such an option by Virginia's counties, cities, and towns.

Administrative staff support shall be provided by the Office of the Clerk of the Senate. Legal, research, policy analysis, and other services as requested by the joint subcommittee shall be provided by the Division of Legislative Services. All agencies of the Commonwealth shall provide assistance to the joint subcommittee for this study, upon request.

The joint subcommittee shall be limited to four meetings for the 2006 interim, and the direct costs of this study shall not exceed \$8,000 without approval as set out in this resolution. Approval for unbudgeted nonmember-related expenses shall require the written authorization of the chairman of the joint subcommittee and the respective Clerk. If a companion joint resolution of the other chamber is agreed to, written authorization of both Clerks shall be required.

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

The joint subcommittee shall complete its meetings by November 30, 2006, 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 2007 Regular Session of the General Assembly. The executive summary shall state whether the joint subcommittee intends to submit to the General Assembly and the Governor a report of its findings and recommendations for publication as a House or Senate 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.

Implementation of this resolution is subject to subsequent approval and certification by the Joint

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59 Rules Committee. The Committee may approve or disapprove expenditures for this study, extend or
60 delay the period for the conduct of the study, or authorize additional meetings during the 2006 interim.