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HOUSE BILL NO. 146

Offered January 11, 2012

Prefiled January 5, 2012

A *BILL to amend the Code of Virginia by adding in Title 30 a chapter numbered 51, consisting of sections numbered 30-330 through 30-333, relating to the Commission to Review the Effectiveness of Virginia's Tax Preferences; report.*

Patron—Toscano

Referred to Committee on Rules

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 30 a chapter numbered 51, consisting of sections numbered 30-330 through 30-333, as follows:

CHAPTER 51.**COMMISSION TO REVIEW THE EFFECTIVENESS OF VIRGINIA'S TAX PREFERENCES.**

§ 30-330. *Commission to Review the Effectiveness of Virginia's Tax Preferences; purpose.*

The Commission to Review the Effectiveness of Virginia's Tax Preferences (the "Commission") is established in the legislative branch of state government. The purpose of the Commission is to oversee the evaluation of Virginia's tax preferences.

§ 30-331. *Membership; terms; vacancies; chairman and vice-chairman; quorum; meetings; compensation.*

The Commission shall consist of eight members. Members shall be appointed as follows: five 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, who shall be members of either the House Finance Committee or the House Appropriation Committee, and three members of the Senate, to be appointed by the Senate Committee on Rules, who shall be members of the Senate Finance Committee.

Legislative members shall serve terms coincident with their terms of office. Appointments to fill vacancies, other than by expiration of a term, shall be for the unexpired terms. Legislative members may be reappointed. Vacancies shall be filled in the same manner as the original appointments.

The Commission shall elect a chairman and vice-chairman from among its membership.

A majority of the members shall constitute a quorum. The meetings of the Commission shall be held at the call of the chairman or whenever the majority of the members so request.

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

Legislative members of the Commission shall receive such compensation as provided in § 30-19.12. All members shall be reimbursed for reasonable and necessary expenses incurred in the performance of their duties as provided in §§ 2.2-2813 and 2.2-2825. However, all such compensation and expenses shall be paid from existing appropriations to the Commission or, if unfunded, shall be approved by the Joint Rules Committee.

§ 30-332. *Powers and duties of the Commission; staffing; reports.*

The Commission shall have the following powers and duties:

- 1. Undertake a thorough review of Virginia's tax preferences and their cost in lost revenue;*
 - 2. Examine whether specific tax preferences are meeting their intended purpose;*
 - 3. Develop procedures including which tax preferences shall be reviewed, how often they shall be reviewed, and what performance measures should be used in the evaluation of tax preferences;*
 - 4. The Commission is authorized to establish, as necessary, a technical advisory group to assist the Commission and the Department of Taxation staff. The technical advisory group shall include individuals with tax policy and economic expertise, legislative staff, and commissioners of the revenue;*
 - 5. Create a ranking system that prioritizes the relative importance and effectiveness of each tax preference within the universe of all studied tax preferences;*
 - 6. Recommend each year tax preferences that are either ineffective, outdated, no longer needed, or whose cost outweighs the benefit for repeal to the next regular Session of the General Assembly; and*
 - 7. Request the Department of Taxation staff, under the Commission's guidance and instruction, to conduct independent evaluations of tax preferences and report its findings to the Commission.*
- Administrative staff support shall be provided by the Office of the Clerk of the House of Delegates or the Office of the Clerk of the Senate as may be appropriate for the house in which the chairman of the*

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59 *Commission serves. The Division of Legislative Services shall provide legal, research, policy analysis,*
60 *and other services as requested by the Commission. The Virginia Department of Taxation shall conduct*
61 *independent evaluations of tax preferences as directed by the Commission.*

62 *The chairman shall submit to the General Assembly and the Governor an annual executive summary*
63 *of the interim activity and work of the Commission no later than the first day of each regular session of*
64 *the General Assembly. The executive summary shall be submitted as provided in the procedures of the*
65 *Division of Legislative Automated Systems for the processing of legislative documents and reports and*
66 *shall be posted on the General Assembly's website.*

67 *§ 30-333. Sunset.*

68 *This chapter shall expire on July 1, 2016.*

69 **2. For its first year of existence, if the Commission is not funded by a separate appropriation in**
70 **the appropriation act, the Commission may be funded from the operating budgets of the Clerk of**
71 **the House of Delegates and the Clerk of the Senate upon the approval of the Joint Rules**
72 **Committee. If the Commission is not funded by a separate appropriation in the appropriation act**
73 **for any year thereafter, this chapter shall expire on July 1 of the fiscal year that the Commission**
74 **fails to receive such funding.**