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HOUSE BILL NO. 777**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the Senate Committee on Rules
on February 24, 2012)

(Patron Prior to Substitute—Delegate Landes)

A *BILL to amend the Code of Virginia by adding in Title 30 a chapter numbered 51, consisting of sections numbered 30-330, 30-331, and 30-332, relating to the Joint Subcommittee to Evaluate Tax Preferences.*

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, 30-331, and 30-332, as follows:

CHAPTER 51.**JOINT SUBCOMMITTEE TO EVALUATE TAX PREFERENCES.**

§ 30-330. *Joint Subcommittee to Evaluate Tax Preferences; purpose.*

The Joint Subcommittee to Evaluate Tax Preferences (the "Joint Subcommittee") is established in the legislative branch of state government. The purpose of the Joint Subcommittee is to oversee the evaluation of Virginia's tax preferences, including but not limited to tax credits, deductions, subtractions, exemptions, and exclusions.

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

The Joint Subcommittee shall have a total membership of 12 legislative members that shall consist of 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 six members of the Senate to be appointed by the Senate Committee on Rules.

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. Members may be reappointed. Vacancies shall be filled in the same manner as the original appointments.

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

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

No recommendation of the Joint Subcommittee shall be adopted if a majority of the House members or a majority of the Senate 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.

Members of the Joint Subcommittee shall receive such compensation and shall be reimbursed for reasonable and necessary expenses as provided in the general appropriation act.

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

The Joint Subcommittee shall have the following powers and duties:

1. Undertake a systematic review of Virginia's tax preferences;
2. Adopt a schedule for reviewing tax preferences based upon program areas to which the preferences relate;

3. Establish procedures and performance measures to evaluate the effectiveness of tax preferences;

4. Request Department of Taxation staff, under the Joint Subcommittee's guidance and instruction, to conduct independent evaluations of tax preferences and report its findings to the Joint Subcommittee;

5. Recommend a process and guidelines for establishing expiration dates for tax preferences; and

6. Submit an annual report to the General Assembly and the Governor of its recommendations, including which tax preferences should be continued, expanded, modified, or eliminated.

The Joint Subcommittee is authorized to establish a technical advisory group to assist the work of the Joint Subcommittee and Department of Taxation staff by providing additional guidance and reviewing evaluations conducted by the Department. The technical advisory group shall include individuals with tax policy or economic expertise and legislative staff.

Administrative staff support shall be provided by the Office of the Clerk of the House of Delegates. Legal, research, policy analysis, and other services requested by the Joint Subcommittee shall be provided by the Division of Legislative Services. Technical assistance shall be provided by the staffs of the House Committee on Appropriations and the Senate Committee on Finance.

The chairman shall submit to the General Assembly and the Governor an annual executive summary of the interim activity and work of the Joint Subcommittee no later than the first day of each regular session of the General Assembly. The executive summary shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents

60 *and reports and shall be posted on the General Assembly's website.*

61 **2. That the provisions of this bill shall not become effective unless an appropriation of general**
62 **funds effectuating the purposes of this bill is included in a general appropriation act passed by the**
63 **2012 Session of the General Assembly that becomes law.**