

HOUSE JOINT RESOLUTION NO. 85

Establishing a joint committee of the House Committee on Finance and the Senate Committee on Finance to study and determine the multiplier effects of various types of income tax credits, public-private partnerships, and other public-private investment programs. Report.

Agreed to by the House of Delegates, March 9, 2012

Agreed to by the Senate, March 10, 2012

WHEREAS, the Commonwealth of Virginia, as part of its economic development efforts, has chosen to utilize income tax credits as a targeted and efficient way to incentivize increased economic activity in targeted areas to stimulate economic activity and employment in Virginia; and

WHEREAS, it is clear that these targeted investments by the Commonwealth have generated a substantial return in terms of investment, employment, and economic activity, as well as secondary and tertiary economic benefits; and

WHEREAS, these income tax credits in different industries create multiplier effects of different sizes; and

WHEREAS, the Commonwealth utilizes strategies other than income tax credits, such as public-private partnerships and other public-private investment programs that utilize debt financing; and

WHEREAS, it would be helpful to Virginia policymakers to have more precise information regarding the size of the multipliers of various income tax credits, such as manufacturing tax credits, machinery and tools tax credits, and technology/nanotechnology tax credits, as well as public-private partnerships and other public-private investment programs; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint committee of the House Committee on Finance and the Senate Committee on Finance be established to study and determine the multiplier effects of various types of income tax credits, public-private partnerships, and other public-private investment programs. The joint committee shall have a total membership of eight members, consisting of five members of the House Committee on Finance to be appointed by the Speaker of the House of Delegates upon the recommendation of the Chairman of the House Committee on Finance, and three members of the Senate Committee on Finance to be appointed by the Senate Committee on Rules upon the recommendation of the Chairman of the Senate Committee on Finance. The joint committee shall elect a chairman and vice-chairman from among its membership.

In conducting its study, the joint committee shall review all current income tax credits, public-private partnerships, and other public-private investment programs that were enacted for economic development purposes and estimate the multipliers for each specific program.

Administrative staff support shall be provided by the Office of the Clerk of the House of Delegates. Legal, research, policy analysis, and other services as requested by the joint committee shall be provided by the Division of Legislative Services.

Technical assistance shall be provided to the joint committee by the Virginia Department of Taxation, the Joint Legislative Audit and Review Commission, the College of William and Mary, the University of Virginia, George Mason University, Old Dominion University, and Virginia Polytechnic Institute and State University. All agencies of the Commonwealth shall provide assistance to the joint committee for this study, upon request.

The joint committee shall be limited to four meetings for the 2012 interim and four meetings for the 2013 interim, and the direct costs of this study shall not exceed \$15,040 for each year 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 committee 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 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 for the first year by November 30, 2012, and for the second year by November 30, 2013, 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 next Regular Session of the General Assembly for each year. Each 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 House or Senate document. The executive summaries and reports 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.