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SENATE JOINT RESOLUTION NO. 255

Offered January 9, 2013

Prefiled November 13, 2012

Directing the Joint Legislative Audit and Review Commission to study the impact of eliminating the corporate income tax. Report.

Patrons—Black; Delegates: Cole and Marshall, R.G.

Referred to Committee on Rules

WHEREAS, the Commonwealth of Virginia currently imposes a tax on corporations at a rate of six percent per year; and

WHEREAS, the Joint Legislative Audit and Review Commission completed an in-depth study of the corporate income tax in 2010, as directed by House Joint Resolution 681 (2009), the results of which are available in House Document 3 (2010); and

WHEREAS, this study found that the corporate income tax only applies to a small percentage of companies in the Commonwealth, has produced less than \$860 million in revenues in fiscal year 2012, and disproportionately impacts the manufacturing sector of the economy; and

WHEREAS, corporations are a major driver in creating jobs and sales, and in promoting economic development in the Commonwealth generally; and

WHEREAS, the Joint Legislative Audit and Review Commission, with its comprehensive knowledge of the corporate tax structure, would be well-suited to advise the General Assembly as to the potential impact of eliminating the corporate income tax; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Joint Legislative Audit and Review Commission be directed to study the impact of eliminating the corporate income tax.

In conducting its study, the Joint Legislative Audit and Review Commission (JLARC) shall study the projected impact of eliminating the corporate income tax on job creation, on the location and expansion of new and existing businesses in the Commonwealth, and on other sources of revenue for the Commonwealth. In reaching its conclusions, JLARC shall also consider any unintended consequences that might result from the elimination of the corporate income tax, including but not limited to the impact on charitable giving through programs such as the Land Conservation Tax Credit, the Neighborhood Assistance Act, and the Education Improvement Scholarships Tax Credit.

Technical assistance shall be provided to the Joint Legislative Audit and Review Commission by the Department of Taxation. All agencies of the Commonwealth shall provide assistance to JLARC for this study, upon request.

The Joint Legislative Audit and Review Commission shall complete its meetings 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 2014 Regular Session of the General Assembly. The executive summary shall state whether JLARC 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.

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