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HOUSE JOINT RESOLUTION NO. 505

Offered January 14, 2015

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Establishing a joint subcommittee to study reforming Virginia's tax structure, including examining the feasibility of adopting a flat tax or fair tax. Report.

Patrons—Cole and Fowler

Referred to Committee on Rules

WHEREAS, tax practitioners and elected representatives as well as Virginia's citizens believe that an ideal tax structure is one that has the broadest base of taxation with the lowest possible tax rates so that the burden of taxation is as light as possible and can be spread as broadly as possible on taxpayers and businesses, thereby ensuring the least amount of government interference in the free market economy; and

WHEREAS, deductions, exemptions, and credits are simply tax preferences that reduce taxes for those individuals and businesses that are the beneficiaries of those tax preferences while increasing the taxes on all other taxpayers and businesses; and

WHEREAS, Virginia's tax code is full of these tax preferences; and

WHEREAS, Virginia also imposes a number of taxes that are viewed by many as either unfair or overly burdensome, such as the local Business, Professional and Occupational License Tax (BPOL) and the machinery and tools tax; and

WHEREAS, Virginia's tax structure has not kept pace with the U.S. and world economies as those have evolved; and

WHEREAS, as Virginia competes in the world economy, Virginia needs to make certain our tax structure is fair to taxpayers and businesses and competitive with other states; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to study reforming Virginia's tax structure, including examining the feasibility of adopting a flat tax or fair tax. The joint subcommittee shall have a total membership of 13 members that shall consist of 10 legislative members and three nonlegislative citizen members. Members shall be 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, four members of the Senate to be appointed by the Senate Committee on Rules, two nonlegislative citizen members with experience in taxation and finance issues to be appointed by the Speaker of the House of Delegates, and one nonlegislative citizen member with experience in taxation and finance issues to be appointed by the Senate Committee on Rules. Nonlegislative citizen members of the joint subcommittee shall be citizens of the Commonwealth. Unless otherwise approved in writing by the chairman of the joint subcommittee and the respective Clerk, nonlegislative citizen members shall only be reimbursed for travel originating and ending within the Commonwealth of Virginia for the purpose of attending meetings. If a companion joint resolution of the other chamber is agreed to, written authorization of both Clerks shall be required. The joint subcommittee shall elect a chairman and vice-chairman from among its membership, who shall be members of the General Assembly.

In conducting its study, the joint subcommittee shall review Virginia's entire state and local tax structure, examine ways to eliminate tax preferences and lower tax rates, eliminate or restructure unfair or unnecessarily burdensome taxes, and examine the feasibility of adopting a flat individual income tax.

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 subcommittee shall be provided by the Division of Legislative Services. Technical assistance shall be provided by the Department of Taxation. All agencies of the Commonwealth shall provide assistance to the joint subcommittee for this study, upon request.

The joint subcommittee shall be limited to six meetings for the 2015 interim, and the direct costs of this study shall not exceed \$33,600 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 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.

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59 The joint subcommittee shall complete its meetings by November 30, 2015, and the chairman shall
60 submit to the Division of Legislative Automated Systems an executive summary of its findings and
61 recommendations no later than the first day of the 2016 Regular Session of the General Assembly. The
62 executive summary shall state whether the joint subcommittee intends to submit to the General
63 Assembly and the Governor a report of its findings and recommendations for publication as a House or
64 Senate document. The executive summary and the report shall be submitted as provided in the
65 procedures of the Division of Legislative Automated Systems for the processing of legislative documents
66 and reports and shall be posted on the General Assembly's website.

67 Implementation of this resolution is subject to subsequent approval and certification by the Joint
68 Rules Committee. The Committee may approve or disapprove expenditures for this study, extend or
69 delay the period for the conduct of the study, or authorize additional meetings during the 2015 interim.