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HOUSE JOINT RESOLUTION NO. 590

Offered January 14, 2015

Prefiled January 12, 2015

Requesting the Department of Taxation to study reimbursement payments to localities providing tangible personal property tax relief. Report.

Patrons—Ramadan; Senator: Black

Referred to Committee on Rules

WHEREAS, the reimbursement payments the Commonwealth had been making since 1999 to certain counties, cities, and towns for providing tangible personal property tax relief on passenger cars, motorcycles, and pickup or panel trucks were capped at \$950 million a year beginning with tax year 2006; and

WHEREAS, each locality's share of the \$950 million is a pro rata amount based upon the total reimbursement payment the locality received from the Commonwealth for tax year 2004 for providing tangible personal property tax relief; and

WHEREAS, the current distribution of the \$950 million is based solely on a snapshot of tax year 2004 reimbursement payments, which does not take into consideration any changes to a locality's population and changing economic conditions; and

WHEREAS, per capita tangible personal property tax relief generally is much lower in localities growing in population because, under the current distribution formula, such localities receive the same amount each year from the Commonwealth to provide such tax relief but must spread the tax relief among more citizens qualifying for the relief; and

WHEREAS, it is not equitable that citizens in localities that are growing in population will continue to receive less tangible personal property tax relief than citizens in localities with a stable or declining population; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Department of Taxation be requested to study reimbursement payments to localities providing tangible personal property tax relief.

In conducting its study, the Department of Taxation shall examine how per capita tangible personal property tax relief has changed in Virginia's counties, cities, and towns between tax year 2006 and tax year 2014 and shall identify the reasons for such change including population trends. The Department shall recommend a new formula for distributing the \$950 million in annual payments to localities for tangible personal property tax relief. The new distribution formula shall incorporate changes in population and changing economic conditions.

All agencies of the Commonwealth shall provide assistance to the Department of Taxation for this study, upon request.

The Department of Taxation shall complete its meetings by November 30, 2015, and shall submit to the Governor and the General Assembly an executive summary and 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 no later than the first day of the 2016 Regular Session of the General Assembly and shall be posted on the General Assembly's website.

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