

1995 SESSION

INTRODUCED

LD1855412

HOUSE JOINT RESOLUTION NO. 161

Offered January 25, 1994

Requesting the Department of Taxation to conduct a comprehensive study on eliminating all state income taxes and replacing them with sales taxes.

Patron—Purkey

Referred to Committee on Rules

WHEREAS, the Commonwealth imposes income taxes on individuals, trusts and estates, and corporations; and

WHEREAS, the income tax rates on individuals and trust estates range from two percent up to five and three-quarters percent and the rate on corporations is six percent; and

WHEREAS, the Commonwealth imposes a retail sales and use tax at a rate of four and one-half percent; and

WHEREAS, the income tax is imposed on taxable income which is calculated by applying certain exemptions, deductions, and subtractions; and

WHEREAS, the sales and use tax is a consumption based tax imposed on the sales price of certain items; now, therefore, be it

RESOLVED, by the House, the Senate concurring, That the Department of Taxation conduct a comprehensive study on the possibility of repealing all of the Commonwealth's income taxes and replacing them with sales taxes.

Issues to be addressed include the rate of sales tax required to produce revenues comparable to those which the income taxes currently produce; which groups of individuals will benefit from such a change and which will be burdened by such a change; whether repealing some or all of the current sales tax exemptions would be necessary to collect needed revenues and if so which ones; and any other issues the Department determines are pertinent.

The Department shall complete its study in time to submit its findings and recommendations to the Governor and the 1995 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

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