

Joint Subcommittee on Local Government Fiscal Stress

August 21, 2017

Recommendations of Previous Local Tax Studies

Recommendations

- ▶ Retain BPOL Tax because an acceptable alternative revenue source could not be identified.
- ▶ Enact legislation to provide uniformity to administration of the tax.

Authority: 1994 HJR 110

Chair: Brickley/Holland

Report: 1995 House Document 59

Recommendations

- ▶ Exempt motor vehicles of a certain value provided the local fiscal impact is revenue neutral.
- ▶ Equalize taxing and financing authority of counties, cities, and towns.
- ▶ Fully fund all obligations to localities.

Authority: 1997 HJR 532

Chair: Teig

Report: 1998 House Document 88

Recommendations

- ▶ Increase support for local school divisions.
- ▶ Assume full cost of all mandated services provided through the Comprehensive Services Act.
- ▶ Dedicate at least six percent of individual income tax collections to localities.
- ▶ Equalize taxing authority of counties and cities.
- ▶ Retain current local authority for merchants' capital and BPOL taxes for revenue flexibility.

Authority: 1998 HJR 578

Chair: Morris

Report: 2001 House Document 22

Recommendations

- ▶ Protect the sales and use tax:
 - ▶ Participate in the Streamlined Sales Tax Project.
 - ▶ Review all current sales tax exemptions.
 - ▶ Extend the tax to certain categories of services and new data/knowledge-related products.
- ▶ Review:
 - ▶ Tax-exempt status of all non-governmental property in Virginia.
 - ▶ Current restrictions on service charges that may be applied to tax-exempt property.

Authority: 1998 HJR 578

Chair: Morris

Report: 2001 House Document 22

Recommendations

- ▶ Impose no new unfunded state mandates on localities, and to the extent possible, eliminate existing ones.
- ▶ Impose a moratorium on new sales tax exemptions.
- ▶ Continue working with the Streamlined Sales Tax Project.

Authority: 2001 HJR 685/SJR 387, 2002 HJR 60

Chair: McDonnell/Hanger

Report: 2003 House Document 26

Recommendations

- ▶ Dedicate 20% of income tax revenues to local governments to offset loss of Car Tax revenue.
- ▶ Equalize taxing authority of cities and counties.
- ▶ No unfunded state mandates on local governments.
- ▶ Urge localities to repeal or simplify BPOL tax.
- ▶ Establish local real property tax districts to fund high priority transportation projects.
- ▶ Study telecommunication tax reduction and simplification.
- ▶ Maintain Dillon Rule.

Authority: Executive Order 75 (Gilmore)

Chair: Bliley