

22103599D

HOUSE JOINT RESOLUTION NO. 24

Offered January 12, 2022

Prefiled January 11, 2022

Directing the Joint Legislative Audit and Review Commission to continue its study of increasing the progressivity of Virginia's individual income tax system. Report.

 Patron—Watts

 Committee Referral Pending

WHEREAS, House Joint Resolution No. 567 (2021 Special Session I) directed the Joint Legislative Audit and Review Commission to study increasing the progressivity of Virginia's individual income tax system; and

WHEREAS, House Joint Resolution No. 567 (2021 Special Session I) delayed implementation of the study by a year, such that the Joint Legislative Audit and Review Commission is not required to complete its meetings for the first year until November 30, 2022, and for the second year until November 30, 2023; and

WHEREAS, such delay allows for the Joint Legislative Audit and Review Commission to consider additional related topics during both years of its two-year study; and

WHEREAS, 40 percent of the composite index of local ability-to-pay that is used to determine a local school division's need for state school funding is determined by adjusted gross income as a proxy for average local tax revenue collections that are not from real estate or retail sales taxes, and such 40 percent allocation has not been updated since 1970; and

WHEREAS, local governing bodies cannot tax adjusted gross income directly and, furthermore, are required to apply a uniform rate on items that they are authorized to tax that often increases the regressivity of a given tax; and

WHEREAS, House Joint Resolution No. 567 (2021 Special Session I) included consideration of the fact that the Commonwealth has the second-highest cost of living spread in the nation, and such cost of living spread results in a collateral spread in the cost of local education to be funded; and

WHEREAS, it would be beneficial for the Joint Legislative Audit and Review Commission to also study the composite index of local ability-to-pay public school funding formula and changes that could be made to the indicators of such local ability-to-pay or the weights assigned thereto to promote greater fairness and more equitable access to the resources needed to provide excellence in public education in every local school division in the Commonwealth; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Legislative Audit and Review Commission be directed to continue its study of increasing the progressivity of Virginia's individual income tax system.

In conducting its study, in addition to fulfilling the requirements set forth in House Joint Resolution No. 567 (2021 Special Session I) and without affecting any deadlines for meetings or reports contained therein, the Joint Legislative Audit and Review Commission shall also study (i) the composite index of local ability-to-pay public school funding formula and changes that could be made to the indicators of such local ability-to-pay or the weights assigned thereto and (ii) permitting local governing bodies to tax adjusted gross income in order to promote greater fairness and more equitable access to the resources needed to provide excellence in public education in every local school division in the Commonwealth.

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

The Joint Legislative Audit and Review Commission shall complete its meetings for the first year by November 30, 2022, and for the second year by November 30, 2023, 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 next Regular Session of the General Assembly for each year. Each executive summary shall state whether the Joint Legislative Audit and Review Commission 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 summaries and reports 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.

INTRODUCED

HJ24