

House Finance Subcommittee on Income and Sales Tax Preferences (HR 5004 - 2004)

June 16, 2004

The House Finance Subcommittee on Income and Sales Tax Preferences (HR 5004 - 2004) held its first meeting on June 16, 2004. The Subcommittee was created to examine all individual and corporate income tax credits, subtractions, and deductions, as well as all sales and use tax exemptions.

The members of the Subcommittee, as appointed by the Chairman of the House Committee on Finance, are: Delegate Thelma Drake, Chairman; Delegate Allen L. Louderback; Delegate R. Lee Ware; Delegate Samuel A. Nixon, Jr.; Delegate Kathy J. Byron; Delegate Joseph P. Johnson, Jr.; Delegate Kenneth R. Melvin; and Delegate Robert D. Hull.

Chairman Drake reviewed the charge of the Subcommittee as set forth in HR 5004 to study the sales and use tax and individual and corporate income tax preferences found in Title 58.1 of the Code of Virginia, and (i) examine the policy reasons for such tax preferences, (ii) make recommendations regarding which, if any, preferences should be repealed or amended, and (iii) develop criteria for granting any such future tax preferences. She said that the meeting was intended to be a brief organizational one.

Staff described the handouts that were provided that consisted mainly of statutory provisions and lists of all individual and corporate income tax credits, subtractions, and deductions, as well as all sales and use tax exemptions.

Delegate Nixon, with the concurrence of the Subcommittee, requested that Staff prepare a chart that provides: (i) a description of each preference, (ii) the initial date and the date of any amendments, (iii) where possible, the purpose, (iv) the lost revenue, (v) whether other states have the preference, and (vi) where possible, the extent to which the purpose has been fulfilled.

Chairman Drake requested all interested parties to provide any relevant information to Staff to assist in the compilation of information for the chart.

Before adjourning, the Subcommittee agreed to meet again on August 23, 2004, immediately following the joint meeting that morning of the House Finance Committee, the House Appropriations Committee, and the Senate Finance Committee.