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HOUSE JOINT RESOLUTION NO. 15

Offered January 14, 2026

Requesting the Department of Taxation, in cooperation with the Secretary of Finance, to study the impact of repealing the individual income tax. Report.

Patron—Griffin

Referred to Committee on Rules

WHEREAS, eight states in the United States do not currently levy an income tax on individuals; and
WHEREAS, the Commonwealth currently imposes a graduated tax rate on the net income of individuals;
and

WHEREAS, individual income tax currently makes up the Commonwealth's largest general fund revenue source; and

WHEREAS, the Commonwealth currently has a budget surplus of over \$2 billion; and

WHEREAS, such surplus is due largely to collections from the Commonwealth's income tax; and

WHEREAS, fiscal year 2025 revenues have exceeded the amount forecast in Chapter 725 of the Acts of Assembly of 2025 by \$572 million and were \$1.78 billion higher than 2024 collections; and

WHEREAS, the General Assembly has not enacted any legislation affecting Virginia individual income tax rates or brackets since 1990; and

WHEREAS, House Bill 1863 (P. Scott) was left in the House Committee on Finance during the 2023 Regular Session of the General Assembly;

WHEREAS, such bill would have gradually reduced the Commonwealth's revenue reliance upon the imposition of an individual income tax until the tax rate reached zero and simultaneously increased the general sales and use tax, the cigarette tax, the motor vehicle sales and use tax, and the motor fuels tax; and

WHEREAS, several alternative revenue streams in the Commonwealth provide sufficient funding for necessary government spending; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Department of Taxation, in cooperation with the Secretary of Finance, be requested to study the impact of repealing the individual income tax. The Department of Taxation (the Department) shall consider and assess potential reforms to the Commonwealth's tax structure, including identification of alternative revenue streams to fund public services, which would be necessary to eliminate individual income tax liability in the Commonwealth.

In conducting its study, the Department shall, at a minimum, assess how other states without an individual income tax raise revenues to fund public services and the legal and administrative feasibility of implementing various policy options in the Commonwealth, including (i) adjusting tax rates, (ii) altering the tax base for sales and use taxes, (iii) increasing reliance on excise taxes, (iv) expanding nongeneral fund revenue sources in a manner that would generate additional general fund revenues, and (v) developing new revenue sources to replace the funding lost by the elimination of the individual income tax.

Technical assistance shall be provided to the Department by the Department of Planning and Budget. All agencies of the Commonwealth shall provide assistance to the Department for this study, upon request.

The Department of Taxation shall complete its meetings by November 30, 2026, 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 2027 Regular Session of the General Assembly and shall be posted on the General Assembly's website.

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