

COMMITTEE SUBSTITUTE

FOR

Senate Bill No. 461

(By Senators Kessler (Mr. President), Williams, Tucker, Plymale, Stollings, Snyder, Cookman, Palumbo, Fitzsimmons, Beach, Yost, Miller, D. Hall, Jenkins, McCabe, Wells, Edgell, Barnes, Blair, Boley, Cann, Chafin, Kirkendoll, Laird, Nohe, Prezioso, Sypolt, Unger, Walters, Green and M. Hall)

[Originating in the Committee on Economic Development;
reported February 6, 2014.]

A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section, designated §11-13A-5b, relating to creation of a Future Fund for conserving a portion of proceeds from oil and natural gas severance tax revenues for future expenditures; creating an interest-bearing special revenue account; authorizing the West Virginia Investment Management Board to invest moneys of the fund; providing that the principal of the fund be inviolate and that only the investment income may be

expended; providing for contributions to the fund from a portion of revenues collected from oil and natural gas severance taxes; prohibiting appropriation and expenditure from the fund until fiscal year 2020; requiring moneys to be expended solely for economic development projects, infrastructure projects and educational enhancement; and defining certain terms.

Be it enacted by the Legislature of West Virginia:

That the Code of West Virginia, 1931, as amended, be amended by adding thereto a new section, designated §11-13A-5b, to read as follows:

ARTICLE 13A. SEVERANCE AND BUSINESS PRIVILEGE

TAX ACT.

§11-13A-5b. Creation of West Virginia Future Fund; legislative intent; calculation of deposits from excess severance tax revenues; permissible uses of investment income and limitations on expenditures; definitions.

- 1 (a) There is hereby created in the State Treasury a special
- 2 revenue account, designated the West Virginia Future Fund,

3 which is an interest-bearing account and may be invested by
4 the West Virginia Investment Management Board in the
5 manner permitted by the provisions of article six, chapter
6 twelve of this code, with the investment income to be
7 credited to the fund and deposited in the special revenue
8 account.

9 (b) The Legislature declares its intention to use the fund
10 as a means of conserving a portion of the state's revenue
11 derived from the increased revenue proceeds received by the
12 state as a result of any oil and natural gas production as well
13 as other funding sources as the Legislature may designate in
14 order to meet future needs. The principal of the fund shall
15 remain inviolate and no portion of the principal may be
16 appropriated, expended or encumbered by the Legislature or
17 any official of the state. Only the investment income of this
18 fund may be appropriated and expended and then only for the
19 purposes described in this section.

20 (c) Notwithstanding any provision of this code to the
21 contrary, commencing with the fiscal year beginning on July

22 1, 2014, twenty-five percent of the annual revenue in excess
23 of \$175 million that is collected and received pursuant to the
24 provisions of section three-a, article thirteen-a, chapter eleven
25 of this code shall be deposited in this fund. The Legislature
26 may, by general appropriation or by designation of other
27 funding sources, deposit into the fund additional moneys as
28 it considers appropriate.

29 (d) In order to maximize the value of the fund, no
30 money from the fund may be expended or appropriated until
31 fiscal year 2020 and thereafter the Legislature may
32 appropriate moneys from the fund solely for economic
33 diversification projects, infrastructure projects and
34 education enhancement.

35 (e) For purposes of this section:

36 (1) "Economic development project" means a project in
37 the state which is likely to foster economic growth and
38 development in the area in which the project is developed for
39 commercial, industrial, community improvement or
40 preservation or other proper purposes.

41 (2) "Infrastructure project" means a project in the state
42 which is likely to foster infrastructure improvements
43 including, but not limited to, post-mining land use, water or
44 wastewater facilities or a part thereof, storm water systems,
45 steam, gas, telephone and telecommunications, broadband
46 development, electric lines and installations, roads, bridges,
47 railroad spurs, drainage and flood control facilities, industrial
48 park development or buildings that promote job creation and
49 retention.