

# WEST VIRGINIA LEGISLATURE

## 2017 REGULAR SESSION

**Introduced**

### **House Bill 2687**

**FISCAL  
NOTE**

BY DELEGATES ROBINSON, KESSINGER, MOORE, MILLER,  
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[Introduced February 23, 2017; Referred  
to the Committee on Veterans' Affairs and Homeland  
Security then Finance.]

1 A BILL to amend and reenact §11-3-9 of the Code of West Virginia, 1931, as amended, relating  
2 to property tax assessments; and providing that military veterans with a one hundred  
3 percent service related disability are exempt from property taxation.

*Be it enacted by the Legislature of West Virginia:*

1 That §11-3-9 of the Code of West Virginia, 1931, as amended, be amended and reenacted  
2 to read as follows:

**ARTICLE 3. ASSESSMENTS GENERALLY.**

**§11-3-9. Property exempt from taxation.**

1 (a) All property, real and personal, described in this subsection, and to the extent limited  
2 by this section, is exempt from taxation:

3 (1) Property belonging to the United States, other than property permitted by the United  
4 States to be taxed under state law;

5 (2) Property belonging exclusively to the state;

6 (3) Property belonging exclusively to any county, district, city, village or town in this state  
7 and used for public purposes;

8 (4) Property located in this state belonging to any city, town, village, county or any other  
9 political subdivision of another state and used for public purposes;

10 (5) Property used exclusively for divine worship;

11 (6) Parsonages and the household goods and furniture pertaining thereto;

12 (7) Mortgages, bonds and other evidence of indebtedness in the hands of bona fide  
13 owners and holders hereafter issued and sold by churches and religious societies for the  
14 purposes of securing money to be used in the erection of church buildings used exclusively for  
15 divine worship or for the purpose of paying indebtedness thereon;

16 (8) Cemeteries;

17 (9) Property belonging to, or held in trust for, colleges, seminaries, academies and free  
18 schools, if used for educational, literary or scientific purposes, including books, apparatus,

19 annuities and furniture;

20 (10) Property belonging to, or held in trust for, colleges or universities located in West  
21 Virginia, or any public or private nonprofit foundation or corporation which receives contributions  
22 exclusively for such college or university, if the property or dividends, interest, rents or royalties  
23 derived therefrom are used or devoted to educational purposes of such college or university;

24 (11) Public and family libraries;

25 (12) Property used for charitable purposes and not held or leased out for profit;

26 (13) Property used for the public purposes of distributing electricity, water or natural gas  
27 or providing sewer service by a duly chartered nonprofit corporation when such property is not  
28 held, leased out or used for profit;

29 (14) Property used for area economic development purposes by nonprofit corporations  
30 when the property is not leased out for profit;

31 (15) All real estate not exceeding one acre in extent, and the buildings on the real estate,  
32 used exclusively by any college or university society as a literary hall, or as a dormitory or  
33 clubroom, if not used with a view to profit, including, but not limited to, property owned by a  
34 fraternity or sorority organization affiliated with a university or college or property owned by a  
35 nonprofit housing corporation or similar entity on behalf of a fraternity or sorority organization  
36 affiliated with a university or college, when the property is used as residential accommodations or  
37 as a dormitory for members of the organization;

38 (16) All property belonging to benevolent associations not conducted for private profit;

39 (17) Property belonging to any public institution for the education of the deaf, intellectually  
40 disabled or blind or any hospital not held or leased out for profit;

41 (18) Houses of refuge and mental health facility or orphanage;

42 (19) Homes for children or for the aged, friendless or infirm not conducted for private profit;

43 (20) Fire engines and implements for extinguishing fires, and property used exclusively  
44 for the safekeeping thereof, and for the meeting of fire companies;

45 (21) All property on hand to be used in the subsistence of livestock on hand at the  
46 commencement of the assessment year;

47 (22) Household goods to the value of \$200, whether or not held or used for profit;

48 (23) Bank deposits and money;

49 (24) Household goods, which for purposes of this section means only personal property  
50 and household goods commonly found within the house and items used to care for the house and  
51 its surrounding property, when not held or used for profit;

52 (25) Personal effects, which for purposes of this section means only articles and items of  
53 personal property commonly worn on or about the human body or carried by a person and  
54 normally thought to be associated with the person when not held or used for profit;

55 (26) Dead victuals laid away for family use;

56 (27) All property belonging to the state, any county, district, city, village, town or other  
57 political subdivision or any state college or university which is subject to a lease purchase  
58 agreement and which provides that, during the term of the lease purchase agreement, title to the  
59 leased property rests in the lessee so long as lessee is not in default or shall not have terminated  
60 the lease as to the property;

61 (28) Personal property, including vehicles that qualify for a farm use exemption certificate  
62 pursuant to section two, article three, chapter seventeen-a of this code and livestock, employed  
63 exclusively in agriculture, as defined in article ten, section one of the West Virginia Constitution:  
64 *Provided*, That this exemption only applies in the case of such personal property used on a farm  
65 or farming operation that annually produces for sale agricultural products, as defined in rules of  
66 the Tax Commissioner;

67 (29) Real property owned by a nonprofit organization whose primary purpose is youth  
68 development by means of adventure, educational or recreational activities for young people,  
69 which real property contains a facility built with the expenditure of not less than \$100 million that  
70 is capable of supporting additional activities within the region or the state and which is leased or

71 used to generate revenue for the nonprofit organization whether or not the property is used by  
72 the nonprofit organization for its nonprofit purpose, subject to the requirements, limitations and  
73 conditions set forth in subsection (h) of this section; ~~and~~

74 (30) All property belonging to a military veteran with a one hundred percent service related  
75 disability; and

76 ~~(30)~~ (31) Any other property or security exempted by any other provision of law.

77 (b) Notwithstanding the provisions of subsection (a) of this section, no property is exempt  
78 from taxation which has been purchased or procured for the purpose of evading taxation whether  
79 temporarily holding the same over the first day of the assessment year or otherwise.

80 (c) Real property which is exempt from taxation by subsection (a) of this section shall be  
81 entered upon the assessor's books, together with the true and actual value thereof, but no taxes  
82 may be levied upon the property or extended upon the assessor's books.

83 (d) Notwithstanding any other provisions of this section, this section does not exempt from  
84 taxation any property owned by, or held in trust for, educational, literary, scientific, religious or  
85 other charitable corporations or organizations, including any public or private nonprofit foundation  
86 or corporation existing for the support of any college or university located in West Virginia, unless  
87 such property, or the dividends, interest, rents or royalties derived therefrom, is used primarily  
88 and immediately for the purposes of the corporations or organizations.

89 (e) The Tax Commissioner shall, by issuance of rules, provide each assessor with  
90 guidelines to ensure uniform assessment practices statewide to effect the intent of this section.

91 (f) Inasmuch as there is litigation pending regarding application of this section to property  
92 held by fraternities and sororities, amendments to this section enacted in the year 1998 shall apply  
93 to all cases and controversies pending on the date of such enactment.

94 (g) The amendment to subdivision (27), subsection (a) of this section, passed during the  
95 2005 regular session of the Legislature, shall apply to all applicable lease purchase agreements  
96 in existence upon the effective date of the amendment.

97 (h) Nonprofit youth organization exemption - Limitations, Conditions, Collection and  
98 administration of one and one quarter percent fee, limitations and distribution of moneys.

99 (1) The exemption from ad valorem taxation provided pursuant to the provisions of  
100 subdivision (29), subsection (a) of this section does not apply to a property owned by a nonprofit  
101 organization otherwise qualifying for the exemption but which property or facilities are used for-  
102 profit or outside the primary purpose of the owner which result in unrelated business taxable  
103 income as defined by Section 512 of the Internal Revenue Code of 1986, as amended, unless  
104 the income is generated by an activity upon which the one and one quarter percent fee authorized  
105 by subdivision (2) of this section is applied as provided in subdivision (3) of this subsection.

106 (2) The owner of real property exempt from ad valorem taxation under subdivision (29),  
107 subsection (a) of this section shall pay an amount equal to one and one quarter percent of the  
108 gross revenues the owner receives in accordance with this subsection. For purposes of this  
109 subsection, "gross revenues" means the gross amount received by the owner as payment for use  
110 of the property or the facilities thereon.

111 (3) Gross revenues derived from the following facilities, uses, activities and operations are  
112 subject to a fee of one and one quarter percent of such gross revenues:

113 (A) Gross revenues derived from the use of lodging and campground facilities by persons  
114 participating in meetings and multiday spectator sports or multiday recreational, celebratory or  
115 ceremonial events held on-site where on-site lodging or camping is offered as part of the program.  
116 For purposes of this section the term "meeting" means, and is limited to, a gathering, assembly  
117 or conference of two or more persons who have deliberately convened at a single specific location  
118 at a single specified time and date for a common specific purpose.

119 (B) Gross revenues derived from any retail store located at the facility that is open only to  
120 those persons who are attending meetings, spectator sports, recreational, celebratory or  
121 ceremonial events held on-site at the facility.

122 (C) Gross revenues derived from operations of gift shops at a welcome or information

123 center located adjacent to a public highway operated by the nonprofit organization which is open  
124 to the general public.

125 (D) Gross revenues derived from the leasing of zip-lines, canopy tours, wheeled sports  
126 and climbing facilities used by the general public on a for-profit basis (i) Under a written agreement  
127 with a licensed commercial outfitter operating a business utilizing zip-lines, canopy tours, wheeled  
128 sports or climbing areas of a similar nature in the same or an adjacent county where the facilities  
129 are located; and (ii) When the property or facilities are used as part of a training or advanced  
130 experience offered by the licensed commercial outfitter.

131 (E) Gross revenues derived from the use or operation of zip-lines, canopy tours, wheeled  
132 sports facilities or activities, climbing facilities or activities and the use or operation of other  
133 sporting facilities on the exempt property that are leased on a for-profit basis for spectator events,  
134 such as concerts, spectator sporting events or exhibitions or similar mass gathering events.

135 (F) Gross revenues derived from leases or agreements for use of the property for meetings  
136 and multiday spectator sports or events or multiday recreational, celebratory or ceremonial  
137 events, held on site.

138 (4) Notwithstanding any other provision of this section to the contrary, programs or  
139 activities occurring on the property or its facilities held in conjunction with a government  
140 organization or sponsored by other nonprofit organizations serving youth, veterans, military  
141 services, public service agencies including, fire, police, emergency and search and rescue  
142 services, government agencies, schools and universities, health care providers and similar  
143 organizations or groups which are designed to provide opportunities for learning or training in the  
144 areas of leadership, character education, science, technology, engineering, arts and mathematics  
145 (STEAM) programs, physical challenges, sustainability, conservation and outdoor learning shall  
146 be considered a charitable or nonprofit use for the purposes of this section and not subject to the  
147 one and one quarter percent fee.

148 (5) Notwithstanding any other provision of this section to the contrary, activities open to

149 the public through individual visitor passes allowing tours and access to the property and its  
150 facilities for the purpose of viewing or participating in demonstrations, programs and facilities  
151 providing information and experiences consistent with the owner's nonprofit purposes where zip-  
152 lines, canopy tours, wheeled sports or climbing facilities are merely components of the  
153 demonstrations, programs and facilities used shall be considered a charitable or nonprofit use for  
154 the purposes of this section and not subject to the one and one quarter percent fee: *Provided,*  
155 That such individual visitor passes may not include the rental or use of on-site overnight lodging  
156 or camping facilities.

157 (6) Administration –

158 (A) The sheriff of the county wherein the majority of the acreage of the property is located  
159 as specified in the deed to such property, shall collect, on a monthly basis, all moneys derived  
160 from the fee of one and one quarter percent of the gross revenues imposed under this subsection.

161 (B) The sheriff of the county wherein the majority of the acreage of the property is located  
162 as specified in the deed to such property, shall prescribe such forms and schedules as may be  
163 necessary for the efficient, accurate, and expeditious payment and reporting of the one and one  
164 quarter percent fee specified in this subsection on gross revenues.

165 (C) The sheriff of the county wherein the majority of the acreage of the property is located  
166 as specified in the deed to such property, shall administer the fee imposed under this subsection,  
167 including refunds and adjustments.

168 (D) Payment, administration and compliance of fee payers and administrators shall be  
169 subject to audit by the Office of Chief Inspector.

170 (E) All ~~moneys~~ moneys so collected, net of refunds and adjustments, shall be paid into a  
171 special account in the State Treasury, which is hereby created, and the amount thereof shall be  
172 distributed and paid annually, by the State Treasurer, on October 1 of each year, into the funds  
173 and to the distributees specified in subdivision (7) of this subsection in the amounts specified  
174 therein.

175 (7) Distribution –

176 (A) Twenty-five percent of ~~moneys~~ moneys so collected, net of refunds and adjustments,  
177 shall be paid annually to the Tourism Promotion Fund established pursuant to section twelve,  
178 article two, chapter five-b of this code.

179 (B) Twenty-five percent of ~~monies~~ moneys so collected, net of refunds and adjustments,  
180 shall be paid annually to the sheriff of the county where the property is located which, but for the  
181 exemption provided in subdivision (29), subsection (a) of this section, would be entitled to receive  
182 ad valorem taxes on the property. The sheriff shall treat all such payments in the same manner  
183 as payments in lieu of taxes, and such payments are subject to the adjustment mandated under  
184 section twelve, article nine-a, chapter eighteen of this code. For properties located in more than  
185 one county, the amount paid to the sheriff of the county shall be in proportion to the total number  
186 of acres located in each county at the close of the fiscal year, as specified in the deed to such  
187 property.

188 (C) Fifty percent of ~~monies~~ moneys so collected, net of refunds and adjustments, shall be  
189 divided equally and paid annually into separate accounts established and maintained by the  
190 sheriffs of the county or counties wherein the property is located and the sheriffs of any other  
191 county that is within the jurisdiction of the same economic development authority as the county  
192 or counties wherein the property is located to be used solely for the establishment and delivery of  
193 a science, technology, engineering, art and math (STEAM) program in conjunction with the owner  
194 of the exempt property. The funds shall be divided equally for use in each county and the  
195 programs must be approved by the respective county superintendents of schools. Expenditures  
196 from the accounts shall be authorized by the county superintendent of schools.

197 (8) If lodging is furnished as part of a retreat, meeting, or multiday spectator sport or event  
198 being held on-site wherein on-site lodging or camping is offered as part of the program, any  
199 applicable hotel occupancy tax and state and local consumers sales and service tax and use tax  
200 shall be paid based upon the actual location of such lodging.

201 (9) If merchants are allowed to do business on the property, the owner or lessee of the  
202 property shall offer space to local merchants on terms at least as favorable as are offered to other  
203 merchants.

204 (10) For the purposes of this subsection, owner includes the owner holding record title to  
205 the property and its affiliates to the extent they are commonly owned, controlled or have the power  
206 to appoint the governing body of the affiliate.

207 (11) The Tourism Commission shall include in its annual report submitted to the Governor  
208 and the Legislature a summary of funds paid into the Tourism Promotion Fund and  
209 recommendations pertaining to the administration of this section.

210 (12) This subsection may not be construed to prohibit the owner of property otherwise  
211 subject to this section from having portions of the property severed from the remainder of the  
212 property, assessed and taxed as if nonexempt and thereafter conducting business on such  
213 property the same as any other nonexempt property: *Provided*, That the area of property to be  
214 severed shall be approved by the county commission wherein the property lies so as to include  
215 in the severance all property substantially supporting the for profit or business activity giving rise  
216 to the specific purpose of the severance and excluding all property entitled to the continued  
217 benefits of this Act.

218 (i) To assure the implementation of subsection (h) of this section does not harm local and  
219 regionally located businesses by use of the tax exempt facility in a manner that cause unfair  
220 competition and unreasonable loss of revenue to those businesses, studies shall be periodically  
221 conducted to assure that further legislation is in order regarding the uses of the tax exempt facility.  
222 The County commission of any county where such a property is located shall report to the Joint  
223 Committee on Government and Finance by the first day of January every five years after the  
224 effective date of this section. The report shall include information on any unfair business  
225 competition resulting from the establishment of the nonprofit status, and include a report of the  
226 costs and benefits to its county of the tax exemption and associated fee, including an audit of that

227 county's use of the net revenues. The West Virginia University Bureau of Business and Economic  
228 Research in coordination of the Center for Business and Economic Research at Marshall  
229 University, by January 1, 2020, shall undertake a study and report to the Committee, the economic  
230 impact of this tax exemption and fee to the county and that region of the state, and make any  
231 recommendations regarding the benefits and disadvantages for continuing the provision of this  
232 tax exemption and fee, included, but not limited to, the impacts to other small and large  
233 businesses in the county, the costs to the county has incurred as a result of use of the facility,  
234 and any other relevant data that the universities may deem relevant.

NOTE: The purpose of this bill is to provide that military veterans with a one hundred percent service related disability are exempt from property taxation.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.