

WEST VIRGINIA LEGISLATURE

2022 REGULAR SESSION

Introduced

House Bill 4017

BY DELEGATES J. JEFFRIES, MAYNOR, FOSTER, NESTOR,

COOPER, MALLOW, AND FORSHT

[Introduced January 24, 2022; Referred to the

Committee on Government Organization then

Finance]

1 A BILL to amend and reenact §8-1-5a of the Code of West Virginia, 1931, as amended, all relating
2 to the Municipal Home Rule Program, clarifying the board's ability to review participating
3 municipalities for efficacy and to make recommendations to the Legislature; clarifying a
4 participating municipality's authority on local taxation; clarifying that a participating
5 municipality may retain both the municipal sales tax and the municipal business and
6 occupation tax under certain conditions; and making other technical changes.

Be it enacted by the Legislature of West Virginia:

**ARTICLE 1. PURPOSE AND SHORT TITLE; DEFINITIONS; GENERAL PROVISIONS;
CONSTRUCTION.**

§8-1-5a. Municipal Home Rule Program.

1 (a) — The Legislature finds and declares that:

2 (1) The initial Municipal Home Rule Pilot Program brought innovative results, including
3 novel municipal ideas that became municipal ordinances which later resulted in new statewide
4 statutes;

5 (2) The initial Municipal Home Rule Pilot Program also brought novel municipal ideas that
6 resulted in court challenges against some of the participating municipalities;

7 (3) The Municipal Home Rule Board was an essential part of the initial Municipal Home
8 Rule Pilot Program, but it lacked some needed powers and duties;

9 (4) Municipalities still face challenges delivering services required by federal and state law
10 or demanded by their constituents;

11 (5) Municipalities are sometimes restrained by state statutes, policies, and rules that
12 challenge their ability to carry out their duties and responsibilities in a cost-effective, efficient, and
13 timely manner;

14 (6) Establishing the Municipal Home Rule Pilot Program as a permanent program is in the
15 public interest; and

16 (7) Increasing the powers and duties of the Municipal Home Rule Board, subject to the
17 limitations set forth herein, will enhance the Municipal Home Rule Program.

18 (b) The Municipal Home Rule Pilot Program is established as a permanent program and
19 shall be identified as the Municipal Home Rule Program. Any plan or amendment to a plan
20 approved by the board during the period of the Municipal Home Rule Pilot Program is continued.
21 Any ordinance, act, resolution, rule, or regulation enacted by a participating municipality under
22 the provisions of this section during the period of the Municipal Home Rule Pilot Program shall
23 continue in full force and effect unless and until repealed: *Provided*, That municipalities that are
24 participants in the Municipal Home Rule Program shall update their ordinances, acts, resolutions,
25 rules, and regulations to comply with any additions or modifications to subsection (i), subsection
26 (j), or subsection (k) of this section.

27 (c) (1) Commencing July 1, 2019, any Class I, Class II, or Class III municipality that is
28 current in payment of all state fees may apply to participate in the Municipal Home Rule Program
29 pursuant to the provisions of this section. Also, commencing July 1, 2019, up to four applications
30 per year from Class IV municipalities may be approved by the board for participation in the
31 Municipal Home Rule Program pursuant to the provisions of this section, provided the Class IV
32 municipality is current in payment of all state fees.

33 (2) The municipalities participating in the Municipal Home Rule Pilot Program on the
34 effective date of the amendment and reenactment of this section are authorized to continue in the
35 Municipal Home Rule Program, subject to the requirements of this section, and may amend
36 current written plans and/or submit new written plans in accordance with the provisions of this
37 section.

38 (3) On July 1, 2019, all municipalities currently participating in the Municipal Home Rule
39 Pilot Program shall pay an annual assessment of \$2,000 for the operation and administration of
40 the Home Rule Board. On July 1 of each year thereafter, all municipalities participating in the
41 Municipal Home Rule Program as of that date shall pay the annual assessment. Any participating

42 municipality that fails to timely remit its assessment when due may be assessed a penalty of an
43 additional \$2,000 by the board.

44 (4) There is created in the office of the State Treasurer a special revenue account fund to
45 be known as the Home Rule Board Operations Fund. The assessments required by the provisions
46 of subdivision (3) of this subsection shall be deposited into the fund, and expenditures from the
47 fund shall be made in accordance with appropriation of the Legislature under the provisions of
48 §12-3-1 *et seq.* of this code, and in compliance with the provisions of §11B-2-1 *et seq.* of this
49 code: *Provided*, That legislative appropriation is not required during fiscal year 2019.

50 (5) Any balance in the fund created under subdivision (4) of this subsection at the end of
51 a fiscal year shall not revert to the General Revenue Fund but shall remain in the special revenue
52 account for uses consistent with the provisions of this section.

53 (6) All costs and expenses lawfully incurred by the board may be paid from the fund
54 created under subdivision (4) of this subsection.

55 (7) Notwithstanding any provision of this section to the contrary, if at the end of a fiscal
56 year the unencumbered balance of the fund created in subdivision (4) of this subsection is
57 \$200,000 or more, then annual assessments shall be suspended until the board determines that
58 the unencumbered balance in the fund is insufficient to meet operational expenses. The board
59 shall notify all participating municipalities of the suspension of the annual assessment prior to the
60 end of the fiscal year and provide an estimate of when payment of annual assessments will
61 resume.

62 (d) The Municipal Home Rule Board is continued. The Municipal Home Rule Board shall
63 consist of the following five voting members:

64 (1) The Governor, or a designee, who shall serve as chair;

65 (2) The Executive Director of the West Virginia Development Office, or a designee;

66 (3) One member representing the Business and Industry Council, appointed by the
67 Governor with the advice and consent of the Senate;

68 (4) One member representing the largest labor organization in the state, appointed by the
69 Governor with the advice and consent of the Senate; and

70 (5) One member representing the West Virginia Chapter of the American Planning
71 Association, appointed by the Governor with the advice and consent of the Senate.

72 The Chair of the Senate Committee on Government Organization and the Chair of the
73 House Committee on Government Organization shall serve as ex officio nonvoting members of
74 the board.

75 (e) The Municipal Home Rule Board shall:

76 (1) Review, evaluate, make recommendations, and approve or reject, for any lawful
77 reason, by a majority vote of the board, each aspect of the written plan, or the written plan in its
78 entirety, submitted by a municipality;

79 (2) By a majority vote of the board, select, based on the municipality's written plan, new
80 Class I, Class II, Class III, and/or Class IV municipalities to participate in the Municipal Home Rule
81 Program;

82 (3) Review, evaluate, make recommendations, and approve or reject, for any lawful
83 reason, by a majority vote of the board, the amendments to the existing approved written plans
84 submitted by municipalities: *Provided*, That any new application or amendment that does not
85 reasonably demonstrate the municipality's ability to manage its associated costs or liabilities shall
86 be rejected;

87 (4) Consult with any agency affected by the written plans or the amendments to the
88 existing approved written plans; ~~and~~

89 (5) Perform any other powers or duties necessary to effectuate the provisions of this
90 section: *Provided*, That any administrative rules established by the board for the operation of the
91 Municipal Home Rule Program shall be published on the Municipal Home Rule Board's website,
92 and made available to the public in print upon request; and

93 (6) Review and evaluate the efficacy of municipalities participating in the Municipal Home

94 Rule Program and make recommendations to the Legislature to dissolve or remove municipalities
95 from the Municipal Home Rule Program. Any recommendations the board makes to the legislature
96 should be sent to the Chair of the Senate Committee on Government Organization, the Chair of
97 the House of Delegates Committee on Government Organization, the Senate President, and the
98 Speaker of the House of Delegates on or before January 1 to be considered during the legislative
99 session.

100 (f) Any Class I, Class II, Class III, or Class IV municipality desiring to participate in the
101 Municipal Home Rule Program, or any municipality desiring to amend its existing approved written
102 plan, shall submit a written plan to the board stating in detail the following:

103 (1) The specific laws, acts, resolutions, policies, rules, or regulations which prevent the
104 municipality from carrying out its duties in the most cost-efficient, effective, and timely manner;

105 (2) The problems created by those laws, acts, resolutions, policies, rules, or regulations;

106 (3) The proposed solutions to the problems, including all proposed changes to ordinances,
107 acts, resolutions, rules, and regulations: *Provided*, That the specific municipal ordinance
108 instituting the solution does not have to be included in the written plan; and

109 (4) A written opinion, by an attorney licensed to practice in the State of West Virginia,
110 stating that the proposed written plan does not violate the provisions of this section.

111 (g) Prior to submitting its written plan, or an amendment to an existing approved written
112 plan, to the board, the municipality shall:

113 (1) Hold a public hearing on the written plan or the amendment to the existing approved
114 written plan;

115 (2) Provide notice of the public hearing at least 30 days prior to the public hearing by a
116 Class II legal advertisement: *Provided*, That on or before the first day of publication, the
117 municipality shall send a copy of the notice by certified mail to the Municipal Home Rule Board
118 and the cabinet secretary of every state department;

119 (3) Make a copy of the written plan or amendment available for public inspection at least

120 30 days prior to the public hearing; and

121 (4) After the public hearing, adopt an ordinance authorizing the municipality to submit a
122 written plan or amendment to the Municipal Home Rule Board: *Provided*, That the proposed
123 ordinance has been read two times, as required by §8-11-4 of this code.

124 (h) By a majority vote, the Municipal Home Rule Board may select from the municipalities
125 that submitted written plans and were approved by the board by majority vote new Class I, Class
126 II, Class III, and/or Class IV municipalities to participate in the Municipal Home Rule Program.

127 (i) The municipalities participating in the Municipal Home Rule Program may not pass an
128 ordinance, act, resolution, rule, or regulation, under the provisions of this section, that is contrary
129 to the following:

130 (1) Environmental law;

131 (2) Laws governing bidding on government construction and other contracts;

132 (3) The Freedom of Information Act;

133 (4) The Open Governmental Proceedings Act;

134 (5) Laws governing wages for construction of public improvements;

135 (6) The provisions of this section;

136 (7) The provisions of §8-12-5a of this code;

137 (8) The municipality's written plan;

138 (9) The Constitution of the United States or the Constitution of the State of West Virginia;

139 (10) Federal law, including those governing crimes and punishment;

140 (11) Chapters 60A, 61, and 62 of this code or any other provisions of this code governing
141 state crimes and punishment;

142 (12) Laws governing pensions or retirement plans;

143 (13) Laws governing annexation;

144 (14) Laws governing taxation, unless the following conditions apply:

145 (A) A ~~Provided, That~~ a participating municipality may enact a municipal sales tax up to

146 one percent if it ~~reduces or~~ eliminates its municipal business and occupation tax:

147 ~~(B) Provided, however, That if a~~ A municipality that subsequently reinstates ~~or raises~~ the
148 municipal business and occupation tax it previously ~~reduced or~~ eliminated under the Municipal
149 Home Rule Pilot Program or the Municipal Home Rule Program, it shall ~~reduce or~~ eliminate the
150 municipal sales tax enacted under the Municipal Home Rule Pilot Program or the Municipal Home
151 Rule Program ~~in an amount comparable to the revenue estimated to be generated by the~~
152 ~~reinstated tax:~~

153 (C) Any municipality that, prior to enactment of this section, has outstanding bonds and is
154 relying on revenue from both a municipal sales tax and a municipal business and occupation tax
155 may retain both revenue streams until the bonds are paid in full or the bonds are refinanced, at
156 which time the participating municipality must either retain the municipal sales tax and eliminate
157 the municipal business and occupation tax or retain the municipal business and occupation tax
158 and eliminate the municipal sales tax;

159 ~~(D) Provided further, That any~~ Any municipality that imposes a municipal sales tax
160 pursuant to this section shall use the services of the Tax Commissioner to administer, enforce,
161 and collect the tax required by the provisions of §11-15-1 *et seq.*, §11-15A-1 *et seq.*, and §11-
162 15B-1 *et seq.* of this code and all applicable provisions of the Streamlined Sales and Use Tax
163 Agreement:

164 ~~(E) And provided further, That the~~ Any municipal sales tax does not apply to the sale of
165 motor fuel or motor vehicles;

166 (15) Laws governing tax increment financing;

167 (16) Laws governing extraction of natural resources;

168 (17) Marriage and divorce laws;

169 (18) Laws governing professional licensing or certification, including the administration
170 and oversight of those laws, by state agencies to the extent required by law;

171 (19) Laws, rules, or regulations governing the enforcement of state building or fire codes;

172 (20) Federal laws, regulations, or standards that would affect the state's required
173 compliance or jeopardize federal funding;

174 (21) Laws or rules governing procurement of architectural and engineering services:
175 *Provided*, That notwithstanding any other provision of this section to the contrary, the change
176 made in this subdivision applies prospectively and any ordinance enacted by the participating
177 municipalities prior to the effective date of the amendments to this section during the 2019 regular
178 legislative session and pursuant to the Municipal Home Rule Pilot Program remains in effect.

179 (22) The provisions of chapter 17C of this code; ~~or~~

180 (23) Laws, rules, or regulations governing communication technologies or
181 telecommunications carriers, as the term "telecommunications carrier" is defined by the Federal
182 Communications Commission in 47 U.S.C. §153 or as determined by the Public Service
183 Commission of West Virginia; or

184 (24) Laws governing the sale, transfer, possession, use, storage, taxation, registration,
185 licensing, or carrying firearms, ammunition, or accessories thereof.

186 (j) The municipalities participating in the Municipal Home Rule Program may not pass an
187 ordinance, act, resolution, rule, or regulation under the provisions of this section that:

188 (1) Affects persons or property outside the boundaries of the municipality: *Provided*, That
189 this prohibition under the Municipal Home Rule Program does not limit a municipality's powers
190 outside its boundary lines to the extent permitted under other provisions of this section, other
191 sections of this chapter, other chapters of this code, or court decisions;

192 (2) Enacts an occupation tax, fee, or assessment payable by a nonresident of a
193 municipality; or

194 (3) Imposes duties on another governmental entity, unless the performance of the duties
195 is part of a legally executed agreement between the municipality and the other governmental
196 entity, or is otherwise permitted by state law;

197 (k) Municipalities may not prohibit or effectively limit the rental of a property, in whole or in

198 part, or regulate the duration, frequency, or location of such rental, in whole or in part. A
199 municipality may regulate activities that arise when a property is used as a rental: *Provided*, That
200 such regulation applies uniformly to all properties, without regard to whether such properties are
201 used as a rental: *Provided, however*, That nothing in this subdivision may be construed to prohibit
202 a municipality from imposing a hotel occupancy tax as prescribed in §7-18-1 *et seq.* of this code.

203 (l) A municipality participating in the Municipal Home Rule Program may amend its written
204 plan at any time subject to the requirements of this section.

205 (m) A municipality participating in the Municipal Home Rule Program may amend any
206 ordinance, act, resolution, rule, or regulation enacted pursuant to the municipality's approved
207 written plan at any time as long as the amendment is consistent with the municipality's approved
208 written plan, as modified by any amendments adopted pursuant to this section, complies with the
209 provisions of this section, and the municipality complies with all applicable state law procedures
210 for enacting municipal legislation.

211 (n) On or before December 1 of each year, each participating municipality shall give a
212 written progress report to the Municipal Home Rule Board, and on or before January 1 of each
213 year, the Municipal Home Rule Board shall give a summary report of all the participating
214 municipalities to the Joint Committee on Government and Finance.

215 (o) Notwithstanding any other provision of this code to the contrary, a distributee under
216 the provisions of this section may not seek from the Tax Division of the Department of Revenue
217 a refund of revenues or moneys collected by, or remitted to, the Tax Division of the Department
218 of Revenue, nor seek a change in past amounts distributed, or any other retrospective adjustment
219 relating to any amount distributed, to the extent that the moneys in question have been distributed
220 by the Tax Division to another distributee, regardless of whether those distributions were
221 miscalculated, mistaken, erroneous, misdirected, or otherwise inaccurate or incorrect. For
222 purposes of this section, the term "distributee" means any municipality that has enacted a sales
223 and use tax under this section or as otherwise permitted by law that receives or is authorized to

- 224 receive a specific distribution of revenues or moneys collected by, or remitted to, the Tax Division
- 225 of the Department of Revenue pursuant to this section.

NOTE: The purpose of this bill is to provide clarification around municipal taxation and the board's responsibilities around reviewing home rule municipalities.

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