

West Virginia Legislature
Joint Standing Committee on Finance
2011 - 2012 Interims

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Senator Prezioso, Chair
Senator Facemire, Vice Chair
Senator Chafin
Senator Edgell
Senator Green
Senator Helmick
Senator Laird
Senator McCabe
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Senator Plymale
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APPROVED FINAL REPORT OF

THE JOINT STANDING COMMITTEE ON FINANCE

TO THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
January 10, 2012

Your Joint Standing Committee on Finance was assigned the interim study of the following topics during the 2011-2012 legislative interim period:

- *SCR 59 – Requesting Joint Committee on Government and Finance study whether state should increase funding to Matching Advertising Partnership Program*
- *SCR 72 -- Requesting Joint Committee on Government and Finance study funding of fairs and festivals*
- *SCR 76 -- Requesting Joint Committee on Government and Finance study use of tobacco taxes for research*
- *SCR 86 -- Requesting Joint Committee on Government and Finance study general revenue funding of community and technical colleges*
- *HCR 158 - Requesting the Joint Committee on Government and Finance to study the feasibility of increasing the allowable tax credit for qualified rehabilitated buildings investment for certified historic*


structures in this state

- *Funding Issues Regarding Marcellus Shale*
- *Telecommunications Taxes*
- *Tax Issues Generally*
- *Distribution of racing funds and providing purposes for the distribution of the funds to include funding for greyhound adoption and spay and neutering programs for West Virginia whelped greyhounds and increasing percentages to be given as bonus awards*
- *Study on the property tax base*
- *SCR 58 -- Requesting Joint Committee on Government and Finance study advisability of establishing Economic Diversification Permanent Fund using mineral severance taxes*
- *SCR 65 -- Requesting study on creation of Fiscal and Policy Division under Joint Committee on Government and Finance*
- *HCR 97 -- Requesting a broad study of budgeting, including budget formats, approached, processes, procedures and controls*
- *SB 242 -- Dedication portion of coal severance tax to county of origin*
- *SB 616 -- Other Post Employment Benefits (OPEB)*
- *State and Local Financing Issues Generally*

Your Committee reports that in addition to the foregoing matters, presentations have been received from the Secretary of the Department of Revenue and its State Budget Office regarding the financial status of the State at the close of Fiscal Year 2010 - 2011, and from the Superintendent, West Virginia State Police, on the Civilian Employee workforce of the State Police.

Each of the assigned issues itemized above have been considered by Subcommittees A, B or C of Your Committee, and the reports and recommendations of the subcommittees on those matters have been received and adopted by the full Joint Committee on Finance. All of those reports and recommendations, having been so adopted, are made a part of and submitted with this report to the Joint Committee on Government and Finance for its consideration.

Respectfully Submitted,


Senator Roman Prezioso
Co-Chairman


Delegate Harry Keith White
Co-Chairman

West Virginia Legislature
Joint Standing Committee on Finance
2011 - 2012 Interims
Subcommittee A

Senate Members:

Senator Facemire, Chair
Senator Chafin
Senator Miller
Senator Plymale
Senator Stollings
Senator, Unger
Senator Hall
Senator Prezioso, *Ex Officio*

House Members:

Delegate Campbell, Chair
Delegate Guthrie
Delegate Iaquina
Delegate Perdue
Delegate Reynolds
Delegate Bob Ashley
Delegate Cowles
Delegate White, *Ex Officio*

FINAL REPORT OF
SUBCOMMITTEE A

TO THE JOINT STANDING COMMITTEE ON FINANCE
January 10, 2012

Your Subcommittee A was appointed following the 2011 Regular Session of the Legislature and assigned the following topics for study during the interim period:

SCR 59- Requesting Joint Committee on Government and Finance study whether state should increase funding to Matching Advertising Partnership Program;

SCR 72- Requesting Joint Committee on Government and Finance study funding of fairs and festivals;

SCR 76- Requesting Joint Committee on Government and Finance study use of tobacco taxes for research; and

SCR 86- Requesting Joint Committee on Government and Finance study general revenue funding of community and technical colleges.

During the legislative interim period, Subcommittee A met and received information on these topics of study from various state agencies and other sources, including representatives from community and technical colleges, the West Virginia Hospitality and Travel Association, the West Virginia Association of Fairs and Festivals, the State Fair and the Greenbrier Classic. Subcommittee A **REPORTS** as follows:

On the issue of **SCR 59**, *Your Subcommittee A **RECOMMENDS** consideration of increased funding to the Matching Advertising Partnership Program, if such funding is available.*

On the issue of **SCR 72**, *Your Subcommittee A **RECOMMENDS** that in determining future funding for fairs and festival, clearer guidelines govern with the organizational structure, attendance and impact on the community for any event identified and good business practices rewarded. Your Subcommittee A **RECOMMENDS** that this issue be continued next year to give the committee an opportunity to develop said guidelines.*


On the issue of **SCR 76**, *Your Subcommittee A **RECOMMENDS** that this study be deferred to the Joint Standing Committee on Health.*

On the issue of **SCR 86**, *Your Subcommittee A **RECOMMENDS** that this issue be continued next year to give the committee an opportunity to more fully review the information and provide a forum for all of the affected institutions.*

Respectfully Submitted,



Senator Doug Facemire
Co-Chair



Delegate Tom Campbell
Co-Chair

West Virginia Legislature
Joint Standing Committee on Finance
2011 - 2012 Interims
Subcommittee B

Senate Members:

Senator Prezioso, Chair
Senator Edgell
Senator Helmick
Senator Miller
Senator Yost
Senator Boley

House Members:

Delegate White, Chair
Delegate Doyle
Delegate Marshall
Delegate Stowers
Delegate Varner
Delegate Williams
Delegate Canterbury
Delegate Carmichael
Delegate Evans

FINAL REPORT OF
SUBCOMMITTEE B

TO THE JOINT STANDING COMMITTEE ON FINANCE
January 10, 2012

Your Subcommittee B was appointed following the 2011 Regular Session and assigned the following topics for study during the interim period:

***HCR 158 - Requesting the Joint Committee on Government and Finance to study the feasibility of increasing the allowable tax credit for qualified rehabilitated buildings investment for certified historic structures in this state**

***Funding Issues Regarding Marcellus Shale**

***Telecommunications Taxes**

***Tax Issues Generally**

***Distribution of racing funds and providing purposes for the distribution of the funds to include funding for greyhound adoption and spay and neutering programs for West Virginia whelped greyhounds and increasing percentages to be given as bonus awards**

***Study on the property tax base**

During the 2011-2012 legislative interim period, Subcommittee B met and received information on several of these topics of study from the following state agencies, political subdivisions and other sources:

Representatives from the West Virginia Department of Revenue, the State Tax Division, the Marshall University Bureau of Business and Economic Research, the West Virginia Center on Budget and Policy, the State Historic Preservation Office of the Division of Culture and History of the Department of Education and the Arts, and the Board of the Preservation Alliance of West Virginia.

Based on the testimony presented, Subcommittee B makes the following recommendations:

Regarding **HCR158**, Your Subcommittee B **RECOMMENDS** that the Legislature consider the relative benefits and costs, if any, of legislation expected to be introduced at the beginning of the upcoming legislative session proposing to increase the allowable tax credit for qualified rehabilitated buildings investment for certified residential historic structures, as well as the availability of any funds provided for this purpose in the budget proposed by the Governor.

Regarding **Marcellus Shale Funding Issues**, Your Subcommittee B **RECOMMENDS** that the Legislature monitor the implementation of the provisions for funding the Department of Environmental Protection's regulation of Marcellus Shale drilling as contained in Enrolled H.B. 401 (4th Extraordinary Session, 2011) enacted December 14, 2011, as well as the incentives for the development of Marcellus Shale drilling and related industries as contained in Enrolled Com. Sub for Com. Sub for S.B. 465 (Regular Session, 2011) enacted March 12, 2011, and enact such further legislation as may become advisable to continue the responsible development of these economic activities. Your Subcommittee **FURTHER RECOMMENDS** that the Legislature continue to

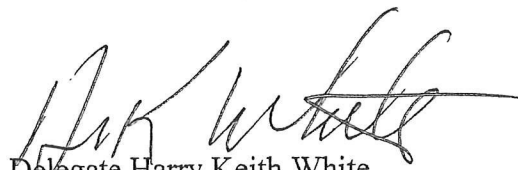
consider the benefits and costs of the impact of the extraction of natural gas from the Marcellus Shale upon the fiscal, economic and social aspects of the lives of the citizens of this state during the upcoming session, including the examination of the extent of the tax burden imposed upon the natural gas industry, and that these matters be reassigned to Your Subcommittee for further consideration during the ensuing interim period.

Regarding **Telecommunications Taxes**, Your Subcommittee B **RECOMMENDS** that the Legislature review and consider the recommendations contained in the report of the State Tax Commissioner and the WV Telecommunications Tax Study Workgroup of the Governor's Tax Modernization Committee, dated July 1, 2011, entitled "Telecommunications Tax Study," that a means be found to bring local governments and representatives of the myriad sectors of the telecommunications industry to the table to reach an accord to replace the antiquated and in many cases unevenly applied method for taxation of services provided by those industries that exists today in this State with a modernized system of taxation that would reduce current taxes and fees, broaden the tax base, and provide the revenues necessary for essential governmental services such as 911 centers without jeopardizing the level of current funding for those purposes or local control of the use of those revenues.

Respectfully Submitted,



Senator Roman W. Prezioso, Jr.
Co-Chair



Delegate Harry Keith White
Co-Chair

West Virginia Legislature
Joint Standing Committee on Finance
2011 - 2012 Interims
Subcommittee C

Senate Members:

Senator McCabe, Chair
Senator Green
Senator Laird
Senator Wells
Senator Sypolt
Senator Prezioso, *Ex Officio*

House Members:

Delegate Kominar*, Chair
Delegate Mahan
Delegate Manchin
Delegate L. Phillips
Delegate D. Poling
Delegate M. Poling
Delegate Anderson
Delegate Walters
Delegate White, *Ex Officio*

**Resigned 12/29/11*

FINAL REPORT OF

SUBCOMMITTEE C

TO THE JOINT STANDING COMMITTEE ON FINANCE
January 10, 2012

Your Subcommittee C was appointed following the 2011 Regular Session and assigned the following topics for study:

***SCR 58- Requesting Joint Committee on Government and Finance study advisability of establishing Economic Diversification Permanent Fund using mineral severance taxes.**

***SCR65- Requesting study on creation of Fiscal and Policy Division under Joint Committee on Government and Finance.**

***HCR 97-Requesting a broad study of budgeting, including budget formats, approached, processes, procedures and controls.**

***SB242- Dedicating portion of coal severance tax to county of origin.**

***SB 616- Relating to post-employment benefits generally.**

***State and local financing issues generally**

During the 2011-2012 Legislative interim period, Subcommittee C met monthly for the purpose of studying the assigned topics. The subcommittee received information and sought participation from the following state

agencies, political subdivisions and other sources: West Virginia Department of Revenue, West Virginia Public Employees Insurance Agency; West Virginia Consolidated Public Retirement Board; West Virginia Municipal League; West Virginia Association of Counties; the State Auditor and his staff; representatives for the Governor's office; and the Performance Evaluation Research Division of the West Virginia Legislature.

Based on the testimony of all of the above, Subcommittee C makes the following findings recommendations:

Subcommittee C **FINDS** that one of the most critical financial issues facing the state and local governments is the OPEB liability and, although the PEIA Finance Board has recently taken actions that greatly reduce the liability, legislation is still needed to address this issue and must include a dedicated source of revenue.


Subcommittee C **FINDS** that a bill dedicating a portion of coal severance tax to county of origin was passed during the second extraordinary session of the Legislature this year, therefore the study of SB242 was rendered moot.

Subcommittee C **FINDS** that the Joint Committee on Government Organization also studied issues related to budgeting, including budget formats, approached, processes, procedures and controls and the creation of Fiscal and Policy Division under Joint Committee on Government and Finance. Your Subcommittee C would like to review the recommendations of that Committee and possibly **RECOMMEND** that the two committees continue this study jointly.

Respectfully Submitted,



Senator Brooks McCabe, Co-Chair
Joint Committee on Finance, Subcommittee C



Delegate Harry Keith White, Co-Chair
Joint Committee on Finance