Governor Justice Proposes Alternative Budget

On Monday, February 27, Governor Justice proposed an alternative budget for the Legislature's consideration. The Governor's initial budget that he proposed during the 2017 State of the State Address was not well received by members of the West Virginia Legislature.

The Governor's revised budget would lead to a $63 million surplus for the General Revenue Fund by taking the following measures:

- A possible $50 million in spending cuts. His budget does not identify the cuts but he has indicated he will approve them if they can be found and they do not hurt state government's ability to function.

- Lower the proposed Commercial Activities Tax (CAT) from the original .2 percent down to .075 percent. This would still be a tax on a business's gross receipts, similar to the B&O Tax that was removed for most businesses in 1985, but at a lower rate than initially proposed. (Estimated $80.4 million new revenue)

- Consumer Sales Tax increase from 6% to 6.25%. This is lower than his initial proposal of 6.5%. (Estimated $46.5 million new revenue)

- Repeal Exemptions on Professional Services (except Advertising - which would remain exempt). The Governor's initial proposal also called for the elimination of the...
exemption for advertising. The West Virginia Chamber would note that only New Mexico, South Dakota and Hawaii levy a sales tax on professional services. (Estimated $78.9 Million in new revenue)

- **Sugary Drink Tax** - 1 cent per fluid ounce on drinks containing sugar. ($85 million new revenue)

- **Cigarette tax** increase of 50 cents per pack ($47.8 million new revenue)

- **Extra personal income tax fees for wealthy West Virginians** - flat fee per year: ($8 million in new revenue)
  - Household income over $200k = extra $500 per year
  - Household income over $250k = extra $750 per year
  - Household income over $300k = extra $1,000 per year

- **Smoothing of gains & losses in Teachers Retirement Plan Unfunded Repayment** (4-year smoothing) (saves $40.75 million from budget expenses in FY 2018)

- **SOS Fund** -- break up the original one-time expenditure of $105 million = split over 3 years = $35 million per year (saves $70 million from budget expenses in FY 2018)

- **Beer Tax, Liquor Tax, Workers’ Compensation Redirect, Eliminate General Revenue Transfer to Road Fund** - ($86.5 million in new revenue and savings)

- **Removal of some initial proposed expenditures** (Saves $122 million)

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**Natural Gas Development Discussed at Chamber's Second Legislative Briefing**

On Tuesday, February 28, the West Virginia Chamber hosted its second

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**Wednesday, March 29**

**Session Adjourns**

Midnight Saturday, April 8
Legislative Briefing and discussed energy development in West Virginia. Senator Randy Smith, Chairman of the Senate Energy, Industry & Mining Committee, and Delegate Bill Anderson, Chairman of the House Energy Committee, addressed the crowd.

Both Senator Smith and Delegate Anderson discussed the need to develop West Virginia's vast natural gas reserves and addressed pending legislation on the issue. Delegate Anderson highlighted the tremendous growth over the past decade in natural gas production as well as the advances in technology and how those advances could help the state's budget.

For a brief video update on this Legislative Briefing, please [click here](#).

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**Water Quality Standards Bill Moves to Senate**

A bill to bring West Virginia's Water Quality Standards in line with neighboring states and the U.S. Environmental Protection Agency (EPA) passed the House of Delegates today on a 63-37 vote. House of Delegates.

HB 2506 would require West Virginia to adopt Harmonic Mean Flow Standards when setting permit limits for human health protection. The U.S. EPA has previously recommended that West Virginia to adopt these standards, and doing so would bring the state in line with border states. HB 2506 now moves to the Senate for further consideration.

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**West Virginia Chamber Welcomes Leadership Berkeley**
On Monday, February 27, Leadership Berkeley stopped by the West Virginia Chamber to discuss ideas for moving West Virginia forward. The group is led by Tina Combs, Executive Director of the Martinsburg-Berkeley County Chamber of Commerce, and spent the day at the Capitol meeting with legislators from the Eastern Panhandle. Participants in Leadership Berkeley include business, education, and policy leaders from Berkeley County, WV.

**Bill Considered to Modify Pre- and Post-Judgment Interest Rates**

The House Judiciary Committee this week approved the Committee Substitute for HB 2678 -- pre & post-judgment interest rate on court judgments. Current law regarding judgment interest provides for compound interest to be calculated at a rate 3 points above the Fifth Federal Reserve discount rate. Comm Sub HB 2678 would reduce that rate down to 2 points (instead of 3 points) above the Fifth Federal Reserve discount rate, and further provides that simple interest shall be calculated (instead of compound interest).

Comm Sub 2678 also establishes new statutory minimum and maximum interest rates. The current statutory minimum rate is 7 percent, which has been in effect continuously since 2009. Comm Sub HB 2678 reduces the statutory minimum down to 4 percent. The Bill also reduces the statutory maximum rate from the current 11 percent down to 9 percent. The Bill is now pending on the House floor.

**BILLS TO WATCH**

TO REVIEW THE TEXT OF ANY BILL
CLICK THE BILL NUMBER

**SB 7** --- Requiring election by division in the House of Delegates' districts with two or more delegates

**SB 18** --- Requiring ACT and ACT Aspire to be used as comprehensive statewide student assessment.

**SB 54** --- Relating to rate of interest allowed for prejudgment and post-judgment interest.
SB 55 / HB 2581 --- Allowing admission of use or nonuse of safety belt in civil actions for damages

SB 58 --- Relating to product liability actions

SB 67 --- Establishing Supreme Court online case management system

SB 75 --- Creating Small Business Regulatory Review Board

SB 181 --- Abolishing regional education service agencies

SB 222 / HB 2435 --- Providing disqualification for unemployment benefits for individual who left or lost job as a result of strike

SB 236 --- Relating to damages for medical monitoring

SB 239 / HB 2583 --- Limiting use of wages by employers and labor organizations for political activities

SB 244 --- Gas Co-Tenancy & Lease Integration

SB 245 --- Gas Company Surveying

SB 246 --- Water Quality Standards / Harmonic Mean Flow / Mixing Zones

SB 272 --- Drug-Free Workplace Act

SB 277 --- Creation of an Intermediate Appellate Court

SB 330 --- Technical Corrections to Workplace Freedom Act

SB 335 --- Tax Reform - General Consumption Tax

SB 385 --- One Cent Per Ounce Tax on Soft Drinks

SB 409 --- Elimination of Personal Income Tax and Removal of most Sales Tax Exemptions

SB 415 --- Governor's Bill - Multi-tiered severance taxes

SB 420 --- Governor's Bill - Education Reform

SB 446 --- Governor's Bill - Authorizing Governor to Furlough State Employees

SB 450 --- Limiting Attorney Fees in Class Action Lawsuits

SB 451 --- Restricting Venue in WV Courts for actions brought by non-residents

SB 477 --- Governor's Bill to Increase Gasoline Tax and DMV Fees

SB 478 --- Governor's Bill - Multi-tiered severance tax rates for coal

SB 482 --- Governor's Bill for WV Turnpike Tolls, Flat-Fee EZ Pass & Turnpike Bonds

SB 484 --- Governor's tax bill, establishing Commercial Activities Tax, Repealing Exemption for Professional Services, and Increasing Consumer
Sales Tax to 6.25%

**SJR 6** --- Governor's Resolution - Roads to Prosperity Amendment of 2017 ($1 Billion Road Bond)

**HB 2124** --- Providing that members of the House of Delegates in districts having more than one delegate be elected from numbered divisions

**HB 2151** --- Prohibiting the use of the Smarter Balanced Assessment

**HB 2439** --- Relating to Insurance and Unfair Claim Settlement Practices

**HB 2506** --- Water Quality Standards / Harmonic Mean Flow / Mixing Zones

**HB 2572** --- Public Charter Schools

**HB 2616** --- Adjusting Tiers and Rates for Personal Income Tax

**HB 2678** --- Changing the amounts of prejudgment and post-judgment interest to reflect today's economic conditions

**HB 2688** --- Gas Company Surveying

**HB 2711** --- Governor's Bill to Abolish Regional Education Service Agencies

**HB 2718** --- Governor's Bill - Multi-tiered Severance Tax Rates for Coal

**HB 2719** --- Governor's Bill - Multi-tiered Severance Tax Rates on Natural Gas

**HB 2723** --- Requiring a Run-Off Election When No Candidate Receives 50% Majority Vote in Non-Partisan Judicial Elections
Register TODAY!

2017 LEGISLATIVE Briefings

Charleston Town Center Marriott
7:30 am – 8:30 am

Tuesday, February 21, 2017 –
“Legislative Leadership Overview”
Tuesday, February 28, 2017 –
“Oil & Gas Development in West Virginia”
Tuesday, March 7, 2017 –
“Tax Reform & State Budget”

SPONSORS

Register Here

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