



## The Senate Committee on Finance

Budget Bulletin

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### VETO OVERRIDES

The Governor vetoed several of the legislature's bills from the 2019 regular session. As the Legislature returned this week during special session, they had the opportunity to reconsider many of those bills. This week's Budget Bulletin will highlight some of those bills.



### OVERRIDING A VETO

Vetoes allow the Governor to reject a piece of legislation on either technical or policy grounds. The Legislature has the authority to override a Governor's veto if they so choose. The vote margin required to override a gubernatorial veto varies from state to state. In most states, an override requires a two-thirds vote from each legislative chamber. In West Virginia, the Legislature only needs a simple majority to override a veto for most bills. For appropriations bills, however, a two-thirds vote is required. If the override is successful, the bill becomes law. A veto override must occur during the session in which the bill originally passed.

## RECONSIDERING BILLS DURING THE 2019 EXTRAORDINARY SESSION

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The Legislature convened on May 20th for their first meeting of the 2019 Extraordinary Session, the central purpose of which is to pass comprehensive education reform. The Legislature, however, also had the opportunity to reconsider legislation that was vetoed during the 2019 Regular Session. The following bills are technically new legislation, not veto overrides, though they are modeled after bills that passed during regular session and subsequently vetoed. These new forms of the bills correct errors that the Governor identified in his veto message.

**Subject:** Petroleum Products Excise Tax

**Bill Number:** HB111

**Similar to:** HB2703 (2019 Regular Session)

**Vetoed because:** Technical issue with bill title

**Contents:** The bill increases the percentage cap on the amount of tax that may be refunded to a dealer of petroleum products for gallons lost due to evaporation. The bill doubles the current cap from one-half of one percent to one percent of the total accountable gallons.

**Action:** Completed legislative action on May 20<sup>th</sup>, 2019.

**Subject:** Modifying Adjusted Gross Income of S Corporation Shareholders

**Bill Number:** HB112

**Similar to:** HB2807 (2019 Regular Session)

**Vetoed because:** Incorrect code citations

**Contents:** The bill would provide an additional decreasing modification for personal income tax purposes that reduces the federal adjusted gross income of shareholders of a Subchapter S corporation and members of limited liability companies engaged in a state banking business.

**Action:** Completed legislative action on May 20<sup>th</sup>, 2019.

### KEY TERMS

**Veto:** The constitution allows the governor to express disapproval and return the bill to the chamber of origin. This is known as a “veto” and renders the bill null and void. The legislature may override a veto in specific circumstances.

**Regular Legislative Session:** The period of time when legislators come to the capitol to debate and pass legislation. Typically, regular session starts the second Wednesday in January and continues 60 days (including weekends).

**Extraordinary Legislative Session:** Commonly referred to as “special session”. The constitution allows the governor to convene the legislature to consider specific legislation.

**Rule Suspension:** The constitution requires that a bill is read on three different days in each chamber. First reading places everyone on notice that a bill is being taken up. On 2<sup>nd</sup> reading the bill can be amended by any member of the body. On 3<sup>rd</sup> reading the bill is debated by the full body and voted upon. However, the legislature has the ability to suspend those rules if two-thirds of the members present vote to do so. This enables the legislature to expedite the legislative process.

**Subject:** Relating to Qualified Opportunity Zones

**Bill Number:** HB113

**Similar to:** HB2828 (2019 Regular Session)

**Vetoed because:** Technical issue with bill title and unconstitutional delegation of legislature's authority

**Contents:** The bill incorporates newly enacted federal law which provides tax incentives to investors in Qualified Opportunity Zones. Under the federal scheme, a taxpayer may invest capital gains from a prior venture in an opportunity zone project; the taxpayer then defers the tax on those gains. The governor of each state designates the opportunity zones. West Virginia has 55 separate opportunity zones throughout the state.

**Action:** House introduced the bill for immediate consideration but failed to suspend rules.

**Subject:** Reduced Sewer and Water Rates for Low Income Residents

**Bill Number:** HB117

**Similar to:** HB2734 (2019 Regular Session)

**Vetoed because:** Technical issue with bill title and erroneous code references

**Contents:** The bill authorizes the PSC to allow privately-owned sewer and water utilities to receive tax credits in exchange for offering reduced-rate services to low-income consumers.

**Action:** Veto was overridden on May 20<sup>th</sup>, 2019.

