

STATE OF WEST VIRGINIA  
OFFICE OF THE GOVERNOR  
CHARLESTON

March 31, 2008

The Honorable Betty Ireland  
Secretary of State  
State Capitol  
Charleston, West Virginia

Dear Secretary Ireland:

Pursuant to the provisions of Section 14, Article VII of the Constitution of West Virginia, I hereby disapprove and return Enrolled Senate Bill No. 696. Enrolled Senate Bill No. 696 requires that "affordable rental housing", as defined by applicable federal regulations, be appraised using the "income method" of property appraisal for purposes of calculating ad valorem property taxes. Currently, county assessors consider income potential as part of the valuation process, but also consider the replacement cost of the property and the market price for similar properties.

Unfortunately, the bill fails to adequately detail several important concepts and to define several important terms. Most notably, the bill does not explicitly address how a property for which only a portion of which is dedicated to "affordable rental housing" is to be valued. Although the bill suggests that only those portions of the property so dedicated should be valued under the "income method", the bill fails to provide sufficient guidance

to assessors in applying this new rule -- particularly in light of the turnover in rental housing units, which could alter the makeup of an individual piece of property several times over the course of a single tax year. As a result, these new provisions would be exceedingly difficult for county assessors to administer and enforce on a consistent basis.

For these reasons, I must veto this legislation.

Very truly yours,

Joe Manchin III,

*Governor.*

cc: The Honorable Earl Ray Tomblin

The Honorable Richard Thompson