

1 COMMITTEE SUBSTITUTE

2 FOR

3 **H. B. 2485**

4 (By Delegates Folk, Canterbury, Reynolds, Hamilton, Kurcaba, McGeehan, Storch, O’Neal,
5 Pasdon, Faircloth and Householder)

6
7 (Originating in the House Committee on Finance.)

8 [February 26, 2015]

9
10 A BILL to amend and reenact §11-13A-5b of the Code of West Virginia, 1931, as amended, relating
11 to the West Virginia Future Fund; and prohibiting deposits into the fund in years when
12 certain state retirement systems are not funded to ninety percent or more of their actuarial
13 accrued liabilities.

14 *Be it enacted by the Legislature of West Virginia:*

15 That §11-13A-5b of the Code of West Virginia, 1931, as amended, be amended and
16 reenacted to read as follows:

17 **ARTICLE 13A. SEVERANCE AND BUSINESS PRIVILEGE TAX ACT.**

18 **§11-13A-5b. Creation of West Virginia Future Fund; legislative intent; calculation of deposits**
19 **from excess severance tax revenues; permissible uses of investment income**
20 **and limitations on expenditures; definitions.**

21 (a) There is ~~hereby created~~ continued in the State Treasury a special revenue account,

1 designated the West Virginia Future Fund, which is an interest-bearing account and may be invested
2 by the West Virginia Investment Management Board in the manner permitted by the provisions of
3 article six, chapter twelve of this code, with the investment income to be credited to the fund and
4 deposited in the special revenue account.

5 (b) The Legislature declares its intention to use the fund as a means of conserving a portion
6 of the state's revenue derived from the increased revenue proceeds received by the state as a result
7 of any mineral production as well as other funding sources as the Legislature may designate in order
8 to meet future needs. The principal of the fund shall remain inviolate and no portion of the principal
9 may be appropriated, expended or encumbered by the Legislature or any official of the state. Only
10 the investment income of this fund may be appropriated and expended: *Provided*, That no more than
11 the average net investment return for the immediately preceding five fiscal years may be appropriated
12 or expended in any one fiscal year.

13 (c) (1) Notwithstanding any provision of this code to the contrary, for the fiscal year
14 beginning July 1, 2014, and each year thereafter, the Secretary of Revenue shall cause to be
15 deposited in this fund three percent of the annual severance tax revenue which would otherwise be
16 deposited into the General Revenue Fund which is attributable to the severance of coal, limestone,
17 sandstone, natural gas and oil and collected and received pursuant to the provisions of sections three
18 and three-a, article thirteen-a, chapter eleven of this code. ~~*Provided*, That these~~

19 (2) The deposits ~~shall~~ required by subdivision (1) of this subsection may only be made
20 during fiscal years: ~~within~~

21 (A) In which the balance of the Revenue Shortfall Reserve Fund equals or exceeds thirteen

1 percent of the state's General Revenue Fund budget for the fiscal year just ended as determined
2 within sixty days of the end of that prior fiscal year as provided by subsection (b), section twenty,
3 article two, chapter eleven-b of this code; ~~Provided, however, That these deposits shall not be made~~
4 ~~in any fiscal year~~

5 (B) In which the Governor's General Revenue Fund estimate ~~relies~~ does not rely on transfers
6 from the Revenue Shortfall Reserve Fund; ~~Provided further, That these deposits shall not be made~~
7 ~~in any fiscal year for~~

8 (C) In which mid-year spending reductions, hiring freezes, mid-year decreases in
9 appropriations or transfers from the Revenue Shortfall Reserve Fund are not necessitated due to
10 revenue shortfalls or would not be necessitated if the deposits were to be made; ~~And provided~~
11 ~~further, That and~~

12 (D) In which all of the following retirement systems are funded to ninety percent or more of
13 the actuarial accrued liabilities:

14 (i) The West Virginia Public Employees Retirement System as provided in article ten, chapter
15 five of this code;

16 (ii) The West Virginia State Police Death, Disability and Retirement Fund as provided in
17 article two, chapter fifteen of this code;

18 (iii) The West Virginia State Police Retirement System as provided in article two-a, chapter
19 fifteen of this code;

20 (iv) The State Teachers Retirement System as provided in article seven-a, chapter eighteen
21 of this code;

1 (v) The Judges Retirement System as provided in article nine, chapter fifty-one of this code.

2 (3) Amounts that may be deposited into the fund in error or found later to be subject to these
3 limitations shall be redeposited into the General Revenue Fund. The Legislature may, by general
4 appropriation or by designation of other funding sources, deposit into the fund additional moneys
5 as it considers appropriate.

6 (d) In order to maximize the value of the fund, no money from the fund may be expended or
7 appropriated until fiscal year 2020 and thereafter the Legislature may appropriate, subject to the
8 limitations provided in this section, from the fund solely for enhancing education and workforce
9 development; economic development and diversification; infrastructure improvements; and tax relief
10 measures for the benefit of the citizens and businesses of the State of West Virginia.

11 (e) For purposes of this section:

12 (1) “Economic development and diversification” means fostering economic growth and
13 development in the state, including commercial, industrial, community, cultural or historical
14 improvements; or preservation or other proper purposes.

15 (2) “Infrastructure improvements” means fostering infrastructure improvements including,
16 but not limited to, post-mining land use, water or wastewater facilities or a part thereof, storm water
17 systems, steam, gas, telephone and telecommunications, broadband development, electric lines and
18 installations, roads, bridges, railroad spurs, drainage and flood control facilities, industrial park
19 development or buildings that promote job creation and retention.

20 (3) “Tax relief” means reducing the tax responsibility of citizens and businesses located in
21 the State of West Virginia, including but not limited to increasing the Homestead Exemption and

- 1 reducing or eliminating the ad valorem property tax on inventory and equipment held for commercial
- 2 or industrial use.