# **WEST VIRGINIA LEGISLATURE**

## **2019 REGULAR SESSION**

**Committee Substitute** 

for

## Senate Bill 4

SENATORS WELD, PLYMALE, CLEMENTS, TAKUBO, SYPOLT, SWOPE,

CLINE, AND IHLENFELD, original sponsors

[Originating in the Committee on Government

Organization; Reported on January 25, 2019]

1 A BILL to amend and reenact §8-1-5a of the Code of West Virginia, 1931, as amended, relating 2 to municipal home rule; making legislative findings; establishing the Municipal Home Rule 3 Pilot Program as a permanent program identified as the Municipal Home Rule Program: 4 providing for continuation of plans and amendments approved during Municipal Home 5 Rule Pilot Program; providing that any ordinance, act, resolution, rule, or regulation 6 enacted pursuant to the Municipal Home Rule Pilot Program shall continue until repealed: 7 expanding eligibility to participate in home rule to additional municipalities; establishing 8 annual assessment for participants in Municipal Home Rule Program; establishing penalty 9 for failing to timely pay annual assessment; creating special revenue account for Municipal 10 Home Rule Board: authorizing certain expenditures from special revenue fund: providing 11 suspension of annual assessment when certain conditions are met; clarifying the authority 12 of the Municipal Home Rule Board; requiring Municipal Home Rule Board to reject any 13 application or amendment that does not reasonably demonstrate municipality's ability to 14 manage related costs or liabilities; requiring publication of administrative rules of Municipal 15 Home Rule Board on its website and made available to the public in print upon request; 16 clarifying procedures related to submitting amendment to approved plan; requiring certain 17 notice prior to proposing or amending a plan; requiring public hearing and notice of hearing 18 prior to municipality proposing a plan or amendment; amending certain prohibitions on the 19 powers and duties of municipalities under home rule; prohibiting municipalities 20 participating in the Municipal Home Rule Program from passing an ordinance, act, 21 resolution, rule, or regulation contrary to laws governing professional licensing or 22 certification of employees; prohibiting municipalities participating in the Municipal Home 23 Rule Program from passing an ordinance, act, resolution, rule, or regulation contrary to 24 laws, rules, or regulations governing enforcement of building codes or fire codes; 25 prohibiting municipalities participating in the Municipal Home Rule Program from passing 26 an ordinance, act, resolution, rule, or regulation contrary to West Virginia Workplace

27 Freedom Act and Labor-Management Relations Act; prohibiting municipalities 28 participating in the Municipal Home Rule Program from passing an ordinance, act, 29 resolution, rule, or regulation contrary to federal laws, regulations, or standards that would 30 affect state's required compliance or jeopardize federal funding; prohibiting municipalities 31 from passing an ordinance, act, resolution, rule, or regulation contrary to laws or rules 32 governing procurement of architectural and engineering services; prohibiting 33 municipalities from passing an ordinance, act, resolution, rule, or regulation contrary to 34 chapter 17C of the Code of West Virginia, 1931, as amended; prohibiting municipalities 35 from passing an ordinance, act, resolution, rule, or regulation contrary to laws, rules, or 36 regulations governing communication technologies or telecommunication carriers; 37 prohibiting municipalities from enacting any ordinance, act, resolution, rule, or regulation 38 that imposes duties on another governmental entity; providing certain exceptions to that 39 prohibition: prohibiting municipalities from passing an ordinance, act, resolution, rule, or 40 regulation that prohibits or limits rental of a property or regulates duration, frequency, or 41 location of such rental; providing certain exceptions to that prohibition and limitation; 42 providing procedures for protesting enactment or amendment of ordinance, act, resolution, 43 rule, or regulation through petition; providing that duly protested enactments shall not 44 become effective unless ratified through majority vote at a regular or special election; 45 specifying voting procedure; providing that certain bonds must be ratified by majority vote before becoming effective; specifying voting procedure for bond ratification; modifying 46 47 reporting requirements; and eliminating automatic termination of the Municipal Home Rule 48 Pilot Program on July 1, 2019.

Be it enacted by the Legislature of West Virginia:

### ARTICLE 1. PURPOSE AND SHORT TITLE; DEFINITIONS; GENERAL PROVISIONS; CONSTRUCTION.

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#### §8-1-5a. Municipal Home Rule Pilot Program.

(a) *Legislative findings.* — The Legislature finds and declares that: 1 2 (1) The initial Municipal Home Rule Pilot Program brought innovative results, including 3 novel municipal ideas that became municipal ordinances which later resulted in new statewide 4 statutes; 5 (2) The initial Municipal Home Rule Pilot Program also brought novel municipal ideas that 6 resulted in court challenges against some of the participating municipalities; 7 (3) The Municipal Home Rule Board was an essential part of the initial Municipal Home 8 Rule Pilot Program, but it lacked some needed powers and duties; 9 (4) Municipalities still face challenges delivering services required by federal and state law 10 or demanded by their constituents: 11 (5) Municipalities are sometimes restrained by state statutes, policies, and rules that 12 challenge their ability to carry out their duties and responsibilities in a cost-effective, efficient, and 13 timely manner; 14 (6) Continuing the Municipal Home Rule Pilot Program is in the public interest Establishing 15 the Municipal Home Rule Pilot Program as a permanent program is in the public interest; and 16 (7) Increasing the powers and duties of the Municipal Home Rule Board, subject to the 17 limitations set forth herein, will enhance the Municipal Home Rule Pilot Program. 18 (b) Continuance of pilot program. — The Municipal Home Rule Pilot Program is continued 19 until July 1, 2019. The ordinances enacted by the participating municipalities pursuant to the I 20 Municipal Home Rule Pilot Program may remain in effect, subject to the requirements of this 21 section, until the ordinances are repealed: Provided, That any ordinance enacting a municipal 22 occupation tax is hereby null and void. 23 (b) The Municipal Home Rule Pilot Program is established as a permanent program and shall be identified as the Municipal Home Rule Program. Any plan or amendment to a plan 24

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approved by the board during the period of the Municipal Home Rule Pilot Program is continued.

Any ordinance, act, resolution, rule, or regulation enacted by a participating municipality under the provisions of this section during the period of the Municipal Home Rule Pilot Program shall continue in full force and effect unless and until repealed: *Provided*, That municipalities that are participants in the Municipal Home Rule Program shall update their ordinances, acts, resolutions, rules, and regulations to comply with any additions or modifications to subsection (i) or subsection (j) of this section.

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(c) Authorizing participation.

(1) Commencing July 1, 2015 July 1, 2019, 30 any Class I, Class II, and or Class III
municipalities <u>municipality that is</u> and four Class IV municipalities that are current in payment of
all state fees may <u>apply to</u> participate in the Municipal Home Rule <del>Pilot</del> Program pursuant to the
provisions of this section. <u>Also, commencing July 1, 2019, up to four applications per year from</u>
<u>Class IV municipalities may be approved by the board for participation in the Municipal Home</u>
<u>Rule Program pursuant to the provisions of this section, provided the Class IV municipality is</u>
current in payment of all state fees.

40 (2) The municipalities participating in the pilot program <u>Municipal Home Rule Pilot</u> 41 <u>Program</u> on the effective date of the amendment and reenactment of this section are hereby 42 authorized to continue in the pilot program <u>Municipal Home Rule Program</u>, subject to the 43 requirements of this section, and may amend current written plans and/or submit new written 44 plans in accordance with the provisions of this section.

(3) On July 1, 2019, all municipalities currently participating in the Municipal Home Rule
 Pilot Program shall pay an annual assessment of \$2,000 for the operation and administration of
 the Home Rule Board. On July 1 of each year thereafter, all municipalities participating in the
 Municipal Home Rule Program as of that date shall pay the annual assessment. Any participating
 municipality that fails to timely remit its assessment when due may be assessed a penalty of an
 additional \$2,000 by the board.

- 51 (4) There is created in the office of the State Treasurer a special revenue account fund to
- 52 <u>be known as the Home Rule Board Operations Fund. The assessments required by the provisions</u>

53 of subdivision (3) of this subsection shall be deposited into the fund, and expenditures from the

- 54 fund shall be made in accordance with appropriation of the Legislature under the provisions of
- 55 §12-3-1 et seq. of this code, and in compliance with the provisions of §11B-2-1 et seq. of this
- 56 <u>code: Provided, That legislative appropriation is not required during fiscal year 2019.</u>

57 (5) Any balance in the fund created under subdivision (4) of this subsection at the end of

- 58 <u>a fiscal year shall not revert to the General Revenue Fund but shall remain in the special revenue</u>
- 59 account for uses consistent with the provisions of this section.
- 60 (6) All costs and expenses lawfully incurred by the board may be paid from the fund
- 61 created under subdivision (4) of this subsection.

62 (7) Notwithstanding any provision of this section to the contrary, if at the end of a fiscal 63 year the unencumbered balance of the fund created in subdivision (4) of this subsection is 64 \$200,000 or more, then annual assessments shall be suspended until the board determines that 65 the unencumbered balance in the fund is insufficient to meet operational expenses. The board shall notify all participating municipalities of the suspension of the annual assessment prior to the 66 end of the fiscal year and provide an estimate of when payment of annual assessments will 67 68 resume. 69 (d) *Municipal Home Rule Board.* — The Municipal Home Rule Board is hereby continued. Effective July 1, 2015, the The Municipal Home Rule Board shall consist of the following five 70 71 voting members:

- 72 (1) The Governor, or a designee, who shall serve as chair;
- 73 (2) The Executive Director of the West Virginia Development Office, or a designee;

(3) One member representing the Business and Industry Council, appointed by theGovernor with the advice and consent of the Senate;

(4) One member representing the largest labor organization in the state, appointed by the
Governor with the advice and consent of the Senate; and

(5) One member representing the West Virginia Chapter of the American Institute of
 Certified Planners Planning Association, appointed by the Governor with the advice and consent
 of the Senate.

The Chair of the Senate Committee on Government Organization and the Chair of the House Committee on Government Organization shall <del>continue to be</del> <u>serve as</u> ex officio nonvoting members of the board.

84 (e) *Board's powers and duties.* — The Municipal Home Rule Board has the following
85 powers and duties shall:

86 (1) Review, evaluate, make recommendations, and approve or reject, <u>for any lawful</u>
 87 <u>reason</u>, by a majority vote of the board, each aspect of the written plan, <u>or the written plan in its</u>
 88 <u>entirety</u>, submitted by a municipality;

89 (2) By a majority vote of the board, select, based on the municipality's written plan, new
90 Class I, Class II, Class III, and/or Class IV municipalities to participate in the Municipal Home Rule
91 Pilot Program;

92 (3) Review, evaluate, make recommendations, and approve or reject, <u>for any lawful</u>
93 <u>reason</u>, by a majority vote of the board, the amendments to the <u>existing approved</u> written plans
94 submitted by municipalities: <u>Provided</u>, <u>That any new application or amendment that does not</u>
95 <u>reasonably demonstrate the municipality's ability to manage its associated costs or liabilities shall</u>
96 <u>be rejected;</u>

- 97 (4) Consult with any agency affected by the written plans or the amendments to the
   98 <u>existing approved</u> written plans; and
- 99 (5) Perform any other powers or duties necessary to effectuate the provisions of this
  100 section: *Provided*, That any administrative rules established by the board for the operation of the

Municipal Home Rule Program shall be published on the Municipal Home Rule Board's website,
 and made available to the public in print upon request.

(f) *Written plan.* Any Class I, Class II, Class III, or Class IV municipality desiring to
 participate in the Municipal Home Rule <del>Pilot</del> Program, <u>or any municipality desiring to amend its</u>
 <u>existing approved written plan</u>, shall submit a written plan to the board stating in detail the
 following:

107 (1) The specific laws, acts, resolutions, policies, rules, or regulations which prevent the 108 municipality from carrying out its duties in the most cost-efficient, effective, and timely manner;

109 (2) The problems created by the those laws, acts, resolutions, policies, rules, or 110 regulations;

(3) The proposed solutions to the problems, including all proposed changes to ordinances,
acts, resolutions, rules, and regulations: *Provided*, That the specific municipal ordinance
instituting the solution does not have to be included in the written plan; and

(4) A written opinion, by an attorney licensed to practice in <u>the State of</u> West Virginia,
stating that the proposed written plan does not violate the provisions of this section.

(g) *Public hearing on written plan.* Prior to submitting its written plan, <u>or an amendment</u>
to an existing approved written plan, to the board, the municipality shall:

(1) Hold a public hearing on the written plan <u>or the amendment to the existing approved</u>
written plan;

(2) Provide notice <u>of the public hearing</u> at least 30 days prior to the public hearing by a
 Class II legal advertisement: <u>Provided</u>, That on or before the first day of publication, the
 <u>municipality shall send a copy of the notice by certified mail to the Municipal Home Rule Board</u>
 and the cabinet secretary of every state department;

(3) Make a copy of the written plan <u>or amendment</u> available for public inspection at least
30 days prior to the public hearing; and

126	(4) After the public hearing, adopt an ordinance authorizing the municipality to submit a
127	written plan or amendment to the Municipal Home Rule Board: after Provided, That the proposed
128	ordinance has been read two times, as required by §8-11-4 of this code.
129	(h) <del>Selection of municipalities. —</del> On or after June 1, 2015, by By a majority vote, the
130	Municipal Home Rule Board may select from the municipalities that submitted written plans and
131	were approved by the board by majority vote new Class I, Class II, Class III, and/or Class IV
132	municipalities to participate in the Municipal Home Rule Pilot Program.
133	(i) <i>Powers and duties of municipalities.</i> — The municipalities participating in the Municipal
134	Home Rule Pilot Program have the authority to may not pass an ordinance, act, resolution, rule,
135	or regulation, under the provisions of this section, that is not contrary to the following:
136	(1) Environmental law;
137	(2) Laws governing bidding on government construction and other contracts;
138	(3) The Freedom of Information Act;
139	(4) The Open Governmental Proceedings Act;
140	(5) Laws governing wages for construction of public improvements;
141	(6) The provisions of this section;
142	(7) The provisions of §8-12-5a of this code;
143	(8) The municipality's written plan;
144	(9) The Constitution of the United States or the Constitution of the State of West Virginia;
145	(10) Federal law, including those governing or crimes and punishment;
146	(11) Chapters 60A, 61, and 62 of this code or any other provisions of this code governing
147	state crimes and punishment;
148	(12) Laws governing pensions or retirement plans;
149	(13) Laws governing annexation;
150	(14) Laws governing taxation: Provided, That a participating municipality may enact a
151	municipal sales tax up to one percent if it reduces or eliminates its municipal business and

152 occupation tax: Provided, however. That if a municipality subsequently reinstates or raises the 153 municipal business and occupation tax it previously reduced or eliminated under the Municipal 154 Home Rule Pilot Program or the Municipal Home Rule Program, it shall reduce or eliminate the 155 municipal sales tax enacted under the Municipal Home Rule Pilot Program or the Municipal Home 156 Rule Program in an amount comparable to the revenue estimated to be generated by the 157 reinstated tax: *Provided further*, That any municipality that imposes a municipal sales tax pursuant 158 to this section shall use the services of the Tax Commissioner to administer, enforce, and collect 159 the tax in the same manner as the state consumers sales and service tax and use tax under 160 required by the provisions of §11-15-1 et seq., §11-15A-1 et seq., and §11-15B-1 et seq. of this 161 code and all applicable provisions of the Streamlined Sales and Use Tax Agreement: And 162 provided further. That such the tax will does not apply to the sale of motor fuel or motor vehicles: 163 (15) Laws governing tax increment financing; 164 (16) Laws governing extraction of natural resources; and 165 (17) Marriage and divorce laws; 166 (18) Laws governing professional licensing or certification, including the administration 167 and oversight of those laws, by state agencies to the extent required by law; 168 (19) Laws, rules, or regulations governing the enforcement of state building or fire codes; 169 (20) The West Virginia Workplace Freedom Act and Labor-Management Relations Act; 170 (21) Federal laws, regulations, or standards that would affect the state's required 171 compliance or jeopardize federal funding; 172 (22) Laws or rules governing procurement of architectural and engineering services; (23) The provisions of chapter 17C of this code; or 173

174 (24) Laws, rules, or regulations governing communication technologies or

175 <u>telecommunications carriers, as the term "telecommunications carrier" is defined by the Federal</u>

176 Communications Commission in 47 U.S.C. §153 or as determined by the Public Service

177 Commission of West Virginia.

178 (i) Municipalities The municipalities participating in the Municipal Home Rule Program may not pass an ordinance, act, resolution, rule, or regulation under the provisions of this section that: 179 180 (1) Affects persons or property outside the boundaries of the municipality: *Provided*, That 181 this prohibition under the Municipal Home Rule Pilot Program does not limit a municipality's 182 powers outside its boundary lines to the extent permitted under other provisions of this section, 183 other sections of this chapter, other chapters of this code, or court decisions; or 184 (2) Enacts an occupation tax, fee, or assessment payable by a nonresident of a 185 municipality; (3) Imposes duties on another governmental entity, unless the performance of the duties 186 187 is part of a legally executed agreement between the municipality and the other governmental 188 entity, or is otherwise permitted by state law; or 189 (4) Prohibits or effectively limits the rental of a property, in whole or in part, or regulates 190 the duration, frequency, or location of such rental, in whole or in part. A municipality may regulate 191 activities that arise when a property is used as a rental: *Provided*. That such regulation applies 192 uniformly to all properties, without regard to whether such properties are used as a rental: 193 Provided, however, That nothing in this subdivision may be construed to prohibit a municipality 194 from imposing a hotel occupancy tax as prescribed in §7-18-1 et seq. of this code. 195 (k) Amendments to written plans. — A municipality participating in the Municipal Home 196 Rule Pilot Program may amend its written plan at any time subject to the requirements of this 197 section. 198 (I) Amendments to ordinances, acts, resolutions, rules, or regulations. — A municipality 199 participating in the Municipal Home Rule Pilot Program may amend any ordinance, act, resolution, 200 rule, or regulation enacted pursuant to the municipality's approved written plan at any time so as 201 long as any the amendment is consistent with the municipality's approved written plan, as

202 modified by any amendments adopted pursuant to this section, complies with the provisions of

subsections (i) and (j) of this section, and the municipality complies with all applicable state law
 procedures for enacting municipal legislation.

(m) *Reporting requirements.* Commencing <u>On or before</u> December 1, 2015, and <u>of</u> each
year thereafter, each participating municipality shall give a <u>written</u> progress report to the Municipal
Home Rule Board, and commencing <u>on or before</u> January 1, 2016, and <u>of</u> each year thereafter,
the Municipal Home Rule Board shall give a summary report of all the participating municipalities
to the Joint Committee on Government and Finance.

(n) *Termination of the pilot program.* The Municipal Home Rule Pilot Program
 terminates on July 1, 2019. An ordinance, act, resolution, rule or regulation enacted by a
 participating municipality under the provisions of this section during the period of the Municipal
 Home Rule Pilot Program shall continue in full force and effect until repealed

214 (n) In the event 30 percent of the qualified voters of the municipality who voted in the 215 previous municipal election, by petition duly signed by them in their own handwriting and filed with 216 the recorder of the municipality within 45 days after the enactment or amendment of an ordinance. 217 act, resolution, rule, or regulation, protest against the ordinance, act, resolution, rule, or regulation, 218 as amended, the ordinance, act, resolution, rule, or regulation shall not be issued or become 219 effective until it is ratified by a majority of the legal votes cast by the qualified voters of the 220 municipality at a regular municipal election or special municipal election, as the governing body 221 directs. Voting shall not take place until after notice of the submission is given by publication as

a Class II legal advertisement in compliance with the provisions of §59-3-1 *et seq.* of this code.
 (o) Each bond for which the proceeds from a sales and use tax enacted under this section

are specifically pledged to pay the debt service must be ratified by a majority of the legal votes
 cast by the qualified voters of the municipality at a regular municipal election or special municipal
 election, as the governing body directs, before it may become effective. Voting shall not take
 place until after notice of the submission is given by publication as a Class II legal advertisement
 in compliance with the provisions of §59-3-1 *et seg.* of this code: *Provided*, That this subsection

shall not apply retroactively to existing bonds: *Provided, however*, That bonds may be refunded
without being ratified by election.

231 (p) Notwithstanding any other provision of this code to the contrary. on and after the 232 effective date of the enactment of this provision in 2015, no a distribute under the provisions of 233 this section may not seek from the Tax Division of the Department of Revenue a refund of 234 revenues or moneys collected by, or remitted to, the Tax Division of the Department of Revenue, 235 nor seek a change in past amounts distributed, or any other retrospective adjustment relating to 236 any amount distributed, to the extent that the moneys in question have been distributed by the 237 Tax Division to another distributee, regardless of whether those distributions were miscalculated, 238 mistaken, erroneous, misdirected, or otherwise inaccurate or incorrect. For purposes of this 239 section, the term "distributee" means any municipality that has enacted a sales and use tax under 240 this section or as otherwise permitted by law that receives or is authorized to receive a specific 241 distribution of revenues or moneys collected by, or remitted to, the Tax Division of the Department 242 of Revenue pursuant to this section.

> NOTE: The purpose of this bill is to establish the Municipal Home Rule Pilot Program as a permanent program identified as the Municipal Home Rule Program. The bill provides for continuation of plans and amendments approved during Municipal Home Rule Pilot Program. The bill provides that any ordinance, act, resolution, rule, or regulation enacted pursuant to the Municipal Home Rule Pilot Program shall continue until repealed. The bill expands eligibility to participate in home rule to additional municipalities. The bill establishes annual assessment for participants in Municipal Home Rule Program. The bill establishes penalty for failing to timely pay annual assessment. The bill creates special revenue account for Municipal Home Rule Board. The bill authorizes certain expenditures from special revenue fund. The bill provides suspension of annual assessment when certain conditions are met. The bill clarifies the authority of the Municipal Home Rule Board. The bill requires Municipal Home Rule Board to reject any application or amendment that does not reasonably demonstrate municipality's ability to manage related costs or liabilities. The bill requires publication of administrative rules of Municipal Home Rule Board on its website and made available to the public in print upon request. The bill clarifies procedures related to submitting amendment to approved plan. The bill requires certain notice prior to proposing or amending a plan. The bill requires public hearing and notice of hearing prior to municipality proposing a plan or amendment. The bill amends certain prohibitions on the powers and duties of municipalities under home rule. The bill prohibits municipalities participating in the Municipal Home Rule Program from passing an ordinance, act. resolution, rule, or regulation contrary to laws governing professional licensing or certification of employees. The bill prohibits municipalities participating in the Municipal Home Rule Program from passing an ordinance, act, resolution, rule, or regulation contrary

to laws, rules, or regulations governing enforcement of building codes or fire codes. The bill prohibits municipalities participating in the Municipal Home Rule Program from passing an ordinance, act, resolution, rule, or regulation contrary to West Virginia Workplace Freedom Act and Labor-Management Relations Act. The bill prohibits municipalities participating in the Municipal Home Rule Program from passing an ordinance, act. resolution, rule, or regulation contrary to federal laws, regulations, or standards related to transportation that would affect state's required compliance or jeopardize federal funding. The bill prohibits municipalities from passing an ordinance, act, resolution, rule, or regulation contrary to law or rules governing procurement of architectural and engineering services. The bill prohibits municipalities from passing an ordinance, act, resolution, rule, or regulation contrary to Chapter 17C of the Code of West Virginia, 1931, as amended. The bill prohibits municipalities from enacting any ordinance, act, resolution, rule, or regulation that imposes duties on another governmental entity. The bill provides certain exceptions to that prohibition. The bill prohibits municipalities from passing an ordinance, act, resolution. rule, or regulation that prohibits or limits rental of a property or regulates the duration, frequency, or location of such rental. The bill provides certain exceptions to that prohibition and limitation. The bill provides procedures for protesting enactment or amendment of ordinances, acts, resolutions, rules, or regulations through a petition process. The bill provides procedures for the petition process. The bill provides that duly protested enactments shall not take effect until ratified by a majority of voters and prescribes the voting procedures. The bill provides that certain bonds must be ratified by a majority of voters and prescribes the voting procedure for bond ratification. The bill modifies reporting requirements. The bill eliminates automatic termination of the Municipal Home Rule Pilot Program on July 1, 2019.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.