

WEST VIRGINIA LEGISLATURE

2016 REGULAR SESSION

Introduced

Senate Bill 112

BY SENATORS KESSLER AND MILLER

[Introduced January 13, 2016;

Referred to the Committee on Energy, Industry and
Mining; and then to the Committee on Finance.]

1 A BILL to amend and reenact §11-13A-5b of the Code of West Virginia, 1931, as amended,
 2 relating to the West Virginia Future Fund; including the Revenue Shortfall Reserve Fund
 3 - Part B in the calculation of when deposits may be made into fund; and adding definition
 4 for “education and workforce development”.

Be it enacted by the Legislature of West Virginia:

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

ARTICLE 13A. SEVERANCE AND BUSINESS PRIVILEGE TAX ACT.

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

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

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

14 (c) Notwithstanding any provision of this code to the contrary, for the fiscal year beginning
 15 July 1, 2014, and each year thereafter, the secretary of revenue shall cause to be deposited in

16 this fund three percent of the annual severance tax revenue which would otherwise be deposited
17 into the General Revenue Fund which is attributable to the severance of coal, limestone,
18 sandstone, natural gas and oil and collected and received pursuant to the provisions of sections
19 three and three-a, article thirteen-a, chapter eleven of this code: *Provided*, That these deposits
20 shall only be made during fiscal years within which the ~~balance~~ sum of the balances of the
21 Revenue Shortfall Reserve Fund and the Revenue Shortfall Reserve Fund - Part B equals or
22 exceeds thirteen percent of the state's General Revenue Fund budget for the fiscal year just
23 ended as determined within sixty days of the end of that prior fiscal year as provided by subsection
24 (b), section twenty, article two, chapter eleven-b of this code: *Provided, however*, That these
25 deposits shall not be made in any fiscal year in which the Governor's General Revenue Fund
26 estimate relies on transfers from the Revenue Shortfall Reserve Fund: *Provided further*, That
27 these deposits shall not be made in any fiscal year for which mid-year spending reductions, hiring
28 freezes, mid-year decreases in appropriations or transfers from the Revenue Shortfall Reserve
29 Fund are necessitated due to revenue shortfalls or would be necessitated if the deposits were to
30 be made: *And provided further*, That amounts that may be deposited into the fund in error or
31 found later to be subject to these limitations shall be redeposited into the General Revenue Fund.
32 The Legislature may, by general appropriation or by designation of other funding sources, deposit
33 into the fund additional moneys as it considers appropriate.

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

39 (e) For purposes of this section:

40 (1) "Economic development and diversification" means fostering economic growth and
41 development in the state, including commercial, industrial, community, cultural or historical

42 improvements; or preservation or other proper purposes.

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

48 (3) "Tax relief" means reducing the tax responsibility of citizens and businesses located in
49 the State of West Virginia, including, but not limited to, increasing the Homestead Exemption and
50 reducing or eliminating the ad valorem property tax on inventory and equipment held for
51 commercial or industrial use.

52 (4) "Education and workforce development" means fostering incentives that help
53 individuals maximize their employment opportunities, including, but not limited to, programs that
54 help workers develop and enhance their skills, especially in the areas of science, technology,
55 engineering and math, and programs that help employers attract and retain skilled workers.

NOTE: The purpose of this bill is to include the Revenue Shortfall Reserve Fund - Part B in the calculation of when deposits may be made into the West Virginia Future Fund, and to add a definition for "education and workforce development."

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