

# **WEST VIRGINIA LEGISLATURE**

**2020 REGULAR SESSION**

**Committee Substitute**

**for**

**House Bill 4626**

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[Originating in the Committee on the Judiciary;

February 19, 2020.]



1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new article,  
2 designated §5B-9-1, §5B-9-2, §5B-9-3, §5B-9-4, §5B-9-5, §5B-9-6, §5B-9-7, §5B-9-8 and  
3 §5B-9-9, all relating to enacting the West Virginia Development Achievements  
4 Transparency Act; providing a short title; providing legislative purpose and findings;  
5 providing for definitions; outlining reporting requirements for entities providing a  
6 development subsidy; directing the Auditor to create a searchable website to view  
7 development subsidy data; detailing the items required to be provided on the Auditor's  
8 searchable website; protecting confidentiality of certain subsidy data; providing penalties  
9 related to the accuracy and timeliness of information reported; and permitting the Auditor  
10 to hold public hearings or trainings to ensure compliance with the article.

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

**ARTICLE 9. WEST VIRGINIA DEVELOPMENT ACHIEVEMENTS TRANSPARENCY**

**ACT.**

**§5B-9-1. Short title.**

1 This article shall be known and cited as the “West Virginia Development Achievements  
2 Transparency Act” or the “West Virginia DATA Act”.

**§5B-9-2. Purpose and findings.**

1 (a) The Legislature finds that public tax dollars are expended annually, whether directly in  
2 the form of grants or indirectly in the form of tax credits and incentives, for the purpose of  
3 developing and improving economic industries within the State of West Virginia.

4 (b) The Legislature further finds that the State of West Virginia should inform state  
5 taxpayers about these direct or indirect expenditures, the objectives of the expenditures, and  
6 whether the state met the intended objectives of the expenditures.

**§5B-9-3. Definitions.**

1 For the purpose of this article:

2 “Auditor” means the State Auditor of West Virginia, by himself or herself, or by any person  
3 appointed, designated, or approved by the State Auditor to perform the service.

4 “Business type” means the legal form of organization of a corporate parent or recipient  
5 corporation, including, but not limited to, a corporation, partnership, sole proprietorship, or limited  
6 liability company.

7 “Corporate parent” means any person, association, corporation, joint venture, partnership,  
8 or other entity that owns or controls 50 percent or more of a recipient corporation.

9 “Confidential information” means any internal, deliberative, preliminary, proprietary,  
10 personal, or protected economic development or taxpayer information as defined in section 6 of  
11 this article, or §11-10-5d, and chapter 29B of this code, that is exempt from public disclosure.

12 “Date of subsidy” means the date that a granting body provides the initial monetary value  
13 of a development subsidy to a recipient corporation: *Provided*, That where the subsidy is for the  
14 installation of new equipment, such date shall be the date the recipient corporation puts the  
15 equipment into service: *Provided, however*, That where the subsidy is for improvements to  
16 property, such date shall be the date the improvements are finished, or the date the recipient  
17 corporation occupies the property, whichever is earlier.

18 “Development subsidy” means any financial transaction of public funds with an aggregate  
19 value of at least \$10,000 for the purpose of stimulating economic development within the state,  
20 including, but not limited to, bonds, grants, loans, loan guarantees, enterprise zones,  
21 empowerment zones, tax increment financing, sponsorships, fee waivers, land price subsidies,  
22 matching funds, tax abatements, tax exemptions, and tax credits.

23 “Duration of subsidy” means as many years as a subsidy benefits a recipient corporation,  
24 such as the time period of a grant, the number of years a tax credit may be claimed and/or carried  
25 forward, the number of years or term length of a loan, or the number of years a property tax  
26 reduction applies.

27 “Full-time job” means a job in which an individual is employed by a recipient corporation  
28 for at least 35 hours per week.

29 “Granting body” means any agency, board, office, public-private partnership, public benefit  
30 corporation or authority of the state or local government that provides a development subsidy to  
31 a recipient corporation.

32 “NAICS code” means the assigned code maintained by the North American Industry  
33 Classification System which describes a particular industry.

34 “New employee” means a full-time employee who represents a net increase in the number  
35 of individuals employed by the recipient corporation in the state. “New employee” does not include  
36 an employee who performs a job that was previously performed by another employee of the  
37 recipient corporation if that job existed for at least six months before hiring the employee.

38 “Official report” means a formal, written report prepared by a granting body delivered to a  
39 third party, including, but not limited to, the Joint Committee on Government and Finance,  
40 Governor’s Office, or the public.

41 “Part-time job” means a job in which an individual is employed by a recipient corporation  
42 for less than 35 hours per week.

43 “Project site” means the site of a project for which any development subsidy is provided,  
44 as specified by street address, city name, and zip code.

45 “Recipient corporation” means any person, association, corporation, joint venture,  
46 partnership or other entity that receives a development subsidy.

47 “Subsidy type” means the classification of a development subsidy transaction, including,  
48 but not limited to bonds, grants, loans, loan guarantees, enterprise zones, empowerment zones,  
49 tax increment financing, grants, fee waivers, land price subsidies, matching funds, tax  
50 abatements, tax exemptions, and tax credits.

51 “Subsidy value” means the face value of any and all development subsidies provided to a  
52 recipient corporation. The face value of a loan means the amount of the loan.

53 “Temporary job” means a job in which an individual is hired for a season or for a limited  
54 period of time.

**§5B-9-4. Reporting requirements.**

1 (a) Within 30 days of the end of the fiscal year, each granting body shall provide the Auditor  
2 with the information required in section 6 of this article for each development subsidy provided to  
3 a recipient corporation by a granting body: *Provided*, That no development subsidy approved and  
4 legally obligated by the State of West Virginia shall be exempt from disclosure under this article.

5 (b) The Auditor shall provide guidance to each granting body regarding the standard and  
6 manner of reporting specified in this section.

7 (c) The Auditor may accept one or multiple official reports of a granting body to satisfy the  
8 requirements of this section provided the information provided in the official reports discloses the  
9 information required by section 6 of this article.

10 (d) The West Virginia Development Office may fulfill the requirements of this section on  
11 behalf of any granting bodies.

**§5B-9-5. Auditor’s searchable economic development website created.**

1 No later than January 1, 2021, the Auditor shall develop and make publicly available a  
2 searchable financial transparency website containing the information specified in section 5 of this  
3 article.

**§5B-9-6. Contents of the searchable website.**

1 (a) The Auditor shall include as part of the searchable economic development  
2 transparency website the following content for each fiscal year and the previous three fiscal years:

3 (1) The name of the recipient corporation of a development subsidy: *Provided*, That if a  
4 name of a recipient corporation of a development subsidy be considered confidential information,  
5 the granting body shall provide the business type of the recipient corporation instead of the name;

6 (2) The name of the corporate parent of the recipient corporation, if applicable: *Provided*,  
7 That should a name of a corporate parent of a recipient corporation of a development subsidy be

8 considered confidential information, the granting body shall provide the business type of the  
9 corporate parent instead of the name;

10 (3) The project site: *Provided*, That should the project site be considered confidential  
11 information, the granting body shall provide the city, state, and zip code, but not the street  
12 address;

13 (4) The NAICS code or codes of the recipient corporation;

14 (5) The date of subsidy;

15 (6) The subsidy value;

16 (7) The duration of subsidy;

17 (8) The subsidy type;

18 (9) The number of new employees the development subsidy is expected to create within  
19 the duration of subsidy, classified by full-time jobs, part-time jobs, and temporary jobs;

20 (10) The number of new employees the development subsidy has actually created within  
21 the duration of subsidy, classified by full-time jobs, part-time jobs, and temporary jobs: *Provided*,  
22 That this number may be estimated if an accurate count is not available, but the granting body  
23 shall clearly disclose that the reported number is an estimate;

24 (11) Any other direct or indirect benefits to the state the granting body intends the  
25 development subsidy to achieve, including, but not limited to, creation of public infrastructure,  
26 vocational training, apprenticeships, workforce development, or state tourism visitor or permanent  
27 resident population increases.

28 (12) Any other direct or indirect benefit to the state actually achieved by the development  
29 subsidy, including, but not limited to, creation of public infrastructure, vocational training,  
30 apprenticeships, workforce development, or state tourism visitor or permanent resident population  
31 increases.

32 (13) The name or names of the granting body or bodies providing the development  
33 subsidy.

**§5B-9-7. Confidentiality.**

1           (a) Nothing in this article may be construed as requiring the West Virginia Development  
2 Office or the West Virginia Tax Department to release confidential information as defined in this  
3 article.

4           (b) If information regarding a development subsidy is confidential information, a granting  
5 body shall redact only those confidential items but shall disclose any other information pertaining  
6 to a development subsidy that is not confidential information.

7           (c) The Auditor may consult with the granting body to determine the confidentiality of  
8 development subsidy data required in section 6 of this article and determine the appropriate  
9 disclosures on the searchable economic development website created in section 5 of this article  
10 to preserve confidentiality.

11           (d) The Auditor shall identify any redacted items not appearing on the searchable  
12 economic development transparency website and the justification as to why the items were  
13 redacted.

**§5B-9-8. Source and accuracy of information; failure to report.**

1           (a) To fulfill the requirements of this article, a granting body may independently compile  
2 the information required in section 6 of this article or request the information from a recipient  
3 corporation.

4           (b) A granting body shall review information received from a recipient corporation to  
5 ensure it is reasonably accurate but is not required to audit or certify the accuracy of the  
6 information.

7           (c) The Auditor shall publish a list on the searchable economic development transparency  
8 website detailing any granting body or recipient corporation who fails to comply with the  
9 requirements of this article.

10           (d) The Auditor shall publish a list on the searchable economic development transparency  
11 website detailing any granting body or recipient corporation who intentionally submits false,

12 misleading, or fraudulent information: *Provided*, That the Auditor shall notify the Joint Committee  
13 on Government and Finance of any granting body or recipient corporation who intentionally  
14 submits false, misleading, or fraudulent information to the Auditor.

**§5B-9-9. Public hearings.**

1 The Auditor may conduct public hearings or training sessions to assist any recipient  
2 corporation or granting body in complying with the requirements of this article.

NOTE: The purpose of this bill is to require granting agencies in the state to provide the public with certain data regarding development subsidies. The bill requires the State Auditor to create a searchable financial transparency website and outline the reporting requirements for granting agencies, protects confidentiality of information, outlines penalties for failure to report or false information, and permits the Auditor to hold public hearings or trainings to assist granting agencies and recipient corporations in complying with the requirements.

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