



# Contractors Association of West Virginia **LEGISLATIVE BULLETIN**



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LB 2019-03

January 28, 2019

*CAWV Members  
Asked to Join  
Legislative Network*

### **2019 CAWV LEGISLATIVE NETWORK**

The CAWV works to ensure that contractors are given a fair hearing at the state house. The impact of our voice is a result of the participation of our members. When we talk to a delegate or senator, they know we are speaking for nearly 20,000 of West Virginia's construction professionals. Now, more than ever, we must develop a strong legislative network in order to affect crucial issues as they arise this session. **The CAWV Legislative Committee needs to know what legislators you know or are willing to contact.** Members are asked to email [cawv@cawv.org](mailto:cawv@cawv.org) and indicate which legislators you are willing to contact when an issue arises that affects the construction industry. To view a complete list of the 2019 Legislature, [click here](#) to view the January 21 Legislative Alert. *New members are noted in red.*

*Contractors  
Licensing Board  
Would be Separate  
Board*

### **HOUSE GOVERNMENT ORGANIZATION COMMITTEE REVAMPS LICENSING BOARD; GIVES WVDOH AUTHORITY TO PURCHASE MATERIAL LOCALLY**

*Education Reform  
to be Major Topic  
Again This Session*

The House Government Organization Committee Wednesday passed 14-10 H.B. 2203, which transfers operation procedures of the West Virginia Contractors Licensing Board. The board currently utilizes the West Virginia Division of Labor (WVDOL) personnel to run their day-to-day duties. The bill requires the board to set up its own operations, administrative duties, licensing, inspection and record keeping without the involvement of the WVDOL. The bill would put the contractors licensing board under Chapter 30 in the State Code which is where all other licensing boards are listed. While there is merit to this, the question is what additional costs will there be to the Contractors Licensing Board if it must hire its own inspectors and provide benefits and vehicles. Will this additional cost require an increase in the annual licensing fee? The bill will go to House Judiciary Committee before going to full House of Delegates.

*Highway  
Maintenance  
Continuing Focus of  
Legislators*

*List of Bills  
Introduced This  
Week*

The committee also passed H.B. 2353 to give the WV Division of Highways the authority to "purchase hardware items and equipment necessary for the betterment of the state-wide road system from a local seller, rather than the holder of a state contract if the cost of the item or equipment is less than the cost from the holder of the state contract." The purpose of the bill is to allow WVDOH personnel to go to Lowe's or the local equipment dealer when they want to

purchase material or equipment and bypass the state-wide contract on that item. The bill goes to the House Judiciary Committee.

### **SENATE EDUCATION COMMITTEE PASSES SWEEPING REFORMS**

After a five-hour meeting that stretched into early Friday evening, the Senate Education Committee voted out its 139-page omnibus education reform package. The two teachers' unions in West Virginia came out against the legislation before the draft bill was revealed.

The bill combines pay raises for teachers and school service personnel with other increased funding that unions support — such as millions more for student support positions, like social workers, and allowing employees to use unused sick days to pay for health insurance during retirement — with law changes unions have fought in the past, such as legalizing charter schools, providing public money for private schooling and homeschooling, paying math teachers more than teachers in other subjects, allowing county boards of education to pay teachers in different locations more, allowing those school boards to reduce the role of years of experience in protecting employees from layoffs and requiring union members to annually re-agree to have part of their paychecks withheld to pay union dues.

The Senate Education Committee approved the bill in a party line vote of 7-5, with a few committee members absent.

### **HIGHWAY MAINTENANCE FUND “RANDY’S DREAM”**

Funding for highway maintenance continues to be discussed. Sen. Randy Smith, R-Tucker, announced on the Senate floor his dream for “fixing the darn roads.” “Randy’s Dream” is to fix some of the state’s secondary roads without dipping into any road bond money. He wants to immediately take \$200 million from the Rainy Day Fund and direct it to secondary road maintenance projects. “I’m going to advocate adding a one percent severance tax to natural gas for the next five years,” Sen. Smith said. “Cause a lot of our road problems in the northern part of our state is being caused by the gas development, which they expect to last about five years. I feel they need to get some skin in the game and put some money to help fix the problem.”

The House Finance Committee today is hearing the WV Department of Transportation’s budget request.

### **VO-TECH CAREER BILLS ADVANCE**

The CAWV Board of Directors created the CAWV Workforce Development Task Force to enhance career and technical training programs and to put more young

people into high paying construction careers. There have been a number of bills introduced this session aimed at funding or developing curriculum for technical colleges.

The Senate unanimously passed its “last dollar in” community and technical college grant program on Wednesday. S.B. 1 is being promoted by Senate President Mitch Carmichael. The main provision of the bill is to relieve students of the cost of tuition at colleges where they could earn associate degrees and get job training, but it also calls for the creation of advanced career education (ACE) programs through partnerships between public secondary schools and community and technical colleges. One purpose of the bill is to establish “clear and efficient pathways that begin in high school and lead to obtaining advanced certifications and associate degrees.” The idea is to increase the number of students who ultimately obtain post-secondary credentials or degrees. Sen. Bob Plymale, D-Wayne, said he would like to do even more to tie together vocational education efforts throughout public education and higher education.

Despite the Senate’s strong endorsement, the bill faces an uncertain future in the House of Delegates. Last year, the Senate approved a similar bill, but it went nowhere in the House. This year, one member of the House, Delegate Jim Butler, R-Mason, already has denounced it as an “entitlement.” Butler announced last week that he intends to challenge Carmichael for his Senate seat in 2020.

The House Education Committee has turned over a vocational education bill to a subcommittee with plans for the full committee to take it up again on Wednesday. H. B. 2004 is intended to provide better communication to students and parents on career and technical education programs that begin in high school and lead to industry- recognized credentials, certificates of applied science and associate degrees in high-demand, high-wage occupations in West Virginia.

The bill would require the development of guidelines for schools to use in cooperation with local school improvement councils and business partners for communicating to students what skills and attributes they need to be ready to enter the workforce. Information would have to be readily accessible to students, as well as their parents, within the career-and-technical education cluster and major programs of study about the programs at community and technical colleges that are aligned with their high school programs and lead to industry-recognized credentials, certificates of applied science and associate degrees.

In addition, the bill would attempt to strengthen the integration between career-and-technical education programs in public schools and programs at community and technical colleges that lead to high-demand, high-wage jobs. It also would require identification of which competencies that students already have gained would count toward getting occupational licenses.

House Education Chairman Danny Hamrick, R-Harrison, decided to send the bill to a five-member subcommittee to work out that and other issues. The subcommittee is expected to report back to the full committee next Wednesday, when the committee is to resume work on H.B. 2004.

### **PROPERTY TAX CHANGE APPROVED BY ONE COMMITTEE**

The House Finance Committee has approved a resolution to put a constitutional amendment before voters to eliminate a form of property tax that has been cited as a hindrance for economic development, but also an important form of revenue for schools and other local government. House Joint Resolution 17 would drop from the West Virginia Constitution the requirement to tax tangible inventory, machinery and equipment personal property directly used in business activities.

“This is a tax that no one particularly likes or particularly likes to pay,” Delegate Mick Bates, D-Raleigh, said. “The issue is that this is the tax that our local governments, in particular our school system, is dependent upon.” Legislators have had many discussions over the years about doing away with the tax, but they have been unable to agree on how to replace the revenue, he said.

“This is an elegant attempt to do an end-around that process and come up with a viable solution,” Bates said, because it would remove from the Constitution a protection that is currently in place. It was placed in there for a reason out of concern a rogue legislature would cut taxes, he said. Speaking in favor of the resolution, Delegate Jim Butler, R-Mason, said the taxation of equipment, machinery and inventory makes West Virginia very uncompetitive and effectively locks jobs out of West Virginia.

Before they voted, House Finance Committee members asked Deputy Revenue Secretary Mark Muchow about the effects the proposed change would cause. He said the biggest recipient of property tax revenues is education, followed by county government and then municipalities. However, he said, in the School Aid Formula, the state guarantees a set amount of funding per student in all counties. If county revenues cannot meet the funding level, the state will make up the difference with state funds, he said, so about 36 percent to 37 percent of that funding for education is state treasury dollars, but it varies by county and depends on excess levies.

Of the tax revenue that would be eliminated, he said, revenue from inventory statewide is about 27 percent to 28 percent of the total, and the rest is machinery and equipment – both industrial and commercial. The maximum total loss in revenue would be \$250 million to \$300 million out of the \$1.7 billion in total property tax revenue, he said.

About seven states tax business inventory, he said, while about 20 states tax personal property. Muchow gave this summary of how West Virginia’s

neighboring states handle such taxes:

- Pennsylvania taxes purely real estate, not machinery, equipment or inventory.
- Ohio formerly taxed machinery, equipment and inventory, but that tax was removed in the last 10 to 15 years. Ohio now taxes just real estate, except in regard to utilities.
- Kentucky has a broad-based tax like West Virginia's, but real tax rates are higher than personal property tax rates. Personal property tax rates in Kentucky are roughly equivalent to what they would be if the property were valued at the salvage level. They are very low in relationship to West Virginia's. But Kentucky does tax inventory, machinery and equipment.
- Virginia taxes machinery and equipment but not so much inventory.
- Maryland might have a little bit of tax on the categories at issue, but it taxes mostly real estate.

The resolution now must get through the House Judiciary Committee before it can go to the full House of Delegates.

### **SENATE COMMITTEE TO TAKE UP S.B. 153**

The Senate Economic Development Committee Wednesday will consider S.B. 153 which is designed to provide greater flexibility for making grants to water and sewer projects. Under current law, construction project funding through the West Virginia Infrastructure and Jobs Development Council (IJDC) can only have 25% of the project cost as grant funding. The remaining project funding is loan money. IJDC must split its funding between the state's three congressional districts. Recently, Congressional District 3 has had loan dollars unused because communities and public service districts could not make projects feasible with loan funds, and the grant dollars had all been allocated.

S.B. 153, whose lead sponsor is Sen. Glenn Jeffries, D-Putnam, and an IJDC member, allows loan funds to be utilized for grants if loan funds are still available. The Senate Economic Development Committee will debate the bill. If passed, it goes to Senate Finance.

**Below is a list of bills that have been introduced this week that have an impact on the construction industry or some CAWV members. Anyone needing further information can contact Mike Clowser at (304) 342-1166 or email at [mclowser@cawv.org](mailto:mclowser@cawv.org).**

HOUSE BILLS			
Bill #	Sponsors	Proposal	Introduced/Committee

<a href="#">HB 2011</a>	Del. Summers, Howell, Waxman, Queen, Hamrick, Jennings, Sypolt, Phillips, Cadle, Worrell and Kump	Road Maintenance Program (FN)	<i>01/18/19 - To Technology and Infrastructure then Government Organization</i>
<a href="#">HB 2576</a>	Del. Rodighiero	Establishing a tax credit for new businesses that locate in the state (FN)	<i>01/22/19 - To Small Business, Entrepreneurship and Economic Development then Finance</i>
<a href="#">HB 2585</a>	Del. Malcolm, D. Jeffries, Kump, D. Kelly, Phillips, Kessinger, Mandt, Porterfield, Hanna, Graves and Butler	Promulgating a rule for the state building code to require large venues to have portable exit barriers to guide people to targeted exit areas	<i>01/22/19 - To Fire Departments and Emergency Medical Services then Government Organization</i>
<a href="#">HB 2588</a>	Del. Lovejoy, Miller, N. Brown, Paynter, Canestraro, Caputo, Maynard, Williams, Robinson, Zukoff and Steele	Relating to occupational pneumoconiosis claims	<i>01/22/19 - To the Judiciary</i>
<a href="#">HB 2589</a>	Del. Hansen, Ellington, Hanna, Miley, Lovejoy, McGeehan, Phillips, Evans, Fleischauer and Miller	Relating to solar energy on formerly mined land (FN)	<i>01/22/19 - To Technology and Infrastructure then Energy</i>
<a href="#">HB 2591</a>	Del. Malcolm, D. Jeffries, Kump, D. Kelly, Phillips, Kessinger, Mandt, Porterfield, Hanna and Butler	Requiring lighted exit signs in buildings where members of the public may frequent	<i>01/22/19 - To Government Organization</i>
<a href="#">HB 2592</a>	Del. Howell, Pack, C. Martin, D. Jeffries, Cadle, Hott, Worrell, J. Jeffries, Porterfield, Sypolt and Bibby	Requiring all boards referred to in Chapter 30 of the code be located in the same area in the state	<i>01/22/19 - To Government Organization</i>
<a href="#">HB 2629</a>	Del. J. Jeffries, Paynter, Wilson, Porterfield, Graves, Cadle, Kump, P. Martin, D. Jeffries and Butler	Ending tolls on the West Virginia Turnpike effective July 1, 2019	<i>01/24/19 - To Technology and Infrastructure then Finance</i>
<a href="#">HB 2646</a>	Del. Higginbotham, Foster, Pack, Wilson, Sypolt, Westfall, Hardy, Butler, Atkinson and Cadle	Providing a safe harbor for employers to correct underpayment or nonpayment of wages and benefits due to separated employees	<i>01/24/19- To Industry and Labor then the Judiciary</i>
<a href="#">HB 2663</a>	Del. Cooper, Westfall, Summers, Cadle and Anderson	Exempting buildings or structures utilized exclusively for agricultural purposes from the provisions of the State Building Code	<i>01/25/19 - To Agriculture and Natural Resources then Government Organization</i>

<a href="#">HB 2675</a>	Del. Foster, Steele, Higginbotham, Wilson, Jennings, Azinger, D. Kelly, Mandt, Linville, Waxman and P. Martin	Employer Property Protection Act	<i>01/25/19 - To Industry and Labor then the Judiciary</i>
<a href="#">HB 2703</a>	Del. Pack, Steele, Cooper, Graves, Criss, Westfall, Queen, Azinger, Higginbotham, Barrett and Bates	Relating to refunds of excise taxes collected from dealers of petroleum products (FN)	<i>01/28/19 - To Finance</i>

### SENATE BILLS

<b>Bill #</b>	<b>Sponsors</b>	<b>Proposal</b>	<b>Introduced/Committee</b>
<a href="#">SB 411</a>	Sen. Maynard	Relating to disposition of vacated school buildings or other state-owned buildings (FN)	<i>01/24/19 - To Government Organization then Finance</i>
<a href="#">SB 426</a>	Sen. Sypolt	Creating Road Maintenance Program (FN)	<i>01/25/19 - To Transportation and Infrastructure then Finance</i>