



Contractors Association of West Virginia **LEGISLATIVE BULLETIN**



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EDUCATION, TEACHERS CENTER STAGE AGAIN THIS YEAR

*Education Reform
Major Topic Again
This Session*

Following last year's strike of state teachers over a pay raise bill and the subsequent shutdown of the legislative process as hundreds of teachers spent days protesting at the State Capitol, education issues are again at the forefront this legislative session.

*Highway
Maintenance
Continuing Focus of
Legislators During
Budget Hearings*

Senate Bill 451 is on third reading (passage stage) today in the Senate. The bill provides a 5 percent pay raise to teachers but provides significant reforms that education unions oppose. Gov. Jim Justice held a press conference last week saying he would veto the Senate bill in its present form. Senate President Mitch Carmichael, R-Jackson, said education reform is long overdue and that this bill is needed.

*Bill Repeals
Severance Tax on
Limestone and
Sandstone*

The Senate met as a "Committee of the Whole" to review the bill, one of only three times in the state's history (previously in 1917 and 1961) this has been done. The Senate voted on a number of amendments Friday and all were passed or defeated largely on a party basis. The bill was advanced to third reading by a vote of 18-16. All Democrats opposed as well as Bill Hamilton, R-Upshur, and Kenny Mann, R-Monroe.

*Non-resident
Contractors/Subs
Registration
Requirements*

*List of Bills
Introduced This
Week*

Teacher and school service personnel unions have been meeting to determine their course of action. House leaders said they will be talking with all parties once the bill gets to that chamber. Senate Republican members said S.B. 451 is needed since West Virginia ranks 16th in the nation in per capita spending on education yet ranks near the bottom on scales ranking states' education systems.

HOUSE OF DELEGATES HAS BUSY WEEK

The House of Delegates last week voted to eliminate the state income tax on Social Security benefits, passed comprehensive legislation to promote broadband expansion and development, and wrapped up its budget hearings with state agencies.

“From reforming our tax code, promoting broadband technologies, and beginning the process of moving bills to enhance workforce opportunities and our education system, we’re working hard to pursue our vision of making West Virginia the best place to live, work and raise a family,” said Speaker Roger Hanshaw, R-Clay.

The House on Friday voted overwhelmingly 96-1 to approve H.B. 2001 which will completely repeal the state’s income tax on Social Security benefits. West Virginia is one of just 13 states to tax Social Security incomes. The bill is expected to provide \$50 million in tax relief for state seniors in the coming fiscal year.

“This bill isn’t just about providing tax relief, it’s a matter of fundamental fairness,” said House Finance Committee Chairman Eric Householder, R-Berkeley. “The government took this money out of our hard-working citizens’ paychecks all their lives, and I think it’s wrong that we should tax it again when they finally reap the benefits. Ending this double-taxation on Social Security dollars will send a signal that West Virginia respects its taxpayers.”

The House last Monday also advanced comprehensive legislation to improve high-speed internet access by voting 97-2 to approve H.B. 2005, the Broadband Expansion Act of 2019. This bill will allow broadband and wireless internet carriers to use existing rights-of-way and utility poles to place new network technologies. It also requires electric utility companies to study whether they can use their distribution networks to provide broadband services. It will also change how new broadband and wireless infrastructure is valued for property tax purposes. These changes are designed to encourage development by dramatically reducing the cost of building or expanding broadband networks in the state.

“Broadband internet access has the potential to connect our state to the rest of the world like nothing else before,” Speaker Hanshaw said. “This bill will not only help local businesses and entrepreneurs access new markets, but allow our children to connect to new online educational opportunities and provide seniors access to telemedicine and the most advanced health services.”

WVDOT CONCLUDES BUDGET HEARINGS

Secretary of Transportation Tom Smith presented his agency’s budget, including the Division of Highways, to both House and Senate Finance Committees. The secretary outlined the highway construction and maintenance program. Legislators questioned how much was available for maintenance verses new construction since legislators are hearing from their constituents about roads in their districts.

Secretary Smith noted that Governor Justice has said he wants to emphasize

secondary road maintenance and that the DOH was looking into this. Secretary Smith also reminded legislators that the Governor's Blue Ribbon Commission on Highways concluded that West Virginia needed an additional \$750 million in highway funding annually just for existing roads. The 2017 highway funding bills to increase gas taxes, registration fees and consumer sales tax on vehicles generates about \$140 million annually, of which a portion is dedicated to repayment of bonds authorized by the Roads to Prosperity bond amendment.

Finally, on Friday the House Finance Committee concluded its budget hearing process with the various state agencies that receive funding through the state budget. Since Jan. 9, the committee has held 27 hearings analyzing the state's revenue and budget forecast and questioning various agency leaders about their financial needs and requests.

"Over the coming weeks, we will carefully scrutinize all spending requests and prioritize the needs that provide our citizens the greatest benefit while maintaining the budget efficiencies we've secured in recent years," said House Finance Chairman Eric Householder, R-Berkeley.

H.B. 2829 REPEALS SEVERANCE TAX ON LIMESTONE, SANDSTONE

H.B. 2829, introduced in House Finance, has been introduced. The bill terminates severance taxes on limestone and sandstone effective July 1, 2019. There are 11 sponsors of the bill, including House Finance Chairman Eric Householder, former Finance Chairman Eric Nelson, House Judiciary Chairman John Shott and delegates who have quarry operations in their districts. West Virginia Crushed Aggregates Council members will receive a mailing on the bill and will be asked to contact their delegates. The CAWV is checking to see when the bill will be on House Finance's agenda.

The bill is being introduced for a number of reasons. These include:

- West Virginia in FY 2018, according to the State Tax Department, generated \$1,099,528 in limestone and sandstone severance tax revenue. Sand and gravel only generated \$160,705, for a total of \$1,269,223.
- Based on 2017 production of 13,707,792 tons of limestone, sandstone, sand and gravel, this averages \$0.09 a ton.
- The largest user of West Virginia limestone and sandstone is the West Virginia Division of Highways. Eliminating the severance tax would save the WVDOH money in their construction and maintenance budget. The WVDOH uses aggregates in concrete, asphalt, fills for new construction, ditches, county roads, etc.

- Small, independent quarry operations are at a disadvantage when competing with out of state stone suppliers, especially since Virginia, Maryland and Pennsylvania do not have a severance tax on limestone and sandstone.
- Ohio, one of only two surrounding states that impose a severance tax, is \$0.02 a ton. Kentucky, the only other state surrounding West Virginia that has a severance tax on stone, is 4.5% of the “total gross value” which KY defines as the selling price, less the cost of transportation.
- The West Virginia Legislature has already eliminated the severance tax on timbering.
- Due to geological differences among quarries around West Virginia, some quarries will have a much higher cost for removing overburden (stripping) compared to quarries where the stone is located closer to the surface. In some cases, mining costs can also vary significantly within an individual quarry operation depending on the locations from which different types of stone are being mined.
- It is common industry practice for many operators to do advance stripping operations which involves a significant amount of overburden is removed in one year. When this occurs, the operator may not have any costs associated with overburden removal for the next few years. Under the present system, if the Tax Department audits a quarry operator in the year in which an advance stripping campaign is conducted, the operator could be hit with a tax liability based on the abnormally high mining costs in that one year which operators typically don't expect or plan for. This makes it extremely difficult for West Virginia quarry operations to know from year to year what their severance tax liability will be. Operators do know what they will pay in Consumer Sales Taxes, but not severance.
- Eliminating the tax would require no time to be spent auditing severance tax, thus giving State Department auditors more time to focus on other taxes and to conduct additional audits on sandstone and limestone producers throughout the year, such as sales and use tax.
- For these reasons, the severance tax on limestone, sandstone, sand and gravel needs to be eliminated.

VOC ED BILL MOVING THROUGH COMMITTEE

The CAWV Board of Directors has made workforce development a top priority for the association this year. As such, the CAWV is tracking legislation aimed at providing a trained workforce for the construction industry. Once such bill is H.B. 2004 which 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 House Education Committee has approved legislation designed to guide students into vocational education programs.

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.

Schools also would have to provide information on apprenticeship and occupational licensing requirements for which students already might have gained credit through programs at the secondary school level. Along with that, the bill would require such students to receive transcripts from post-secondary institutions from which they have earned dual credit.

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. The state superintendent of schools and the chancellor of the community and technical college system would have joint responsibility for approving written partnerships and reporting on their implementation to the legislature and the governor.

A subcommittee amended the bill change the definition for the word “apprentice.” Other changes were described as just technical cleanup. H.B. 2004 now goes to the full House of Delegates. *(Thanks to the WV School Board Association for information on this article.)*

TAX BILLS CLARIFY REGISTRATION REQUIREMENTS FOR NONRESIDENT PRIMES AND SUBS

S.B. 455 and H.B. 2819 amends State Code to expressly clarify that business registration requirements apply to both nonresident contractors and nonresident subcontractors, and to amend the code so that the requirement to post bond applies to both nonresident contractors and nonresident subcontractors, and to specifically include with the bonding requirement, municipal consumers sales and service tax and use tax, special district excise tax, as applicable. Both bills are referred to their respective Finance Committees.

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.

HOUSE BILLS			
Bill #	Sponsors	Proposal	Introduced/Committee
HB 2710	Del. Doyle, S. Brown, Evans, Lavender-Bowe, Pushkin, Estep-Burton and Pyles	Prohibiting manufacturing plants from locating within two air miles of an existing public school	01/29/19 - To Industry and Labor then Small Business, Entrepreneurship and Economic Development then the Judiciary
HB 2711	Del. Doyle, S. Brown, Evans, Lavender-Bowe, Campbell, Estep-Burton, Hansen, Pushkin, Hornbuckle and Pyles	Requiring public hearing for applicant for air quality permit relating to facility of certain investment value (FN)	01/29/19 - To Industry and Labor then Small Business, Entrepreneurship and Economic Development then the Judiciary
HB 2724	Del. Atkinson and J. Kelly	Small Business Tax Credit (FN)	01/29/19 - To Small Business, Entrepreneurship and Economic Development then Finance
HB 2726	Del. J. Kelly, J. Jeffries, Maynard, Paynter, Criss, Espinosa, C. Martin, Mandt, Cadle and Anderson	Entitling natural resource producers to the economic opportunity tax credit (FN)	01/29/19 - To Energy then Finance
HB 2727	Del. Maynard, J. Jeffries, Rohrbach, Paynter, Linville, Mandt, Harshbarger, Miller, Tomblin, Westfall and Pack	Relating to conducting a study of the Upper Mud River Lake	01/29/19 - To Agriculture and Natural Resources then Government Organization
HB 2734	Del. Kessinger, Fast and Stagers	Relating to reduced rates for low-income residential customers of privately owned sewer and combined water and sewer utilities	01/30/19 - To Finance
HB 2735	Del. Bibby, Hardy, J. Jeffries, Paynter, Higginbotham, D. Jeffries, Hanna and Wilson	Relating to state road construction	01/30/19 - To Technology and Infrastructure then Government Organization

HB 2745	Del. Householder and Criss [By Request of the WV State Tax & Revenue Department]	Authorizing railroads and commercial watercraft to claim a refundable exemption from the variable rate component of the motor fuel excise tax (FN)	<i>01/30/19 - To Finance</i>
HB 2786	Del. Kessinger	Uniform Worker Classification Act	<i>01/31/19 - To Industry and Labor then the Judiciary</i>
HB 2799	Del. Kessinger	Requiring county boards of education to conduct regular structural inspections of school facilities and structures	<i>02/01/19 - To Education then Finance</i>
HB 2812	Del. Caputo, Boggs, Paynter, J. Jeffries, Evans, Phillips, Dean, Storch, Pethel, Bates and Campbell	Allowing the Office of Miners' Health, Safety and Training to inspect the records of employers of certified persons for compliance purposes	<i>02/01/19 - To Industry and Labor then Energy then the Judiciary</i>
HB 2813	Del. Householder and Criss [By Request of the WV State Tax & Revenue Department]	Relating generally to collection of use tax (FN)	<i>02/01/19 - To Finance</i>
HB 2819	Del. Householder and Criss [By Request of the WV State Tax & Revenue Department]	Relating generally to contractors	<i>02/01/19 - To Finance</i>
HB 2823	Del. Jennings, Sypolt, Williams, Canestraro, Hansen, Pyles, Walker and Miley	Requiring Department of Highways to make available a calendar of projects and related information for each district (FN)	<i>02/01/19 - To Technology and Infrastructure then Government Organization</i>
HB 2829	Del. Nelson, Householder, Shott, Ellington, Atkinson, Jennings, Sypolt, Hartman, Campbell, Cooper and Cowles	Relating to the termination of severance taxes on limestone and sandstone (FN)	<i>02/04/19 - To Finance</i>

HB 2832	Del. Caputo, N. Brown, Lovejoy, Rohrbach, Canestraro and Miller	Requiring drug testing companies to have contractor IDs and mandatory safety training before performing work on mine property	<i>02/04/19 - To Industry and Labor then Energy</i>
HB 2845	Del. Howell, Pack, C. Martin, D. Jeffries, Dean and Hamrick	Relating to apprenticeship programs (FN)	<i>02/04/19 - To Industry and Labor then Finance</i>

SENATE BILLS			
Bill #	Sponsors	Proposal	Introduced/Committee
SB 426	Sen. Sypolt	Creating Road Maintenance Program (FN)	<i>01/25/19 - To Transportation and Infrastructure then Finance</i>
SB 455	Sen. Blair	Relating generally to contractors	<i>01/29/19 - To Finance</i>
SB 466	Sen. Maynard	Modifying road classifications DOH uses in maintaining digital road map	<i>01/29/19 - To Transportation and Infrastructure</i>
SB 467	Sen. Boso	Clarifying PSC jurisdiction over water and sewer utilities	<i>01/29/19 - To Government Organization</i>
SB 492	Sen. Maynard	Creating Occupational Licensing Consumer Choice Act	<i>01/31/19 - To Government Organization then Judiciary</i>
SB 498	Sen. Beach	Requiring DOH and Division of Personnel collaborate on developing special training procedure for hourly positions	<i>02/01/19 - To Government Organization</i>
SB 499	Sen. Blair	Amending WV tax laws to conform to changes in partnerships for federal income tax purposes	<i>02/01/19 - To Finance</i>
SB 500	Sen. Boso, Azinger, Baldwin, Beach, Clements, Cline, Facemire, Hamilton, Hardesty, Ihlenfeld, Jeffries, Lindsay, Mann, Maroney, Maynard, Palumbo, Plymale,	Creating Sewer and Water Infrastructure Replacement Act (FN)	<i>02/01/19 - To Transportation and Infrastructure then Finance</i>

	Prezioso, Roberts, Romano, Rucker, Smith, Stollings, Swope, Sypolt, Takubo, Tarr, Trump, Weld and Woelfel		
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