



Contractors Association of West Virginia **LEGISLATIVE BULLETIN**



In This Issue

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*State Budget
Revenues*

*WVDOH Revenues
Up 14 Percent*

*Co-Tenancy Bill
Passes Committees*

*Trump Administration
to Unveil
Infrastructure Plan*

BUDGET NUMBERS RELEASED THROUGH JANUARY

West Virginia revenue collections for the month of January came in more than \$28 million below estimates, but revenue officials said the state still appears to be on track to end the fiscal year in the black. “As we look forward for the next five months of the fiscal year, we believe we are on target,” Revenue Secretary Dave Hardy said. Even with January’s revenue downturn, Hardy said revenue collections for the fiscal year so far are at 99 percent of projections. For the fiscal year to date, revenue collections are down about \$25 million.

Much of January’s shortfall was in severance tax collections. Although the state produced plenty of natural gas in the fall months, and a lot of gas was sold to fight winter cold, Hardy said prices were fairly low during the period. “Since then, natural gas prices have rebounded, and we expect severance tax performance to improve in the coming months,” Hardy said.

Overall state revenue is growing by about 4 percent. Gov. Jim Justice was not especially upset by the slow month of collections.

“The financial health of the state remains good and we think everything is going to be fine, but this slight downturn is a reminder to us all that we need to continue managing our resources in a fiscally responsible and prudent way,” Governor Justice said. “We had a really strong December and sometimes when that happens, a slower month will follow. We are still very much in the ballpark to hit our revenue estimates for the year.”

Budget revenues have a direct impact on construction in West Virginia. If revenues are above projections, there is more opportunity to fund infrastructure projects such as schools, parks, water and sewer, dams, airports, public buildings and other public facilities. If the past few years, state agencies have had to cut back on their maintenance and construction programs due to stagnant revenues.

Also, with proposed public employee pay raises and increased costs for public employees’ insurance, legislators will look at every option to capture revenue. One such option is to eliminate the refund to the State Road Fund the amount

paid by contractors for consumer sales tax on material used in a highway project. Governor Justice has proposed [HB 4157](#) and [SB 264](#) which would continue the general fund transfer at \$12.5 million with any increased CST generated from increased highway construction spending staying in the general fund. There is concern that legislators will want to change the bill to eliminate future CST transfers due to the highway funding bills passed last session. Transportation Secretary Tom Smith has told legislators the \$12.5 million is included in the WVDOH program and projects will have to be curtailed if the transfer is eliminated.

Speaking of the WVDOH budget, revenues through January are running 14% ahead of the same period last year. Through seven months of the current fiscal year, the State Road Fund collected \$470.5 million, which is \$59 million more than last year. Gas tax revenue is 9% over last year and Registration Fees are 77% ahead. The Privilege Tax on vehicles is about \$1.7 million, or 1% over last year. The additional revenue is due to the highway funding bill passed last year.

CHANDA ADKINS APPOINTED TO HOUSE

Chanda Adkins, R-Raleigh, has been appointed to the House of Delegates by Governor Jim Justice. She fills the vacancy created by Lynne Arvon, who was appointed to the Senate. Del. Adkins is a pharmacist, business owner, licensed manicurist, substitute teacher and middle school girls' basketball coach.

GOVERNOR PROPOSES PEIA FREEZE

This week, Gov. Jim Justice tried to quell the deafening protests from teachers regarding his proposal for public employee pay raises by instituting a moratorium on rate hikes in the Public Employees Insurance Agency until summer 2019.

Critics of the governor's plan for 1 percent pay raises per year for five years have said proposed PEIA premium increases for public employees would swallow up any pay raise. During a press conference Thursday when he announced the PEIA rate freeze, Gov. Justice said his 1 percent plan for pay raises is the fiscally prudent way to proceed and acknowledged that freezing the PEIA rates will create a \$23-million budget hole that lawmakers will have to fill during this session. Incidentally, the House Finance Committee increased the first year of the pay raise plan ([SB 267](#)) to 2 percent this week, but that change would create an additional \$23 million budget gap. It is unclear how lawmakers will proceed.

CO-TENANCY LEGISLATION RECEIVES PUBLIC HEARING

Friday the House Judiciary Committee held a public hearing on [HB 4268](#), the Co-Tenancy Modernization and Majority Protection Act, in the House of Delegates Chamber. Current West Virginia law requires that 100% of the owners of a mineral property consent before any development can begin. This has been

a challenging issue in West Virginia since many mineral properties have been passed down for generations and have become quite fragmented. Occasionally, not all owners can even be located for negotiation. [HB 4268](#) would allow development of a mineral property if 75% of the owner's consent. The bill also ensures proper compensation for dissenting owners and establishes a fund to hold payments for mineral owners who cannot be found.

A number of industry people spoke in favor of the bill, including Commerce Secretary Woody Thrasher who stated many jobs would be created with the passage of the bill. CAWV members who perform work in the oil and gas industry also spoke and talked about the number of employees they have working in their companies in the oil and gas field. The bill passed 16-9 on a party line vote the House Judiciary Committee Friday.

COMMITTEE ADOPTS LOCAL PRE-EMPTION BILL

[SB 458](#) would prohibit local political subdivisions from enacting their own minimum wage or prevailing wage. It also would prevent localities from enacting their own consumer goods taxes/restrictions that differ from state law. The bill passed Senate Judiciary Feb. 8.

STATE SENATE MOVES TO PLACE JUDICIAL BUDGET UNDER LEGISLATURE'S CONTROL

The Senate Finance Committee approved by voice vote, [SJR 3](#), the Judicial Budget Oversight Amendment. SJR 3 is a constitutional amendment that would require approval by the voters, but if approved, would move the Supreme Court and judiciary's budget under the control of the West Virginia Legislature. The issue picked up steam last fall following a series of investigative reports by Kennie Bass of WCHS which unearthed expensive purchases by the Supreme Court of Appeals in remodeling justices' chambers. Counsel for the Senate Finance Committee indicated that SJR 3 would move West Virginia into the mainline of other state's practices, which vests the legislature with control of the judiciary's budget. SJR 3 now moves to the full Senate and could be up for passage as early as next week.

PRESIDENT TRUMP TO UNVEIL HIS INFRASTRUCTURE PLAN TODAY

The White House intends to release the President's new infrastructure proposal this morning. This proposal is expected to include \$200 billion in additional federal funding for infrastructure during the next ten years, reform the environmental process to significantly accelerate federal reviews and urge Congress to address chronic funding shortfalls for infrastructure, including with the federal Highway Trust Fund and airports.

While the administration's proposal will likely have plenty of room for

improvement, the fact is the President has signaled that he intends to make a determined push to secure new funding for vital public works. Getting Congress to act on the measure will not be easy and it will require a strong coalition of Republicans and Democrats to build enough votes to overcome opposition from anti-infrastructure conservatives and anti-Trump liberals.

Securing new infrastructure funding will certainly help member firms that build and maintain public works. But it will also help members who build other projects by making our economy more efficient and vibrant, driving demand for all types of construction services.

The President's full plan will be sent to CAWV members upon its release.

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 mclowser@cawv.org.

HOUSE BILLS			
Bill #	Sponsors	Proposal	Introduced/Committee
HB 4444	Del. Frich, Byrd, Cooper, A. Evans, Hamilton, Love, Maynard, Pushkin, Statler, Butler and Paynter [By Request of the WV Fire Commission]	Clarifying the authority of the State Fire Commission in adopting a State Building Code	02/06/18 - To Fire Departments and Emergency Medical Services then Government Organization
HB 4447	Del. Shott, Hanshaw, Moore, C. Miller, Harshbarger, Fast, Lane, Hollen, Capito and Summers	Providing for a uniform and efficient system of broadband conduit installation (FN)	02/07/18 - To Roads and Transportation then the Judiciary
HB 4452	Del. Moore, Atkinson, Hill, Howell, Upson, Zatezalo, Westfall and Storch	Creating newly established small business tax credits (FN)	02/07/18 - To Small Business, Entrepreneurship and Economic Development then Finance
HB 4504	Del. Brewer, E. Evans, Isner, Bates, Hartman, Diserio, Caputo, Lynch, R. Miller and Robinson	Prohibiting the awarding of public contracts to vendors and subcontractors indebted to the state or its political subdivisions	02/12/18 - To Industry and Labor then the Judiciary
HB 4508	Del. Love	Requiring contractors to provide for the safety of the public during construction projects	02/12/18 - To Industry and Labor then the Judiciary

HB 4512	Del. Gearheart	Relating to the State Road Construction Account	<i>02/12/18 - To Roads and Transportation then Finance</i>
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SENATE BILLS			
Bill #	Sponsors	Proposal	Introduced/Committee
SB 495	Sen. Azinger	Designating specific insurance coverages exempt from rate filing requirements	<i>02/06/18 - Banking and Insurance</i>
SB 497	Sen. Maynard	Removing requirement that Division of Labor charge annual device registration fee	<i>02/07/18 - Government Organization then Finance</i>
SB 503	Sen. Blair	Shifting funding from Landfill Closure Assistance Fund to local solid waste authorities (FN)	<i>02/07/18 - Government Organization then Finance</i>
SB 506	Sen. Swope	Deregulating persons who perform work on heating, ventilating, and cooling systems (FN)	<i>02/07/18 - Workforce then Government Organization</i>
SB 515	Sen. Gaunch	Clarifying PSC jurisdiction over water and sewer utilities (FN)	<i>02/09/18 - Government Organization then Finance</i>
SB 520	Sen. Cline	Increasing weight limits for vehicles on certain highways	<i>02/12/18 - Transportation and Infrastructure then Government Organization</i>