



Contractors Association of West Virginia LEGISLATIVE BULLETIN



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SENATE PASSES HIGHWAY FUNDING BILL 27- 6

*Highway Funding
Bill
Overwhelmingly
Passed*

The West Virginia Senate Saturday passed by a vote of 27-6 S.B. 477, the highway funding bill that is part of Gov. Jim Justice's \$2.4 billion transportation improvement program. S.B. 477 raises the state gas tax 4.5 cents a gallon, increases the floor on the wholesale gas tax to restore the 3.5 cents per gallon lost over the past three years due to declining gas prices, increases fees for the West Virginia Division of Motor Vehicles and places an annual fee on alternate fuel vehicles. The bill generates over \$130 million annually in new highway revenues. All Senators speaking to the bill on Third Reading Saturday supported passage. No one spoke in opposition to the bill. The bill will be reported in the House of Delegates Monday and will be assigned to a committee, hopefully only a single reference to the Finance Committee, for review and approval. Last year, S.B. 555, a \$200 million highway funding bill, passed the Senate by a vote of 25-9 only to die in the House Finance Committee. A growing concern over the conditions of West Virginia's roads and bridges and a commitment by the state's Chief Executive should at least guarantee a fair hearing on the bill. The strong vote in the Senate will be helpful as well.

*Other Highway
Bills Moving
Forward*

*Bills Must Pass
House of Origin
Wednesday*

GOVERNOR'S OTHER HIGHWAY INITIATIVES IN VARIOUS STAGES OF PROCESS

Gov. Justice introduced a number of bills addressing the state's highway funding needs. Below are the bills and their status.

S.B. 484 – This bill keeps the tolls on the WV Turnpike, tolls which will be eliminated in 2019 without action. The bill raises the tolls from \$2 to \$4 with the increased revenue providing for additional bond authority for new construction projects in and around the Turnpike. The toll increase revenue could provide up to \$600 million for construction projects. The bill passed Saturday out of the Senate Finance Committee and will be reported on the floor today.

S.B. 421 and H.B. 2878 – These bills increase the amount of Grant Anticipation Notes (GARVEE) for which the WVDOH may apply. The current limit is \$200 million and these bills will take it to \$500 million. This does not give the WVDOH additional funding. GARVEEs are a way to expedite projects by obligating future federal funds now and then repaying them over the term of the note. Route 35 and other projects have been funded by GARVEE funds. Both bills are on Second Reading Monday in their respective houses.

S.B. 416 and H.B. 2721 – These bills deal with the current Public-Private

Transportation Facilities (P3) Act. The Senate version follows the governor's proposal which is to make P3 permanent with no limits. The House version continues the P3 program but puts another sunset provision in it. The WVDOH says they need P3s should voters approve SJR 6 and the Trump administration comes forth with a national infrastructure improvement program. The CAWV presented testimony before legislative committees on the amount of debt the DOH has taken on with the five P3 projects currently under way. H.B. 2721 passed Saturday by a vote of 96-0. The Senate bill is on Second Reading Monday.

S. B. 417 and H.B. 2722 – These bills remove the \$50 million per year and \$150 million over three years cap on the use of Design-Build on highway projects. Governor Justice says this is needed for the same reasons as P3s listed above. The Senate and House versions are different. The Senate bill, on Second Reading Monday, removes the limits. The House bill, voted Saturday by a 96-0 vote, puts a \$100 million per project cap and \$300 million annual cap.

SENATE JOINT RESOLUTION (SJR) 6 – The resolution would put a constitutional amendment on the ballot for voters' ratification of a five-year \$1.6 billion bond issue for highway construction. Governor Justice presented his plan to create 48,000 jobs, to jump starting the state's recovery and provide for future economic development by completing West Virginia's transportation system. The resolution is on the agenda for Monday's Senate Finance Committee. It passed out of Judiciary Committee Friday evening.

GOVERNOR ASKS INDUSTRY FOR HELP ON FUNDING INITIATIVES; CAN'T KICK THE CAN DOWN THE ROAD ANY LONGER

Gov. Jim Justice told members and attendees at the CAWV State Meeting and Opening Session of the WV Construction and Design Exposition Wednesday that his highway funding proposals will put West Virginia on a pathway to the future but he needs their help to get them passed. "There are factions who don't want these proposals to pass but there is time when you have to do what is best for West Virginia," the governor stated. "We have to get our network of highways completed. We have to create real jobs and we have to have immediate jobs. There are legislators who understand that but we've got to get above the Democrat and Republican issue and not kick this can down the road any longer."

The governor says he has to have industry with him in order to get his bills passed. "I am 100 percent in your camp," he told nearly 300 industry people at the opening session. "It's no fun when it's lonely," he quipped. "I need you to call your legislators and beg them to do the right thing for our state. I want all you to be here for evermore. We can't have more people leaving our state."

SENATE TRANSPORTATION CHAIR ADDRESSES WV EXPO; HIGHLIGHTS MAINTENANCE AND NEW CONSTRUCTION

Sen. Greg Boso, R-Nicholas, spoke at WV EXPO prior to the governor's address. He is chairman of the Senate Transportation and Infrastructure Committee. "Everything depends on a good infrastructure, including broadband to gives internet access "down the street, across town and around the world." Sen. Boso, president of the engineering firm G.L. Boso & Associates and general contractor, Boso & Boso, Inc., both of Summersville, said West Virginia

needs a safe, modern and reliable infrastructure system and he is supporting the governor's proposals. "Nobody wants to raise taxes but people will pay for better roads," the chairman stated. "People are reasonable in that they know good roads come at a cost."

Sen. Boso told members the legislature wants the money spent wisely, knowing there is need for system preservation and new expansion. "We want to make sure to move West Virginia forward but we've got to be good stewards of what we've built," he said. "My committee wants to be sure the money is there for preservation and maintenance of our current system. We will be working closely with the new administration and leadership at WVDOH to see how they will balance this going forward.

"I want to make sure your voice is heard," the chairman told members. "You're the ones in the field and you're the best at helping developing policy. There's a lot work that needs to be done and the governor's proposals will help move West Virginia forward."

New Transportation Secretary Tom Smith, along with new cabinet secretaries John Myers, Dave Hardy and Woody Thrasher, also spoke at WV EXPO. See the Friday, March 31, CAWV Newsletter for their comments.

WEDNESDAY LAST DAY FOR BILL PASSAGE IN HOUSE OF ORIGIN

The Fiftieth Day, Wednesday, March 29, is the last day to consider a bill on Third Reading in its house of origin. Any bill that doesn't pass one house by Wednesday is dead for this legislative session. Both the House and Senate met Saturday to get bills out of committees in order to meet Wednesday's deadline. There will be split sessions to help bills get on the agenda before the Fiftieth Day.

BUDGET SOLUTIONS STILL EVOLVING

With just two weeks left in the 2017 session, the governor and lawmakers are still apart on their plans on how to fill the \$500 million hole in next year's budget. The governor proposed modicum cuts and tax increases in his budget. The Senate Select committee on Tax Reform developed a proposal to raise the state consumer sales tax to 8 percent, phase out the personal income tax and eliminate a number of sales tax exemptions, including taxes on professional services such as architecture, accounting and legal services. On Friday, Senate Robert Karnes, R-Upshur, pulled back on that proposal and has developed a committee substitute for S.B. 409, the 2017 Tax Reform Act.

In the House, the Finance Committee is proposing H.B. 2933, relating to the consumers sales and services taxes and use taxes. The House plan relies on raising \$158.5 million of new tax revenue from a measure to set a personal income 5.1 percent flat tax, and would lower the sales tax to 5.5 percent but expand it to cover a broad range of personal and professional services that are exempt. It also would restore 3 percent of the sales tax on groceries, and impose taxes on telecommunications services — a tax proposal offered last year by then-Gov. Earl Ray Tomblin that was rejected outright. However, H.B. 2933

seems to be on shaky ground after it survived a rare floor motion Saturday that it be rejected on first reading. That motion was defeated by a relatively narrow 44-50, with six absences, with tea party Republicans and left-leaning Democrats joining forces against the bill.

HISTORIC STRUCTURES TAX CREDIT ON FIRST READING IN SENATE

S.B. 238 increases the tax credits allowed for rehabilitation of certified historic structures from 10 percent to 25 percent is on First Reading today in the Senate. Proponents note that surrounding states have greater credits for rehabilitation of historic buildings. An increase to 25 percent would spur more redevelopment in West Virginia they believe.

SEVERANCE TAX ON AGGREGATES PASSES FIRST HURDLE

S.B. 375, introduced by Sen. Greg Boso, R-Nicholas, and Sen. Randy Smith, R-Tucker, changes the severance tax on limestone, sandstone and other mined aggregate products and crushed stone from a percentage of the sales price to a flat 10 cents per ton of product sold by the producer of natural resource material. For the purpose of this this section of the code, "mined aggregate products" includes limestone sand, sand, gravel, shale, dolomite and granite that has been physically severed from the earth by a natural resource producer. The effective date is for tax years beginning after December 31, 2016.

The WV Crushed Aggregates Council has been studying changing to a flat tax verses the current system. The Natural Resources Committee passed out the bill Saturday. It is now to the Finance Committee for review and debate.

WVDNR CAN BID SPECIFIED WORK DIRECT UNDER BILL

H.B. 2949, passed by the House of Delegates, provides that repair and related construction contracts necessary to protect public health or safety or to provide uninterrupted enjoyment and public use of state parks, state forests, wildlife management areas and state natural areas under the jurisdiction of the Division of Natural Resources are exempt from having to go through the State Purchasing Division. DNR will have to develop bidding requirements for these types of project if the Senate concurs with the House bill. Nothing in this section shall authorize the construction or replacement of capital improvements without going through the Purchasing Division.

LEGISLATIVE ACTION NEEDED: CONTACT DELEGATES TO SUPPORT S.B. 477

Gov. Jim Justice has introduced S.B. 477, a bill that will create over \$130 million annually for highway construction and maintenance. The bill passed the Senate March 25 by a vote of 27-6.

Funding comes from various sources, including raising DMV fees, increasing the state gas tax 4.5 cents per gallon, and setting the floor for the wholesale price of

gas to recoup the 3.5 cents per gallon wholesale tax lost over the past three years. The bill also puts a registration fee for alternate fuel vehicles.

S.B. 477 is needed because:

- West Virginia needs jobs. This bill creates thousands of jobs, many outside the construction industry.
- State Road Fund revenues are stagnant and WVDOH is putting future expansion projects on hold.
- This bill costs the average motorists 25 cents per day. The average motorist is spending over \$1,000 annually due to poor roads.
- Other states have stepped forward to fund their road program. Inaction will hurt WV's ability to attract new businesses to WV.
- Good roads equal jobs, economic development and improved safety.

ACTION NEEDED: S.B. 477 goes today to the West Virginia House of Delegates for review and approval. CAWV members need to call the delegates to see if they will support S.B. 477. The message is "Now is the time to fix our roads. Now is the time to create jobs."

To get a list of members of the West Virginia House of Delegates, go to <http://www.legis.state.wv.us/House/roster.cfm>.