WEST VIRGINIA CODE: §8-13C-1

§8-13C-1. Findings.

The Legislature finds that:

(a) Imposing additional taxes creates an extra burden on the citizens of the state;

(b) Imposing additional taxes can be detrimental to the economy of the state;

(c) Imposing additional taxes is only proper under certain circumstances;

(d) For many municipalities with severe unfunded liabilities of the police and fire pension funds, all available sources of local revenue have been exhausted. Property taxes are at the maximum allowed by the state Constitution and local business and occupation taxes and utility taxes are at the maximum rates allowed by state law. Other fees have reached the economic maximum and are causing relocation of business outside the municipal boundaries;

(e) For many municipalities with severe unfunded police and fire pension fund liabilities, revenue from existing sources has become stagnant over the past few years with no expectation of significant future growth;

(f) For many municipalities with severe unfunded police and fire pension fund liabilities, payments required under state law to fund fire and police pension funds are now close to equaling the city payrolls for police and fire protection and will rise to exceed those payrolls within a ten-year period;

(g) For many municipalities with severe unfunded police and fire pension fund liabilities, payments required under state law to fund fire and police pension funds now constitute a large percentage of those municipalities' total budget and will rise to an even larger percentage of the available revenues in the next ten years. Payment and benefit levels are dictated to the municipalities by state law;

(h) As the required pension payments rise, many of the municipalities with severe unfunded police and fire pension fund liabilities will find it impossible to maintain at minimum levels necessary and proper city services including, but not limited to, police and fire protection, street maintenance and repair and sanitary services;

(i) For some of the municipalities with severe unfunded liabilities of the police and fire pension funds, the combination of the steeply rising pension obligations and the stagnant revenue sources raise the real possibility of municipal bankruptcy in the near and predictable future. If this happens, pensioners would either not receive the full benefits which they have been promised or pressure would be placed on the state to fund these programs;

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(j) For a municipality that has the most severe unfunded liability in its pension funds, paying off the unfunded liability in a timely manner would cause tremendous financial hardship and the loss of many services that would otherwise be provided to the municipality's citizens;

(k) Only for a municipality that has the most severe unfunded liability in its pension funds would the imposition of the pension relief municipal occupational tax, the pension relief municipal sales and service tax, the pension relief municipal use tax or any combination of those taxes be an appropriate method of addressing the unfunded liability;

(l) Only for a municipality that does not impose or ceases to impose a business and occupation or privilege tax would the imposition of an alternative municipal sales and service tax and an alternative municipal use tax be appropriate;

(m) Only for a municipality that has the most severe unfunded liability in its pension funds would the closure of its existing pension and relief fund plan for policemen and firemen to those newly employed and the creation of a defined contribution plan for newly employed policemen and firemen be appropriate; and

(n) Only for a municipality that has the most severe unfunded liability in its pension funds, that closes its existing pension and relief fund plan for policemen and firemen to those newly employed and that creates a defined contribution plan for newly employed police officers and firefighters, would the issuance of bonds to address the unfunded liability of its existing pension and relief fund plan for policemen and firemen be appropriate.

(o) No amendment to this article enacted during the third extraordinary session of the Legislature held during calendar year 2005 may be interpreted or construed to allow a municipality to adopt by ordinance a sales or use tax, by whatever name called, that imposes either tax prior to July 1, 2008.

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