WEST VIRGINIA LEGISLATURE
EIGHTY-FIRST LEGISLATURE
REGULAR SESSION, 2014

ENROLLED
COMMITTEE SUBSTITUTE
FOR
Senate Bill No. 461

(Senators Kessler (Mr. President), Williams, Tucker, Plymale, Stollings, Snyder, Cookman, Palumbo, Fitzsimmons, Beach, Yost, Miller, D. Hall, Jenkins, McCabe, Wells, Edgell, Barnes, Blair, Boley, Cann, Chafin, Kirkendoll, Laird, Nohe, Prezioso, Sypolt, Unger, Walters, Green and M. Hall, original sponsors)

[Passed March 8, 2014; in effect ninety days from passage.]
AN ACT to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section, designated §11-13A-5b, relating to creation of a Future Fund for conserving a portion of proceeds from certain severance tax revenues for future expenditures; creating an interest-bearing special revenue account; authorizing the West Virginia Investment Management Board to invest moneys of the fund; providing that the principal of the fund be inviolate and that only the investment income may be expended; providing for contributions to the fund from a portion of revenues collected from certain severance taxes; prohibiting appropriation and expenditure from the fund until fiscal year 2020; limiting of amount of appropriation from the fund in certain circumstances; requiring moneys to be expended solely for enhancing education and workforce development; economic development and diversification; infrastructure improvements; tax relief
measures for the benefit of the citizens and businesses of the State of West Virginia; and defining certain terms.

Be it enacted by the Legislature of West Virginia:

That the Code of West Virginia, 1931, as amended, be amended by adding thereto a new section, designated §11-13A-5b, to read as follows:

ARTICLE 13A. SEVERANCE AND BUSINESS PRIVILEGE TAX ACT.

§11-13A-5b. Creation of West Virginia Future Fund; legislative intent; calculation of deposits from excess severance tax revenues; permissible uses of investment income and limitations on expenditures; definitions.

(a) There is hereby created in the State Treasury a special revenue account, designated the West Virginia Future Fund, which is an interest-bearing account and may be invested by the West Virginia Investment Management Board in the manner permitted by the provisions of article six, chapter twelve of this code, with the investment income to be credited to the fund and deposited in the special revenue account.

(b) The Legislature declares its intention to use the fund as a means of conserving a portion of the state's revenue derived from the increased revenue proceeds received by the state as a result of any mineral production as well as other funding sources as the Legislature may designate in order to meet future needs. The principal of the fund shall remain inviolate and no portion of the principal may be appropriated, expended or encumbered by the Legislature or any official of the state. Only the investment income of this fund may be appropriated and expended: Provided, That no more than the
average net investment return for the immediately preceding five fiscal years may be appropriated or expended in any one fiscal year.

(c) Notwithstanding any provision of this code to the contrary, for the fiscal year beginning July 1, 2014, and each year thereafter, the secretary of revenue shall cause to be deposited in this fund three percent of the annual severance tax revenue which would otherwise be deposited into the General Revenue Fund which is attributable to the severance of coal, limestone, sandstone, natural gas and oil and collected and received pursuant to the provisions of sections three and three-a, article thirteen-a, chapter eleven of this code: Provided, That these deposits shall only be made during fiscal years within which the balance of the Revenue Shortfall Reserve Fund equals or exceeds thirteen percent of the state's General Revenue Fund budget for the fiscal year just ended as determined within sixty days of the end of that prior fiscal year as provided by subsection (b), section twenty, article two, chapter eleven-b of this code: Provided, however, That these deposits shall not be made in any fiscal year in which the Governor's General Revenue Fund estimate relies on transfers from the Revenue Shortfall Reserve Fund: Provided further, That these deposits shall not be made in any fiscal year for which mid-year spending reductions, hiring freezes, mid-year decreases in appropriations or transfers from the Revenue Shortfall Reserve Fund are necessitated due to revenue shortfalls or would be necessitated if the deposits were to be made: And provided further, That amounts that may be deposited into the fund in error or found later to be subject to these limitations shall be redeposited into the General Revenue Fund. The Legislature may, by general appropriation or by designation of other funding sources, deposit into the fund additional moneys as it considers appropriate.
In order to maximize the value of the fund, no money from the fund may be expended or appropriated until fiscal year 2020 and thereafter the Legislature may appropriate, subject to the limitations provided in this section, from the fund solely for enhancing education and workforce development; economic development and diversification; infrastructure improvements; and tax relief measures for the benefit of the citizens and businesses of the State of West Virginia.

(e) For purposes of this section:

(1) "Economic development and diversification" means fostering economic growth and development in the state, including commercial, industrial, community, cultural or historical improvements; or preservation or other proper purposes.

(2) "Infrastructure improvements" means fostering infrastructure improvements including, but not limited to, post-mining land use, water or wastewater facilities or a part thereof, storm water systems, steam, gas, telephone and telecommunications, broadband development, electric lines and installations, roads, bridges, railroad spurs, drainage and flood control facilities, industrial park development or buildings that promote job creation and retention.

(3) "Tax relief" means reducing the tax responsibility of citizens and businesses located in the State of West Virginia, including but not limited to increasing the Homestead Exemption and reducing or eliminating the ad valorem property tax on inventory and equipment held for commercial or industrial use.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Chairman Senate Committee

Chairman House Committee

Originated in the Senate.

In effect ninety days from passage.

Clerk of the Senate

Clerk of the House of Delegates

President of the Senate

Speaker of the House of Delegates

The within is approved this Day of March, 2014.

Governor
PRESENTED TO THE GOVERNOR

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