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Legislature Enacts Change To State's Wholesale Gas Tax, Stabilizes Road Funding

The West Virginia Legislature has given its approval to a bill to stabilize funding for the state Road Fund. This morning the Senate passed S.B. 4004 by a vote of 31-2-1, and then the House passed the bill 64-23-12. Governor Joe Manchin called lawmakers back into special session on Tuesday, and one of the 11 items in his call was legislation to address highway funding shortfalls.

Provided is an overview of the components in S.B. 4004. The overview was prepared by the Contractors Association of West Virginia.

- 1) Raises the state's wholesale gasoline tax rate calculation from a floor of 97 cents per gallon (where it has been since 1983) to \$2.34 a gallon. This keeps the wholesale gas tax at 11.7 cents. The gas tax would have reduced 1.7 cents starting January 1, 2010, costing the W.Va. Division of Highways around \$23 million next calendar year. The gas tax was frozen in 2006 due to the effects of Hurricane Katrina and again in 2009 due to the spike in gas prices in 2008. In 2010, the wholesale tax would have dropped, so establishing the floor at \$2.34 stabilizes the highway fund.
- 2) Caps any future increase or decrease in the wholesale gas tax to 10 percent of the wholesale gas price. This provision will provide West Virginia consumers with a degree of protection against significant increases in future state fuel taxes during periods of rapidly rising fuel prices. The cap will also prevent a significant loss of revenue to the WVDOH if gas prices fall considerably in a year's time. Assuming significant higher fuel prices, a cap would limit the maximum increase to 1.17 cents per gallon in 2011. Motor fuel taxes would be allowed to grow at levels more closely tied to long-term general inflation rates.
- 3) Transfers from the state General Fund to the Road Fund the remainder of the \$40 million allotted to the WVDOH by the WV Legislature when highway revenues fall under estimates. Gas tax revenues have been meeting estimates and the transfer probably would not have occurred. There is \$27.3 million remaining and the legislation will allow the transfer and dedicate it to secondary road paving or maintenance.
- 4) The final provision of the bill eliminates the expiration date of the "temporary" 5-cent a gallon gasoline tax component, which has been in place continuously since May 1, 1993. The retail gasoline tax will now be a permanent 20.5 cents per gallon.

While the passage of this bill does not provide any new money, it does stabilize the WVDOH's funding next year and in years to come. Many delegates on the House Finance Committee, Democrats and Republicans, did make note that this is just a stop-gap measure for the state's transportation system. All noted that the Legislature must start working on a permanent funding mechanism to build and maintain roads, bridges and highways.

Help Support WVBT's Ongoing Efforts

Now more than ever WVBT needs financial support from coalition partners and companies. If your organization or company would like to help sustain the coalition's ongoing campaign or would like to get more information about West Virginians for Better Transportation, please send an email to info@keepwvmoving.org. Someone would be happy to contact you.

For more information about West Virginians for Better Transportation, please go to www.keepwvmoving.org.

To opt out of this email system, please send your request to info@keepwvmoving.org.