

**2006 Report to
Governor
Joe Manchin III
by the
West Virginia Tax
Modernization
Project**



**West Virginia
Department of Revenue**

**THE 2006 REPORT
OF THE WEST VIRGINIA
TAX MODERNIZATION PROJECT**

**Presented to
Governor Joe Manchin III**

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Chapter XI

State Road Fund

XI. The State Road Fund

A. Introduction

The State Road Fund Subgroup was organized to review the taxes and fees associated with the State Road Fund, keeping in mind the following objective:

To provide sufficient revenues in the State Road Fund to ensure the continuation of the Department of Transportation programs, including those of the Division of Highways and the Division of Motor Vehicles.

A number of comments and suggestions were provided by the Department of Transportation, the Tax Summit participants, and the Informational Questionnaires.

Two studies that specifically focused on the State Road Fund were especially beneficial. First, the West Virginia Tax Study Commission issued a report in 1984 that analyzed issues relating to the adequacy of the State Road Fund.²¹² Then, in 2004, the Bureau of Business and Economic Research at the College of Business and Economics, West Virginia University, updated the 1984 report.²¹³ Both documents provide detailed analysis of the State Road Fund and should be reviewed before making significant policy decisions. Having no intention to reinvent the wheel, members of the Project set out to supplement the previous studies and add a fresh perspective from the group members as well as public feedback to the current debate. The ultimate goal of this endeavor was to provide potential options to solve the revenue problems currently associated with the State Road Fund.

It is important to note that the Tax Modernization Project is not the only entity currently analyzing the State Road Fund. The Department of Transportation and the Legislature are reviewing the fund to develop a policy that establishes the specific funding levels and programs desirable for the State's transportation

²¹² West Virginia Tax Study Commission, Issue #6: The Adequacy of the Road Fund.

²¹³ Patrick C. Mann, Mehmet S. Tosun, and Tom S. Witt, Future of West Virginia's Highways System: A Comparative Analysis of the West Virginia State Road Fund and Policy Options (August 2004) (the "2004 Road Fund Report").

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infrastructure. Once the decision has been made as to the specific level of funding needed for the Fund, the State will be in a better position to determine how to obtain those revenues.

Therefore, no specific funding or program levels were designated by the State Road Fund Subgroup. Instead, the recommendations represent several potential additions to (or deletions from) the current funding levels, and they also present solutions to tax and fee problems identified by the Subgroup. These recommendations include ways to improve collection methods, simplify tax collection, and streamline State expenditure methods. The State Road Fund Subgroup does not, however, address the question of the overall adequacy for different program and funding levels. Instead, at this point the State Road Fund Subgroup has highlighted issues to be addressed.

The State Road Fund Subgroup established the following goals:

1. Review all taxes and fees currently allocated to the State Road Fund and their adequacy in funding highway construction and maintenance;²¹⁴

²¹⁴ The 2004 Road Fund Report, at page 53, concluded that several criteria can be employed in evaluating highway revenue sources:

1. Economic efficiency, which focuses on taxes varying positively with mileage driven as well as vehicle weight and taxes varying inversely with the number of axles on vehicles. This criterion focuses on an efficient allocation of resources or, in this particular case, the efficient use and financing of the highway system.
2. Equity (fairness) or distributional effects, which can incorporate concepts of ability-to-pay (taxes should be levied in accordance with income and/or wealth), benefits received (taxes should be levied in accordance with the benefits that users receive from the highway system), and cost causation (taxes should be levied in accordance with the highway expenditures caused by users).
3. Stability, which focuses on revenue stability over time and financing potential.
4. Administration feasibility (or cost efficiency), which focuses on administrative, enforcement and compliance costs. This criterion focuses on cost minimization in the provision of the highway system.

2. Identify issues associated with the current financing system;
3. Improve equity of treatment by increasing compliance for highway users as increased compliance will enhance the State Road Fund and increase real property tax revenues for county governments and school boards; and
4. Improve efficiency in collection of various taxes and fees.

Before delving into the issues identified by the State Road Fund Subgroup, and its recommendations, a short background of the State Road Fund is warranted. As mentioned previously, the State Road Fund was created in 1921 following the ratification of the Good Roads Amendment of 1920, and the State Road Fund was elevated to a constitutional fund in 1942. The Constitution now specifically provides that the:

[r]evenue from gasoline and other motor fuel excise and license taxation, motor vehicle registration and license taxes, and all other revenue derived from motor vehicles or motor fuels shall, after the deduction of statutory refunds and cost of administration and collection authorized by legislative appropriation, be appropriated and used solely for construction, reconstruction, repair and maintenance of public highways, and also the payment of the interest and principal on all road bonds heretofore issued or which may be hereafter issued for the construction, reconstruction or improvement of public highways, and the payment of obligations incurred in the construction, reconstruction, repair and maintenance of public highways.²¹⁵

The Legislature has implemented the mandates of Section 52. The West Virginia Code provides that “all state license taxes imposed upon automobiles or

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5. Practicality, which includes practical attributes such as tax simplicity, public acceptability and understanding, the minimization of rate (tax) shock, and state budget implications.

²¹⁵ West Virginia Constitution, Article VI, Section 52.

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other motor or stream driven vehicles; registration fees imposed upon all owners, chauffeurs, operators, and dealers in automobiles or other motor vehicles” are to be deposited into the State Road Fund. As a result, the following principal taxes and fees are deposited into the State Road Fund: Motor Fuel Excise Tax;²¹⁶ Motor Vehicles Privilege Tax;²¹⁷ and registration fees, including motor vehicle registration fees and drivers license and permit fees.²¹⁸ West Virginia Code § 17-3-1 also calls for the deposits of, among other things, federal funds and proceeds of constitutionally authorized issuances of bonds. The Legislature has also stated that “[w]hen any money is collected from any of the aforesaid sources, it shall be paid into the state treasury by the officer whose duty it is to collect and account for the same, and credited to the State Road Fund, and shall be used only for the purposes named in this chapter.” Those purposes are:

- (a) To pay the principal and interest due on all State bonds issued for the benefit of said fund, and set aside and appropriated for that purpose;
- (b) To pay the expenses of the administration of the road department; and
- (c) To pay the cost of maintenance, construction, reconstruction, and improvement of all State roads.²¹⁹

The State Road Fund Subgroup members recognized several issues affecting revenues under the current State Road Fund structure. First, costs have escalated. This escalation of construction costs has eroded the real value of revenue deposits, which has in turn caused declines in the construction and maintenance of highways

²¹⁶ W. Va. Code §§ 11-14C-1 through 47.

²¹⁷ W. Va. Code § 17A-3-4 (“A tax is imposed upon the privilege of effecting the certification of title of each vehicle in the amount equal to five percent of the value of the motor vehicle at the time of the certification.”).

²¹⁸ W. Va. Code § 17B-2-8 (relating to driver’s license fees).

²¹⁹ W. Va. Code § 17-3-1.

and bridges. Second, revenue sources for the State Road Fund either have been declining or are unstable. Third, and most importantly, motor fuel prices have escalated, resulting in a reduction of fuel consumption, thereby reducing the “real” contribution of motor fuel excise taxes. The increase of motor fuel prices has also encouraged consumers to purchase alternative fuel vehicles and more fuel-efficient vehicles, the use of which further reduces revenues and undermines the user fee basis of the State’s transportation system.

Furthermore, the motor fuel taxes and the registration fee revenues are based upon the volume of fuel consumed and the number of vehicles registered, both of which have stagnated in recent years. The resulting devaluation of these revenues after adjustment for inflation has compounded the problems facing the State Road Fund. Also, although the Motor Vehicle Privilege Tax revenues have increased over time due to inflation and changes in the new vehicle market, structural changes in new and used vehicle markets in the future signal little real growth. Finally, an issue potentially affecting the revenues for the State Road Fund is the fact that a portion (five cents) of the Motor Fuel Excise Tax is set to expire on August 1, 2007.

Several other issues impact State Road Fund overall revenues. First, in contrast to many states, West Virginia has few options for counties to generate additional tax revenues for the construction and maintenance of roads and bridges within their domains. Second, the shift from conventional to alternative fuel vehicles threatens user revenue sources that fund improvements in the State transportation system. Third, West Virginia is only one of four states with total responsibility (excluding municipalities) for all highway construction and maintenance.²²⁰ These problems significantly constrain the State Road Fund, and the discussion and recommendations to follow propose solutions to these problems.

²²⁰ “West Virginia is only one of four states (the other states are Delaware, North Carolina, and Virginia) having jurisdiction over both state and county roads. The State is responsible for 92.4 percent of the 38,900 miles of public highways in West Virginia while municipalities are responsible for only 5.5 percent.” 2004 Report at 19. Federal agencies are responsible for the remaining 2.1 percent.

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B. Recommendations

The recommendations of the State Road Fund Subgroup can be partitioned into the following areas. First, the State Road Fund Subgroup has stressed the importance of revenue stability for the State Road Fund. Second, the Subgroup proposes recommendations to make taxes and fees dedicated to the Fund more consumer friendly. Third, the Subgroup has presented recommendations to improve the State's ability to increase compliance. Fourth, the Subgroup considers the relationship between the State Road Fund and the General Revenue Fund, and makes recommendations for improving current budgetary and administrative issues. Fifth, the Subgroup believes that local governments should be given more flexibility and more options to assist in providing roads. Finally, the members of the State Road Fund Subgroup identified several issues needing significant further study and development.

1. Revenue Stability

The State Road Fund Subgroup has concluded that the State Road Fund does not have sufficient levels of revenue to meet its current requirements.²²¹ Because the current level of revenue is insufficient to finance the State Transportation System plan, the State Road Fund Subgroup does not believe that current revenue levels should be reduced.

The Motor Fuel Excise Tax is an excise tax "composed of a flat rate equal to twenty and one-half cents per invoiced gallon plus a variable component". The flat rate is scheduled for a five-cent reduction effective August 1, 2007.²²² The Subgroup strongly believes that at a minimum the current flat rate of twenty and one-half cents per gallon should be extended. Ideally, the base flat rate would be permanently established at that rate. This recommendation does not represent an

²²¹ 2004 Report at 68 ("One obvious conclusion is that an increase in one or more West Virginia State Road Fund revenue sources is necessary for West Virginia to maintain its present system properly.").

²²² W. Va. Code § 11-14C-5 (2003).

increase in tax collections and would equate to no projected change in revenues, but a failure to continue the current flat rate of twenty and one-half cents would cause a significant reduction in revenue for the State Road Fund. The failure to simply retain the current rate would cost the State Road Fund approximately \$55 million on an annual basis.

As mentioned above, the Motor Fuel Excise Tax also has a variable component. This variable component is equal to five percent of the average wholesale price of the motor fuel. The West Virginia Code provides, however, that the “average wholesale price shall be no less than ninety-seven cents per invoiced gallon.”²²³ The State Road Fund Subgroup has two recommendations with respect to the variable rate of the Motor Fuel Tax. First, the State Tax Department should be permitted to calculate the average wholesale price based on current prices, thus allowing the variable component to be recalculated for a period beginning January 1, 2007.

Second, the State Road Fund Subgroup recommends that the floor established for the average wholesale price of the variable component be increased from its current rate of ninety-seven cents to one dollar and thirty cents. This change would not cause an immediate increase in revenues as the average wholesale price for 2004 was \$1.30 and for 2005 the average wholesale price was \$2.01. This increase in the floor would help to stabilize a major funding source for the State Road Fund in the future.

Another potential source of revenue for the State Road Fund would be to increase the minimum Privilege Tax levied by the Division of Motor Vehicles to more than the current charge of \$25 (based on a book value of \$500 or less). An increase to \$37.50 (based on a minimum book value of \$750 or less) is estimated to increase revenues by approximately \$300,000.

²²³ W. Va. Code § 11-14C-5 (2003).

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2. Consumer Friendly Recommendations

The State Road Fund Subgroup has developed several recommendations designed to make West Virginia more consumer and business friendly by waiving inspection fees for new vehicles, reducing the fee for registration of vehicles titled in other states, and providing for the collection of the Consumers Sales and Service Tax at the time of sale.

The Subgroup believes that the State should change the Privilege Tax cost associated with licensing vehicles titled in other states. Under current West Virginia law, no credit is provided for sales, use, or privilege taxes on vehicles paid elsewhere. Thus, when residents of a state other than West Virginia decide to move into our State, the individual must pay a five percent Privilege Tax based on the value of each vehicle owned and brought into West Virginia even though the individual paid a sales or privilege tax in another state. Of our surrounding states, only Maryland imposes such a tax without a corresponding credit. The absence of a credit creates several problems. First, there is a significant disincentive for those moving to West Virginia to title their vehicles in West Virginia. Because fewer cars are titled in the State, fewer West Virginia residents pay personal property taxes on their vehicles, and less revenue is collected. Officials and citizens from our border counties consistently have asserted that this is a significant problem in West Virginia. Questions of fairness are also raised as West Virginia residents lawfully pay the tax yet others escape taxation. The absence of a credit also creates ill will: The tax has been sarcastically dubbed the “Welcome to West Virginia Tax.”

The State Road Fund Subgroup has developed two potential solutions to this problem. The first option is to offer a credit for taxes paid in other states at the time of the initial registration and title application. Such a change would necessitate additional administrative duties by the Division of Motor Vehicles to ensure that taxes had, in fact, been paid. Although the State could see a decline in gross revenues of approximately \$4.8 million, the revenue loss would be significantly mitigated through increased compliance. If more individuals title their vehicles in

West Virginia, vehicle registration fees and local property tax revenues will increase, thereby offsetting projected revenue losses. If State policymakers disfavor a full credit for taxes paid in other states, the second option is to offer a tiered credit that considers among other items the age of the vehicle, the value of the vehicle, the difference in the tax rate between West Virginia and the state of former residence, and a minimum tax could be formulated.

In addition to providing a credit for such sales, the State should reconsider the annual inspection requirement for all vehicles two years old or newer. Because most new vehicles are not yet substantially affected by use and wear and are covered by warranties extending for at least two years, such initial inspections may be unnecessary. Under this plan, inspection stickers issued at the time of purchase of new vehicles would be good for up to two years, while one-year old vehicles would be good for one year. In both cases, there would be no charge for the inspection sticker so long as the vehicle is covered by the manufacturer's warranty. The State Tax Department believes that the loss of revenue due to such a pro-consumer policy would not be significant.

3. Compliance

In addition to providing a credit for privilege and sales taxes paid on vehicles in states other than West Virginia, the State Road Fund Subgroup recommends that the Privilege Tax should be changed to a special Consumers Sales and Service Tax at the same rate of five percent. Such a change would have several positive effects. First, federal income tax law permits filers to deduct sales taxes paid on vehicles on their federal tax form.²²⁴ Second, because the Consumers Sales and Service Tax must be paid on a sale and remitted by the seller, such a move would increase compliance, particularly for all-terrain vehicle sales and subsequent registration.

²²⁴ 26 U.S.C. § 164. "Sales taxes on motor vehicles are also deductible as a general sales tax . . . up to the amount of tax that would have been imposed at the general sales tax rate." Internal Revenue Service, 2005 Instructions for Schedules A & B (Form 1040), available at <http://www.irs.gov/pub/irs-pdf/i1040sa.pdf>.

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The State should also impose a late fee on expired registrations. Under current law, the State does not do so. Subgroup members recommend a \$10 per month late fee, beginning 30 days after expiration. This would also enhance the fairness of the system. This change should be coupled with a provision indicating that all new registrations commence from the expiration date, and not from the date that registration fees and any penalties are ultimately paid. The estimated additional State Road Fund revenue would be approximately \$800,000.

4. General Revenue Fund and Administrative Funding

Since Fiscal Year 1984, the State of West Virginia has not transferred any moneys from the General Revenue Fund to the State Road Fund.²²⁵ Such transfers, however, did occur in the early 1980s. For example, in Fiscal Year 1981, transfers from the General Revenue Fund to the State Road Fund exceeded \$22 million, and Fiscal Year 1983 transfers from the General Revenue Fund totaled \$52 million. The members of the State Road Fund Subgroup believe that State policy leaders should re-examine whether any current General Revenue Fund moneys should be used for the construction and maintenance of roads. Re-examination of the role of General Revenue Funds in support of a public good, such as a modern highways system, is warranted. Other states provide such support. In calendar year 2005, 35 states allocated general revenue funds in support of state highway construction and maintenance, with amounts reaching upwards of \$1.2 billion in Massachusetts.

Moreover, the State Road Fund Subgroup also believes that the State should examine and consider whether it should shift specified expenses from the State Road Fund to the General Revenue Fund, and reallocate specified General Revenue Fund sales tax collections to the State Road Fund. It is important to note that such transfers would require Legislative commitment to make available sufficient moneys in the General Revenue Fund to provide for the annual payment of required expenditures.

²²⁵ 2004 Report at 29. It should be noted that in Fiscal Year 2007 the West Virginia Legislature appropriated \$11 million from the proceeds of the State Excess Lottery Revenue Fund to support the State Road Fund.

The members of the Project would also like to point out the significant concerns to be considered in transferring General Revenue Funds to the State Road Fund. First, West Virginia's General Revenue Fund has not, historically, seen, on an annual basis, surplus revenues that could be dedicated to the State Road Fund. Thus, a significant and constant transfer would likely necessitate program reductions or revenue enhancements elsewhere. Second, much of the revenues in the General Revenue Fund are currently distributed for debt service and other programs. Providing additional restrictions on the use of the moneys in the General Revenue Fund would only further complicate the matter. The key point is that the State Road Fund needs significant analysis and discussion. The funding of the State Road Fund needs particular attention.

If the State decides to use General Revenue Fund money for the State Road Fund, the following are potential options to measure the amount of transfer. First, approximately \$5.4 million from the State Road Fund are used every fiscal year to assist in funding the West Virginia State Police with respect to the monitoring of highways, and another \$4.6 million is dedicated to weight enforcement on the highways through the Public Service Commission. Although these expenditures are appropriate for the State Road Fund, they could be financed from the General Revenue Fund. Additionally, under current law, funding for roads and bridges for new schools is provided by the State Road Fund at an approximate annual cost of \$2.4 million. The State Road Fund Subgroup believes that new school funding should include all necessary public infrastructure necessary for students to access the school. By requiring the School Building Authority or local entities to provide for such infrastructure, additional moneys would be available for the State Road Fund. The State may consider elimination of the Industrial Access Road Program.²²⁶ While

²²⁶ Each year \$3 million in State Road Fund revenues are transferred to the Industrial Access Roads Fund. "The moneys in the fund shall be expended by the division of highways for constructing and maintaining industrial access roads within counties and municipalities to industrial sites on which manufacturing, distribution, processing or other economic development activities, including publicly owned airports, are already constructed or are under firm contract to be constructed." W. Va. Code § 17-3A-1.

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the program has funded many projects since its inception, the State Road Fund Subgroup believes that authorization of local option taxes at the county level will permit counties to finance industrial roads directly, thereby enhancing the general construction and maintenance program funded by the State Road Fund. The current program costs approximately \$3 million in State Road Fund revenues.

In addition to transferring funding for programs from the State Road Fund, the Legislature may also consider transferring an amount approximating certain sales tax collections relating to vehicles or road construction to the State Road Fund. The State could estimate the amount of Consumers Sales and Service Tax paid for purchases by contractors for specific use in Department of Transportation projects within the State and allocate these funds from the State General Revenue Fund to the State Road Fund. This proposed change would provide additional funds for highway construction and maintenance by offsetting the sales tax costs on such projects, and it could result in an annual transfer of roughly \$3.7 million (estimated for Fiscal Year 2007) from the General Revenue Fund to the State Road Fund. The State may also desire to transfer amounts equal to Consumers Sales and Service Tax receipts on the sales of tires and batteries, estimated at \$30.5 million annually, to the State Road Fund or the amount of transfer could be the value of Consumers Sales and Service Tax receipts for vehicle repairs, estimated at \$19.3 million annually. Again, all of these potential modifications would have a significant impact on the General Revenue Fund and involve serious policy considerations.

The State should solicit paid advertising on West Virginia Courtesy Patrol Vehicles to defray cost of annual operation. Although it would be difficult to predict the amount of revenue that such a program could generate, any money collected from such a program would offset State Road Fund financing of the Courtesy Patrol.

Another potential modification for the State Road Fund involves streamlining Department of Transportation accounts and funds. This would not reduce revenues, but instead would provide greater administrative flexibility for the State Road Fund. The following funds could be eliminated and revenues placed in the State Road Fund:

- (a) Fund 8208, Special Registration Plates: § 17A-3-14. However, W. Va. Code § 17A-3-14(c)(15)(B), providing that a portion of the revenue from the special bird and deer plates is deposited directly into a Department of Natural Resources fund at the time of collection, must be retained;
- (b) Fund 8210, Inspection of Reconstructed Vehicles: § 17A-4-10(f);
- (c) Fund 8215, Insurance Certificates: § 17A-3-3(g);
- (d) Fund 8216, Motorboat Licenses: § 20-7-12. However, W. Va. Code § 20-7-12(a)(4), providing that a portion of the revenue from the motorboat license is deposited directly into a Department of Natural Resources fund at the time of collection, must be retained;
- (e) Fund 8217, Returned Checks: The second paragraph of W. Va. Code § 17A-2-23 should be struck.

Additionally, the State should consolidate all Division of Motor Vehicles special revenue accounts into four fund accounts, with unallocated balances reverting to State Road Fund. Special Revenue Funds to be consolidated into a “Super” Special Revenue Fund:

- (1) Super Special Revenue Fund:
 - (a) Fund 8202, Hearing Fees: § 17C-5A-2a;
 - (b) Fund 8209, CDL: § 17E-1-23(a);
 - (c) Fund 8213, Driver License Reinstatement: § 17A-9-7. However, the third paragraph providing that a portion of the revenue is deposited directly into a Department of Motor Vehicles fund at the time of collection, must be retained.
 - (d) Fund 8214, Driver Rehabilitation: §§ 17C-5A-3(b)(1) and 17C-5A-3a(a);
 - (e) Fund 8219, Motorcycle License Examination: § 17B-2-7c; and

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- (f) Fund 8221, Motor Vehicle Salesperson License: § 17A-6E-14.
- (2) Funds that MUST continue to exist separately:
 - (a) Fund 8220, Dealer Recovery: § 17A-6-2a; and
 - (b) Fund 8212, Motorcycle Safety: § 17A-10-3b.

Many of the above-mentioned funds have been created over the years to provide for specific services and allow for a specific fee to cover the cost of that service. In many cases, the specific fee collected is not sufficient to cover the actual cost of providing that specific service.

Through computerization, electronic funds transfer, and consolidation, many services that once were provided by separate offices may now be provided by a single office. Since all of these functions constitute the core responsibilities of the State Road Fund and specifically the Division of Motor Vehicles, it only makes sense to consolidate the funding as well. The benefit to the State would result in a simplified accounting system, easier administration of the funds available, and sufficient total dollars available to fund all required services without the need for separate accounting requirements for individual services.

Finally, the State Road Fund Subgroup recommends that the State shift the reporting date for Motor Fuel Excise Tax payments from the last day of the month to the 25th day of the month.²²⁷ This change would decrease State revenue volatility from month to month.

5. Local Flexibility

The State should also permit local option taxes, allowing counties to levy additional funds supporting highway construction and maintenance within the county. Such options could include: income taxes; local option property transfer taxes; and wage taxes capable of generating sufficient revenue to address highway

²²⁷ Under current law, the motor fuel excise tax must be paid by each taxpayer on or before the last day of the calendar month to the State Tax Commissioner for the amount of tax due, if any, for the preceding month. W. Va. Code § 11-14C-19.

construction and maintenance priorities identified by either metropolitan planning organizations or county comprehensive land use plans. The funds requested could be approved by either local option election or authorization of a county commission. Revenues generated would be used by the Division of Highways to supplement the State Road Fund for use in those jurisdictions, but it is not the intent to create individual county highway construction and maintenance units. Estimated revenues are dependent upon the action of the individual counties; however, implementation of the new integrated State Tax Department computer system will allow collection of these revenues on a county-by-county basis.

6. Issues for Long-Term Study and Consideration

In addition to the above proposals, which could be implemented over the next several months, the members of the State Road Fund Subgroup have identified other areas of concern for further study. First, the State should examine alternative funding options for treatment of hybrid and alternative fuel vehicles. Any proposals related to these funding options would require estimates of the avoided annual fuel taxes, and a carefully crafted administrative regime. A survey of the states by the Division of Motor Vehicles indicates that few states have addressed this issue, and further and significant research is warranted in this context. Second, the State should consider indexing registration and other fees to the Consumer Price Index, with the total fee rounded to the nearest dollar. Such a change could coincide with an increase in registration fees. Additionally, if the State determines that additional revenue is needed for the State Road Fund, the State could increase the Motor Vehicle Privilege Tax (or sales tax on vehicles, if the State so desires) to six percent, placing vehicle taxation on par with other taxed goods.

The State should also examine its ability to integrate the licensing of vehicles with registration of personal property at the county level. If registration compliance is increased and the State is provided mechanisms to ensure that all licensed vehicles are registered at the county level, the State could increase revenues to support county government and boards of education without raising taxes.

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Finally, the State of West Virginia should explore privatization of the West Virginia Turnpike. Faced with declining user fee revenues, many states, including Texas, New Jersey, Maryland, Florida, and Pennsylvania are re-examining the assets associated with public turnpikes. In some cases, turnpikes are either leased or sold to private sector consortiums, and the proceeds are used to construct and maintain other state highways and bridges.