

**** 2016 WV FORESTRY ASSOCIATION ISSUES ****

Severance Taxes:

- Forestry amendment to WV constitution indicates that the aggregate of “value-based” taxes mustn’t exceed rates stipulated in 10th article; *i.e.*, property taxes and severance taxes should not both be imposed on the same properties, it seems. **This is unique to forestry.** (Please, see next page).
- WV severance taxes are indeed value-based. Trees are crops & not minerals/extracted materials.
- WV forest products economy is down. And there are two “forestry severance taxes” in WV: 1) About 2.8% collected to payoff WC debt, 2) **Severance tax not collected since 2009 is 1.22% & we don’t want it back** - its the highest severance tax on timber east of the Mississippi River - **Please eliminate the 1.22% tax.**
- Puts us at competitive disadvantage with surrounding states for markets outside WV; *i.e.*, are most markets.

Managed Timberlands Taxes:

- The appraised value for tax purposes of Class II, III and/or IV forested property is reduced under the Managed Timberland program, based on the ability of the land to produce future income.
- During the recent economic downturn, **as land prices declined, Managed Timberland taxes increased.** A WVU economist found why this happened; including, **mixed values (nominal & real dollars in same formula) and arbitrary, non-statutory values below which land values could not fall (there’s a minimum value).**
- This was submitted to the State Tax Commissioner and, in an amicable response, the Tax Office agreed that a fix is needed. Then, the legislature’s Rule-Making Committee passed the rule as needed to allow its introduction in the next session of the legislature. Now, the Tax Office has withdrawn the Rule the problem remains uncorrected.

Loggers Workers Compensation Premiums:

- The Insurance Commission advises, though there is a Business Self-Insured “rule”, there is no Group Self-Insured “rule”, and that - although such a rule can be made without legislation - it can take 10 years to accomplish, with no promise of success. Plus, loggers would be ‘jointly and severally liable’ to one another, as Group Self-Insured & that’s OK. But we think they shouldn’t be ‘jointly and severally liable’ to/with existing Business Self-Insureds or other Groups. However...
- Possibly will not take legislation... Under the direction of the WV Loggers Council, **loggers will soon receive request-forms to submit to their WC carrier to receive their “Loss Run” (claim histories).**
- Many (most?) WV loggers do not have WC. But, depending on quantity (logger participation) and quality of results for the survey, the self-insured company will make a proposal for loggers’ WC premiums in WV; the company successfully reduced problematic WC premiums for loggers elsewhere.
- Additionally, **WV contractors are made - country to law - to pay premiums for contractees, as if they are employees.**

Truck Road Weights:

- Generally, the Interstate System sets weight limits at 20,000 pounds on a single axle; 34,000 pounds on tandems; and a gross weight of 80,000 pounds on a 36-foot tandem spread.
- Increasing federal truck weight limits on Interstates is difficult to achieve, due to the challenges of bipartisan Congressional support. Recently, the US House nixed a new 91,000-lb. Interstate weight limit (Safe and Efficient Transportation Act - SETA).
- The WV Loggers Council is **investigating the possibilities of a “Pilot Project” for increased Interstate road weights in WV; i.e.**, how did Maine, Maryland, Vermont & Wisconsin initiate theirs? We seek an increase to 88,000-lb on part of the **Interstate, like the state weight limit,** & work within legislators’ existing efforts.
- **We also seek increased non-interstate weight increases, working with the Legislature and others.**

Severance Tax Information

6-53. Forestry amendment (West Virginia Constitution)

The Legislature may by general law define and classify forest lands and provide for cooperation by contract between the state and the owner in the planting, cultivation, protection, and harvesting thereof. Forest lands embraced in any such contract may be exempted from all taxation or be taxed in such manner, including the imposition of a severance tax or charge as trees are harvested, as the Legislature may from time to time provide. **But any tax measured by valuation shall not exceed the aggregate rates authorized by section one of article ten of this constitution** (*emphasis added*).

ARTICLE X (West Virginia Constitution)

10-1. Taxation and finance.

“...No one species of property from which a tax may be collected shall be taxed higher than any other species of property of equal value; except that the aggregate of taxes assessed in any one year upon personal property employed exclusively in agriculture, including horticulture and grazing, products of agriculture as above defined, including livestock, while owned by the producer, and money, notes, bonds, bills and accounts receivable, stocks and other similar intangible personal property shall not exceed fifty cents on each one hundred dollars of value thereon and upon all property owned, used and occupied by the owner thereof exclusively for residential purposes and upon farms occupied and cultivated by their owners or bona fide tenants, one dollar; and upon all other property situated outside of municipalities, one dollar and fifty cents; and upon all other property situated within municipalities, two dollars; and the Legislature shall further provide by general law for increasing the maximum rates...” (*Excerpted - emphasis added*)



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