

**West Virginia Board of Public Works
Monday, October 1, 2018 – 10:30 a.m.
Governor’s Cabinet and Conference Room
Minutes**

Attendees:

Members

Mike Hall for Governor Jim Justice
Secretary of State Mac Warner
State Auditor John B. McCuskey
State Superintendent of Schools Dr. Steve L. Paine
Commissioner of Agriculture Kent Leonhardt
Josh Stowers for State Treasurer John D. Perdue
Kathy Schultz for Attorney General Patrick Morrisey

Guests

Jeff Amburgey, Tax Department
Cheryl Davis, Division of Highways
Russ Rollyson, Auditor’s Office
Jeff Waybright, Auditor’s Office
Steve Connolly, Secretary of State’s Office
Erin Timony, Secretary of State’s Office
Maureen Lewis, Secretary of State’s Office

The West Virginia Board of Public Works met on Monday, October 1, 2018 at 10:30 a.m. in the Governor’s Cabinet and Conference Room of the State Capitol Complex. This meeting was held pursuant to the provisions of W. Va. Code §11-6-11. The meeting was called to order and chaired by Mike Hall. A quorum of elected officials was established.

The first item on the agenda was the approval of minutes from the August 23, 2018 West Virginia Board of Public Works meeting. Secretary Warner made a motion to approve the minutes with Commissioner Leonhardt seconding. The motion carried.

The second item on the agenda was consideration and vote on the formal receipt of the tentative assessments for public utilities for tax year 2019 for review, as required by W. Va. Code §11-6-11, that were distributed by the State Tax Department on September 12, 2018. Jeff Amburgey, Director of the Property Tax Division, addressed the Board. The Department of Tax and Revenue issued notices of tentative assessed values to public utility companies operating in West Virginia on September 12, 2018. They also delivered the CDs containing the worksheets and values to the Board members. He stated for tax year 2019, the tentative assessed value is \$11,185,867,600. These values represent approximately 13% of the state’s property tax revenue. This represents an increase of \$429,479,000 over the final assessed values set by the Board of Public Works last year for tax year 2018. Mr. Amburgey explained that the increase this year is attributable to an increase in taxable investment being made by certain public service businesses, most notably the electric and pipeline companies. The electric industry is exhibiting normal growth along with a continued expansion of transmission facilities. The pipeline industry continues to invest in additional assets associated with compression and transporting natural gas. Additionally, there was an increase in railroad activity in

2017. The increases have been offset this year by decreases in both the landline and cellular telephone industries. Local phone companies continue to lose business as customers discontinue service and go totally cellular. Capital investment by the cellular industry has slowed significantly as the industry has matured in West Virginia. Mr. Amburgey continued that if the tentative values become finalized, although there are usually changes recommended after the protest hearing as a result of additional information received, this would result in an increase in property tax revenue of approximately 9 million dollars. He asked if there were any questions. Commissioner Leonhardt asked what changes when the pipe gets in the ground. Mr. Amburgey responded that values continue to go up. The pipelines get assessed locally until they start transmitting gas. They then get added to the utility tax rolls. Auditor McCuskey asked if they are on the property tax rolls until then. Mr. Amburgey responded yes. Auditor McCuskey asked if they stop being on the property tax rolls once they are added to the utility tax rolls. Mr. Amburgey responded yes, they are still taxable, but it is done by the Board of Public Works as a utility once they start transmitting gas. Commissioner Leonhardt asked if the right-of-way payment to the land owners changes the value of the property. Mr. Amburgey responded that is a local tax assessment issue. The payments get capitalized on the books of the pipeline companies and added to their value. Commissioner Leonhardt asked if there was consistency in the assessment among the counties for the pipelines. Mr. Amburgey replied that he believes so. The Tax Department sends out a letter of advice explaining the situation. Dr. Paine made a motion to formally receive the tentative assessments for public utilities for tax year 2019 as presented by the Tax Department for review with Auditor McCuskey seconding. The motion carried.

The third item on the agenda was consideration of the following deed seeking approval by the Board of Public Works:

1. Between the West Virginia Department of Transportation, Division of Highways and the Kanawha Public Service District, dated August 21, 2018, approved as to form by the Attorney General's Office August 31, 2018.

Cheryl Davis addressed the Board concerning the deed. She explained that the property is .459 acres in Kanawha County. It will be used as a sewage pumping station. Commissioner Leonhardt made a motion to approve the deed with Secretary Warner seconding. The motion carried.

Auditor McCuskey made a motion that the Board adjourn into Executive Session for a discussion. Kathy Schultz excused herself. The motion carried.

Upon reconvening, Auditor McCuskey made a motion that the Board recess until the public hearing, date to be determined. Secretary Warner seconded. The motion carried. The meeting recessed.



Mac Warner, Secretary of State
and Ex-Officio Secretary of the
Board of Public Works