

**WEST VIRGINIA  
SECRETARY OF STATE  
NATALIE E. TENNANT  
ADMINISTRATIVE LAW DIVISION**

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2011 DEC 16 AM 11:13

OFFICE WEST VIRGINIA  
SECRETARY OF STATE

Form #4

**NOTICE OF RULE MODIFICATION OF A PROPOSED RULE**

AGENCY: West Virginia Development Office TITLE NUMBER: 145

CITE AUTHORITY: 11-13A-20a

AMENDMENT TO AN EXISTING RULE: YES  NO

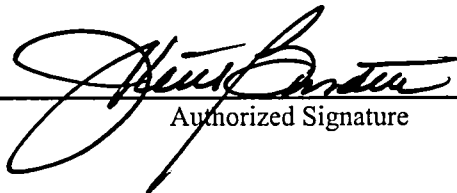
IF YES, SERIES NUMBER OF RULE BEING AMENDED: \_\_\_\_\_

TITLE OF RULE BEING AMENDED: \_\_\_\_\_

IF NO, SERIES NUMBER OF RULE BEING PROPOSED: 13

TITLE OF RULE BEING PROPOSED: Use of Coalbed Methane Severance Tax Proceeds

THE ABOVE PROPOSED LEGISLATIVE RULES, FOLLOWING REVIEW BY THE LEGISLATIVE RULE MAKING REVIEW COMMITTEE, IS HEREBY MODIFIED AS A RESULT OF REVIEW AND COMMENT BY THE LEGISLATIVE RULE MAKING REVIEW COMMITTEE. THE ATTACHED MODIFICATIONS ARE FILED WITH THE SECRETARY OF STATE.

  
Authorized Signature

## SUMMARY/STATEMENT OF CIRCUMSTANCES

Legislation governs the procedures and standards applicable to a county economic development authority that applies for coalbed methane severance tax moneys to be used for economic development purposes.

House Bill 2953, passed March 12, 2011, in effect from passage, requires approval from the Development Office prior to expending any coalbed methane severance tax moneys. Promulgation of emergency and legislative rules authorized to implement same.

APPENDIX B

**FISCAL NOTE FOR PROPOSED RULES**

Rule Title: Use of Coalbed Methan Severance Tax Proceeds

Type of Rule:  Legislative  Interpretive  Procedural

Agency: West Virginia Development Office

Address: State Capitol Complex  
Building 6, Room 525  
Charleston, WV 25305-0311

Phone Number: 304.558.2234 Email: angel.r.moore@wv.gov

**Fiscal Note Summary**

Summarize in a clear and concise manner what impact this measure will have on costs and revenues of state government.

The purpose of this Legislation is to specify that a minimum share of the coalbed methane severance tax revenue be distributed to producing counties in an amount at least equal to the share received by nonproducing counties. The bill also amends the code to direct the severance tax revenues for coalbed methane producing and nonproducing counties be distributed to the county economic development authorities if the amount exceeds \$10,000 in lieu of the infrastructure fund.

**Fiscal Note Detail**

Show over-all effect in Item 1 and 2 and, in Item 3, give an explanation of Breakdown by fiscal year, including long-range effect.

FISCAL YEAR			
Effect of Proposal	Current Increase/Decrease (use "-")	Next Increase/Decrease (use "-")	Fiscal Year (Upon Full Implementation)
<b>1. Estimated Total Cost</b>			
Personal Services			
Current Expenses			
Repairs & Alterations			
Assets			
Other			
<b>2. Estimated Total Revenues</b>			

Rule Title: Use of Coalbed Methane Severance Tax Proceeds

Rule Title:

Use of Coalbed Methan Severance Tax Proceeds

3. **Explanation of above estimates (including long-range effect):**  
Please include any increase or decrease in fees in your estimated total revenues.

NA


### MEMORANDUM

Please identify any areas of vagueness, technical defects, reasons the proposed rule would not have a fiscal impact, and/or any special issues not captured elsewhere on this form.

This legislation did not provide any funds to the Development Office to offset the costs of reviewing the spending plans for the seven county development authorities that will qualify for funding through this program. Since there are presently only seven county development authorities that will qualify for funding through this program, we anticipate we will be able to perform the required review with existing staff.

Date: 6-13-11

Signature of Agency Head or Authorized Representative



TITLE 145  
PROPOSED LEGISLATIVE RULE  
WEST VIRGINIA DEVELOPMENT OFFICE

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SERIES 13

ESTABLISHMENT OF APPLICATION AND APPROVAL PROCESS BY WEST VIRGINIA  
DEVELOPMENT OFFICE FOR EXPENDITURE OF COALBED METHANE SEVERANCE  
TAX MONEY BY COUNTY ECONOMIC DEVELOPMENT AUTHORITIES

**§145-13-1. General.**

1.1. Scope and Purpose. -- This legislative rule establishes the procedures and guidelines applicable to a county economic development authority that seeks approval from the West Virginia Development Office to expend coalbed methane severance tax money received pursuant to W. Va. Code § 11-13A-20a.

1.2. Authority. -- W. Va. Code § 11-13A-20(a).

1.3. Filing Date. --

1.4. Effective Date. --

**§ 145-13-2. Application.**

2.1. This legislative rule applies to economic development authorities of counties receiving more than ten thousand dollars of coalbed methane severance tax money pursuant to W. Va. Code 11-13A-20a.

**§145-13-3. Definitions.**

3.1. "Chief Inspector Division" means the Chief Inspector Division of the West Virginia State Auditor's Office.

3.2. "Coalbed Methane Severance Tax Moneys" means a portion of annual collections of the coalbed methane severance tax, imposed by § 11-13a-3d of the West Virginia Code, to be distributed to County Economic Development Authorities in an amount in the aggregate not to exceed \$4 million, as determined by the West Virginia Tax Department pursuant to W. Va. Code § 11-13A-20a (f).

3.3. "County Economic Development Authority" means those development authorities defined in W. Va. Code § 11-12-1 which receive more than ten thousand dollars of Coalbed Methane Severance Tax Moneys in a fiscal year pursuant to W. Va. Code § 11-13A-20a.

3.4. "Development Office" means the West Virginia Development Office created in W. Va. Code § 5B-1-2, *et seq.*, which is an agency that is incorporated in and administered as part of the Department of Commerce, as provided in W. Va. Code § 5B-1-2.

3.5. "Director" means the Executive Director of the West Virginia Development Office or his or her designee.

3.6. "Project" means the expenditure of Coalbed Methane Severance Tax Moneys by a County Economic Development Authority for a permissible purpose and use as set forth in West Virginia Code § 11-13A-20a.

**§145-13-4. Approval from Development Office for Expenditure of Coalbed Methane Severance Tax Moneys Required.**

4.1 Prior to expending any Coalbed Methane Severance Tax Moneys, a County Economic Development Authority eligible to receive such funds must obtain written approval from the Development Office. The purpose of the expenditure, shall be limited to the permissible purposes and uses set forth in W. Va. Code § 11-13A-20a(h)(2).

**§145-13-5. Permissible Purposes and Uses.**

5.1. Upon the prior written approval of the Development Office and of its respective county commission, a County Economic Development Authority may use Coalbed Methane Severance Tax Moneys for a Project if the County Economic Development Authority finds that the cost of such project is reasonably anticipated to lead to further economic development of its respective county and consist of one of the following:

- 5.1.1. The cost of preparation of land sites for any public or private facility; or
- 5.1.2. The cost of design or construction of water, sewer and stormwater infrastructure.

**§ 145-13-6. Approval Requirements.**

6.1 A County Economic Development Authority shall provide the Development Office with an application provided by the Director and the following documentation:

- 6.1.1. Project map.
- 6.1.2. Preliminary engineer report containing estimated cost of Project.
- 6.1.3. Resolution by the county commission stating its approval of the Project.

6.2. All documentation submitted to the Development Office for the purpose of obtaining approval for a Project will be made available to the Chief Inspector Division upon request.