

WEST VIRGINIA HIGHWAYS

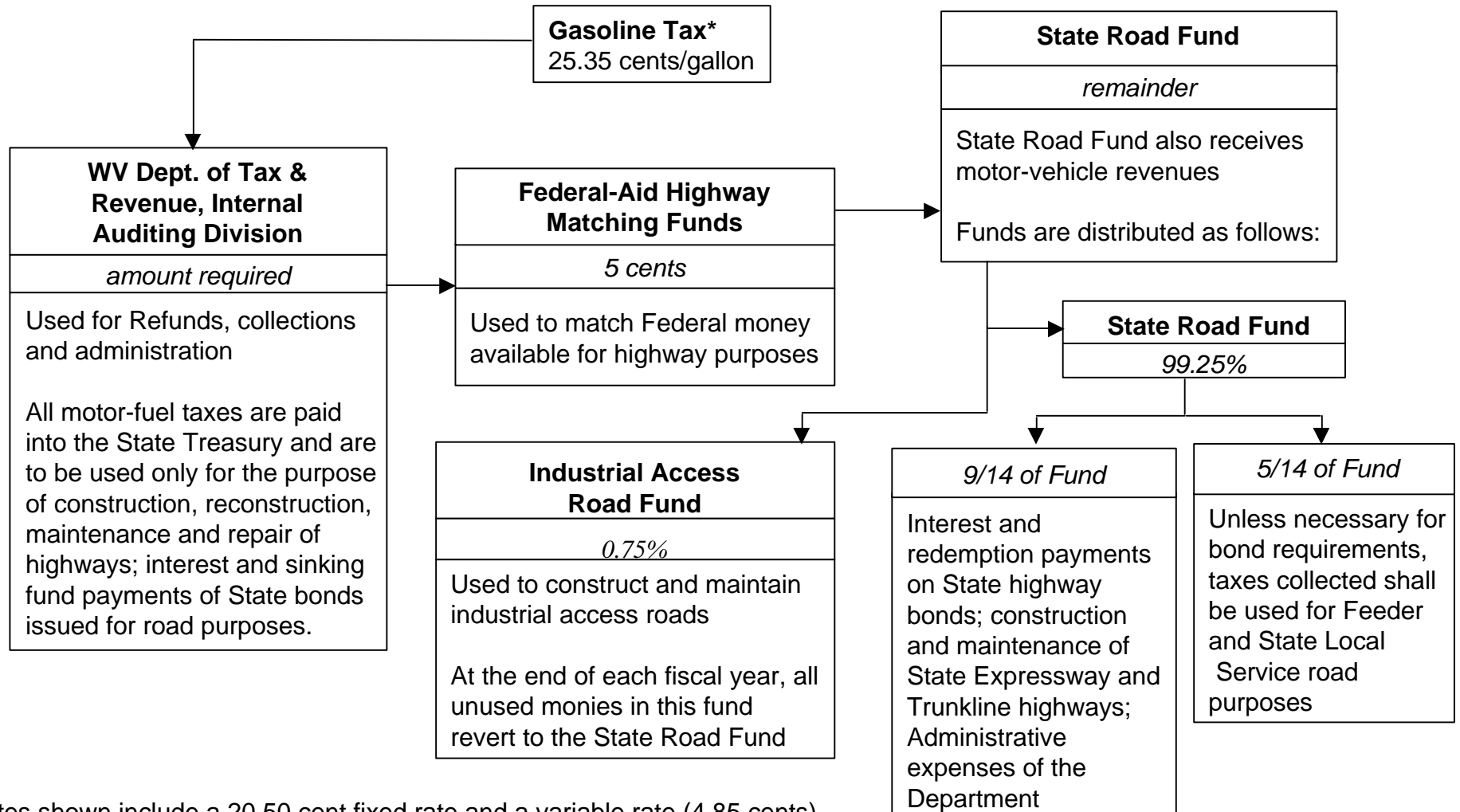
Revenues and Expenditures

State Revenue

West Virginia is one of only four states (Delaware, North Carolina and Virginia are the others) with no county or township ownership of highways. Additionally, West Virginia is one of only five states (Alaska, Georgia, New York and Rhode Island are the others) that has no statute that provides for the sharing of State-collected highway-user tax revenue with local governments for road and street purposes, in the form of grants-in-aid and shared revenue. Consequently, as prescribed by the tax structure of West Virginia, the proceeds collected from certain State taxes and fees (e.g., State motor fuel taxes, the privilege tax) have been designated for the exclusive use of the WVDOH. The distribution of State motor vehicle taxes is depicted in Figure 3.4. These “dedicated” revenues are deposited into the State Road Fund, the WVDOH operating fund, for expenditure on *State-maintained* highways. The State Road Fund is considered a special revenue fund of the State and consists of funds that are not a part of the State’s General Fund. However, the State Legislature may make funds available to the WVDOH from the State’s General Fund and/or authorize the sale and issuance of road bonds outstanding from previous voter-approved bond referendums. The potential revenue sources of the WVDOH are further described as follows (some taxes do not apply to certain vehicle types and organizations. These exemptions are not described in this report):

- ***Motor Vehicles Privilege Tax*** – a tax imposed upon the privilege of effecting the certification of title of a motor vehicle in the amount equal to five percent of the value of the vehicle at the time of such certification. The value of the vehicle is determined as either 1) the actual purchase price or consideration of the purchaser, if the vehicle is new, or 2) the present market value at the time of transfer or purchase, if the vehicle is used.
 - First enacted in 1935 (at two percent of vehicle value); increased to five percent in 1971
 - Administered by the Commissioner of the Division of Motor Vehicles
- ***Motor Vehicle Certificate of Title and Registration Fees*** – a certificate of title indicates ownership of a vehicle. Registration fees are based on a vehicle’s classification, defined in West Virginia as follows:
 - **Class A** – passenger vehicles and trucks with a gross weight of no more than 8,000 pounds
 - **Class B** – trucks with a gross vehicle weight (GVW) of more than 8,000 pounds, truck tractors, or road tractors

Figure 3.4
The Distribution of West Virginia's Gasoline Tax



*Rates shown include a 20.50 cent fixed rate and a variable rate (4.85 cents) determined by a five percent sales tax rate to an annually determined wholesale price (minimum 97 cents/gallon); tax rates for diesel fuel, LPG, and gasohol are equal to that of gasoline.

SOURCE: USDOT, Federal Highway Administration, Office of Highway Information Management, Highway Funding and Motor Fuels Division. Publication No. FHWA-PL-98-036, *Highway Taxes & Fees: How They Are Collected and Distributed 1998*. Table MF-106, page 73. Washington, DC: May 1998.

- **Class C** – all trailers and semi-trailers, except house trailers and trailers or semi-trailers designed to be drawn by Class A motor vehicles and having a GVW of less than 2,000 pounds
 - **Class G** – motorcycles and parking enforcement vehicles
 - **Class H (Buses)** – motor vehicles operated regularly for the transportation of persons for compensation under a certificate of convenience and necessity or contract carrier permit issued by the Public Service Commission
 - **Class J (Taxicabs)** – motor vehicles operated for transportation of persons for compensation by common carriers, not traveling a regular route or between fixed termini
 - **Class M** – Every self-propelled vehicle not designed or used primarily for the transportation of persons or property over the highway but which may infrequently or incidentally travel over the highways among job sites, equipment storage sites or repair sites, including farm equipment, implements of husbandry, well-drillers, cranes and wood-sawing equipment.
 - **Class R** – house trailers
 - **Class T (Boat Trailers)** – trailers or semi-trailers of a type designed to be drawn by Class A vehicles and having a GVW of less than 2,000 pounds
 - **Class Farm Truck** – farm trucks with a minimum GVW of more than 8,000 pounds and a maximum GVW of 80,000 pounds, used *exclusively* in the conduct of farming business, or engaged in the production of agricultural products
 - **Antique Motor Vehicles** – any motor vehicle more than 25-years-old, owned *solely* as a collector's item and for participation in club activities, but in no event to be used for general transportation. Antique motorcycles must be over 35-years-old.
- **Driver License Fees and Permits** – Driver's and commercial driver's license and instruction (learner's) permit fees are imposed as a means to verify that a person has successfully passed all appropriate parts of the driving examination and is qualified to operate a motor vehicle upon a public highway.
 - First licenses issued in 1917
 - Administered by the Commissioner of the Division of Motor Vehicles
 - **International Fuel Tax Agreement (IFTA)** – fuel tax reciprocity agreement among the United States and Provinces of Canada. A single fuel tax license and credential is issued by a motor carrier's base state, which allows travel into all IFTA member states without further registration. After balancing liabilities and credits for all other states on tax return, carrier pays only a net amount to the base state. IFTA tax applies only to qualified vehicles: 1) those with two axles and gross vehicle weight (GVW) or registered GVW of 26,001 pounds or more, 2) those with three or more axles, regardless of weight, or 3) those used in combination exceeding 26,000 pounds GVW.
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- West Virginia became a member of IFTA in December 1994
- First registration year for West Virginia-based motor carriers was 1996
- Administered by the State Tax Commissioner

- **Motor Carrier Road Tax** – tax imposed upon every intrastate motor carrier with a vehicle with seats for more than nine passengers, and road tractor, tractor truck or truck having more than two axles. Tax is based upon each gallon of gasoline and special fuel, including diesel and other motor fuels, used in the carrier’s operations in the State. The carrier is credited with the amount of gasoline tax paid on gasoline purchased in the State and is entitled to a refund of any excess of such credit over the amount of road tax due.
 - First enacted in 1959
 - Administered by the State Tax Commissioner and the Department of Public Safety

- **Gasoline Excise Tax and Special Fuel** – taxes imposed upon every distributor, producer, retail dealer, importer or user, based on the quantities of all gasoline or special fuel sold or used in the State. Tax must be paid as the material is withdrawn from storage tanks and sold (the distribution and provisions regarding the disposition of State motor fuel taxes are depicted in Figures 3.5 and 3.6).
 - First enacted in 1923
 - Administered by the State Tax Commissioner
 - Current tax is \$0.205 per gallon

- **Wholesale Motor Fuel Tax** – Consumers Sales and Service Tax on the sale of gasoline and special fuel, generally at the wholesale level by distributors and importers. The average wholesale price of gasoline and special fuel is determined annually on the basis of sales data supplied by distributors and from other information. The average wholesale price is the single statewide average wholesale price per gallon, rounded to the third decimal, exclusive of State and federal excise taxes, but not less than \$0.97 per gallon, times the rate of five percent.
 - First enacted in 1983
 - Administered by the State Tax Commissioner
 - Current tax is equivalent to \$0.0485 per gallon, the minimum amount to be collected, resulting in a total State gasoline tax of \$0.2535 per gallon

- **Sale of Bonds** – the State Legislature may authorize the issuance and sale of bonds outstanding from previous voter-approved road bond amendments
 - First bond amendment passed in 1920
 - Administered by the Governor, upon the recommendation of the Commissioner of the Division of Highways

Figure 3.5
**PROVISIONS GOVERNING THE DISPOSITION OF STATE MOTOR-FUEL TAX
 RECEIPTS IN WEST VIRGINIA**

TAX RATES (cents/gallon)	REMARKS
All Motor Fuels 25.35	Rates shown include a 20.50 cent fixed rate (State Code 11-14-3) and a variable rate (4.85 cents in 1999) determined by applying a 5% sales tax to an annually determined wholesale price (minimum 97 cents/gallon).

Motor Fuel Tax (\$.2535/gallon) Distributed in the Following Manner:

Names of Fund or Agency	Amount or Proportion	Objects of Expenditure	Remarks	State Code Section
1. WV Department of Tax & Revenue, Internal Auditing Division	Amount required	Refunds, collection and administration	All motor-fuel taxes are paid into the State	WV Constitution: Article 6, Section 52
2. Federal-aid Highway Matching Funds	\$0.05	Used to match Federal money available for highway purposes		11-14-16
3. Industrial Access Road Fund	0.75% of remainder	Constructing and maintaining industrial access roads	At the end of each fiscal year, all unused monies in the Fund revert to the State Road Fund	17-3A-1
4. State Road Fund	9/14 of remainder	Interest and redemption payments on State highway bonds; construction and maintenance of State Expressway (X) and Trunkline (T) highways; administrative expenses of the Department		11-14-15 11-14A-13
	5/14 of remainder	Unless necessary for bond requirements, taxes collected shall be used for Feeder (F) and State Local Service (SLS) road purposes		11-14-15 11-14A-13

SOURCE: USDOT, Federal Highway Administration, Office of Highway Information Management, Highway Funding and Motor Fuels Division, Publication No. FHWA-PL-98-036, *Highway Taxes & Fees: How They Are Collected and Distributed 1998*. Table MF-106, page 73. Washington, DC: May 1998.

Figure 3.6
HISTORY OF WEST VIRGINIA HIGHWAY BOND ISSUES

YEAR	BOND TITLE	TOTAL BOND AMOUNT	In Favor of Amendment		Against Amendment		RESULT
			Votes Cast	Percent of Total	Votes Cast	Percent of Total Votes	
1920	The Good Roads Amendment of 1920	\$50,000,000	248,689	65.57%	130,569	34.43%	Passed*
1928	The Good Roads Amendment of 1928	\$35,000,000	360,597	79.82%	92,885	20.18%	Passed
1948	Fifty Million Dollar Bond Issue for Roads Amendment	\$50,000,000	475,272	74.39%	163,579	25.61%	Passed
1964	Better Road Amendment	\$200,000,000	455,294	79.63%	116,438	20.37%	Passed
1968	Roads Development Amendment	\$350,000,000	366,958	69.64%	159,971	30.36%	Passed
1973	Better Highways Amendment	\$500,000,000	172,187	73.74%	61,308	26.26%	Passed
1981	Roads for Jobs and Progress	\$750,000,000	125,582	38.41%	201,327	61.59%	Failed
1984	Better Schools, Roads and Public Works Construction Amendment	\$200,000,000	285,771	45.56%	341,426	54.44%	Failed
1986	Highway and Bridge Improvement Amendment	\$500,000,000	155,395	38.86%	244,482	61.14%	Failed
1996	Safe Roads Amendment of 1996	\$550,000,000	372,335	71.82%	146,069	28.18%	Passed

*Revolving Bond Issue

- **General Fund Appropriation** – the General Fund is the primary revenue fund of the State and consists of revenues from various sources, such as consumer sales tax, personal income tax, and many others. Monies from the General Fund may be appropriated to the WVDOH by the Legislative branch of State Government.
- **Investment and Interest Income** – the West Virginia Investment and Management Board (IMB) is authorized to invest in obligations of the US Treasury and US government agencies, authorized State and municipal bonds, certificates of deposit collateralized with banks located in the State of West Virginia, and certain other bonds.
- **Miscellaneous Revenues** – Includes all other sources of revenues for the WVDOH.

The amount of revenue each of these sources provided to the State Road Fund for WV Fiscal Year 2000 is shown in Table 3.1.

TABLE 3.1
West Virginia Division of Highways: Revenues
Year ended June 30, 2000

SOURCE	COMBINED REVENUE
Taxes	
Gasoline and Motor Carrier	\$224,028,834
Wholesale Motor Fuel	\$68,372,435
Automobile Privilege Tax	\$153,926,527
License, Fees and Permits	
Motor Vehicle Registrations and Licenses	\$85,221,647
Special Fees and Permits	\$3,984,315
Sale of Bonds	\$111,567,430
Federal Aid	
Interstate Highways	\$75,926,384
Appalachian Highways	\$81,119,342
Other Federal-aid Programs	\$197,034,164
Investment and Interest Income	\$18,305,709
Intergovernmental Revenues	\$0
Miscellaneous Revenues	\$19,242,333
TOTAL	\$1,038,729,120

SOURCE: West Virginia Department of Transportation, Division of Highways. *Comprehensive Annual Financial Report—Year Ended June 30, 2000*. Charleston, WV: 2000.