

Debate over tax reform intensifies in final days of legislative session

by Charles Young
SENIOR STAFF WRITER

CHARLESTON — The dominant theme running throughout this year’s session of the West Virginia Legislature has been tax reform.

The 60-day session is set to end April 10, and there are still multiple, competing tax plans up in the air.

While all the plans revolve around ways to eliminate the state’s personal income tax, Republican Gov. Jim Justice and Republican lawmakers — who control both legislative chambers with a 77-member supermajority in the House of Delegates — have differed on the best way of going about offsetting the \$2.1 billion the state receives in revenues annually from income tax collections.



Justice

Justice, who was elected as a Democrat in 2016, later switched to Republican. He was overwhelmingly re-elected in 2020 with 62.7% of the total vote, making him the state’s first elected Republican governor since 1996.

The governor first began mentioning his intention to tackle eliminating the income tax shortly after his re-election, saying the state’s current financial situation presented a unique opportunity for a bold step.

“Here’s what I’m going to propose that we do in the state: I’m going to propose that we come up with a way to say we’re going to eliminate the state income tax in West Virginia,” he told WV News on Nov. 15. “If we move on that now, we’ll be one of 15 or whatever states in the country. If we don’t move on that now, we’re going to end up one of the 10 states in the country that have still got a state income tax at some point in time.”

Justice made an outline of his tax proposal the centerpiece of his 2021 State of the Union Address, laying out a goal of initially cutting personal income tax in half for most residents before eliminating it entirely over time.

While some elements of the governor’s plan have changed slightly or been eliminated entirely as the process has gone on — including now setting his sights on initially cutting the income tax rate by 60% — the core components have remained the same.

They include raising the consumer sales tax by 1.5%, raising taxes on the purchase of tobacco products and soda, creating a “tiered” system for severance tax collections, imposing taxes on some professional services, imposing a luxury consumption tax and making \$25 million in state budget cuts.

Justice has held several events in support of his plan where he has fielded questions from residents and members of the media in an effort to explain its elements and pitch his vision of its potential economic impact.

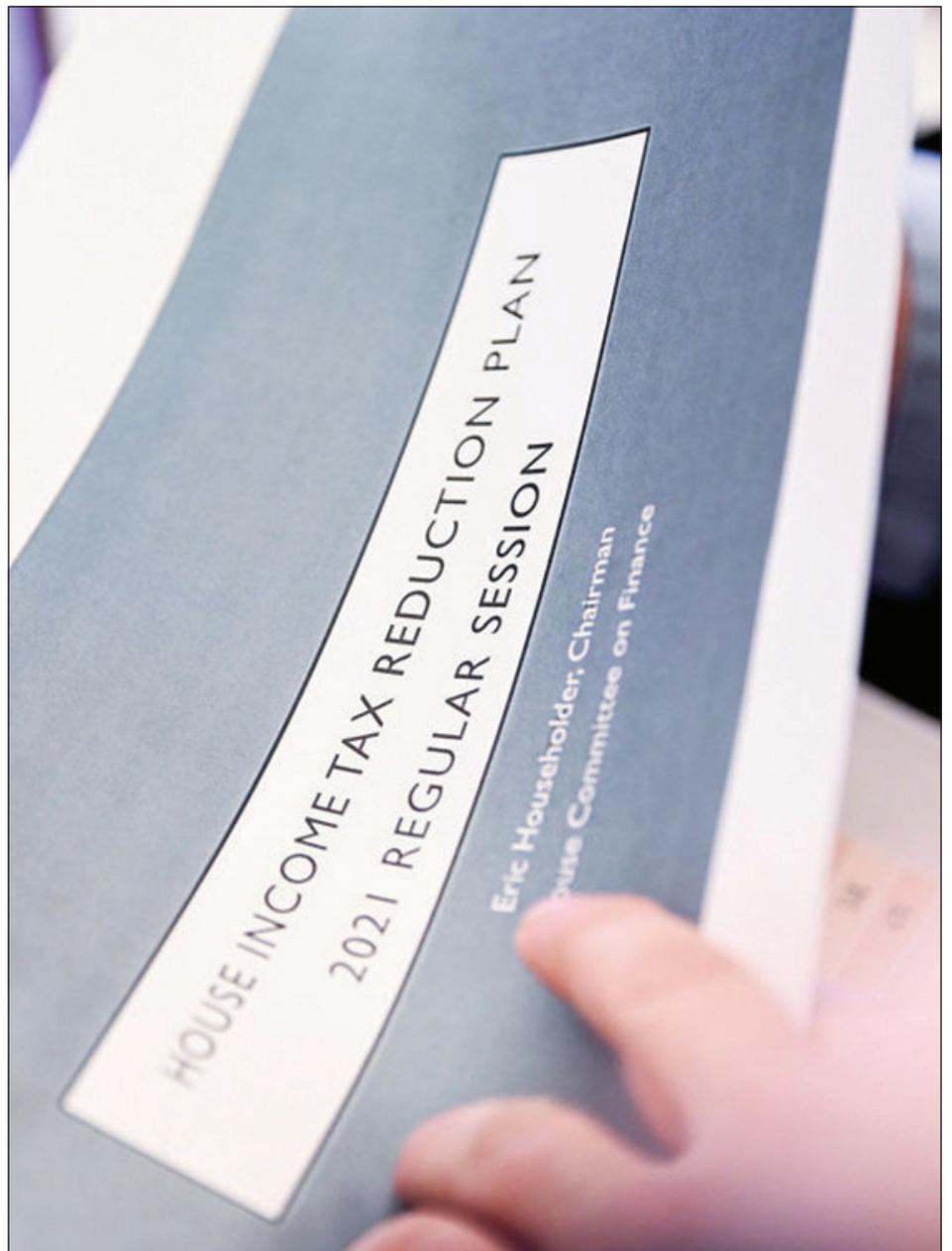
Mitch Carmichael, who will assume his role as West Virginia’s first secretary of economic development at the end of May, recently said Justice’s plan is the “single biggest thing” to drive jobs, population growth and economic opportunity to the state.



Carmichael

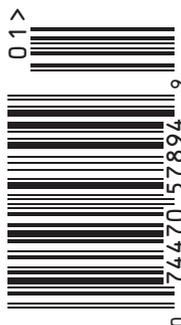
“This governor has introduced a plan that takes on the entrenched status quo and enables us to get on a trajectory of growth,” Carmichael said. “This plan is a net tax decrease. So don’t let anyone from any corner of any state tell you that it’s anything other than a tax decrease. It absolutely is.”

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WV Legislative Photography

Multiple strategies for eliminating West Virginia’s personal income tax have been advanced this year in the state Legislature.



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