

6 months into fiscal year, W.Va. up nearly \$75M

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CHARLESTON, W.Va. - West Virginia remains the envy of most of the rest of the country when it comes to state budget revenues: It ended the first half of its budget year last month with a potential surplus of nearly \$75 million.

With all but perhaps 11 states threatened with budget deficits this year that total \$32 billion and counting, coal continues to help yield higher-than-expected general tax revenues for the Mountain State.

General revenue neared \$370 million in December, \$2.2 million more than expected. That brought revenues for the first six months of the fiscal year to \$1.92 billion, nearly \$75 million ahead of estimates. The year ends June 30.

The severance tax on coal and other natural resources is a big reason for the ample revenues. The state is also seeing stronger than projected personal income tax collections.

While severance taxes were slightly down for the month, they remain 22 percent above to-date estimates and 44 percent ahead of collections at this point last year, said Deputy Revenue Secretary Mark Muchow.

Such strong revenues have more than offset less-than-expected collections in such other areas as business franchise fees and sales and use taxes. The latter two have brought in a combined \$556 million so far this budget year, but were supposed to have yielded \$23.8 million more. Sales and use taxes provide 28 percent of general revenue.

Corporate net income tax revenues are also down, but by less than 1 percent, while personal income tax revenues are up 12 percent, or \$77 million above estimates. Muchow attributes that to a robust jobs market in the state's energy sector. Personal income tax accounts for more than a third of general revenue.

The Manchin administration has adjusted its severance tax projections for the remaining months of the budget year. While officials still expect \$335 million in such revenues by June 30, the new figures reflect changes in monthly collection rates.

General revenues are estimated to total \$3.9 billion by year's end, and that figure includes nearly \$130 million transferred from the state lottery.

While energy prices have fallen in recent months, the state's revenue picture remains solid enough for Gov. Joe Manchin to swear off any tax hikes or across-the-board cuts to balance next year's budget. The Legislature will begin crafting a spending plan proposed by the governor in February.