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## Bill offers 25-year property-tax break for gas cracker

By [Lawrence Messina](#)By [The Associated Press](#)

CHARLESTON, W.Va. -- West Virginia would offer a 25-year break from property taxes to attract a new chemical plant fueled by the state's emerging Marcellus natural gas industry, under a proposal from Gov. Earl Ray Tomblin that debuted in the Legislature on Tuesday.

A second bill introduced from Tomblin's agenda would continue to exempt the state's ailing timber sector from severance taxes, while a third would repeal a tax on telecommunications services that no longer yields revenue.

West Virginia is competing with other Marcellus Shale states for a so-called "cracker" plant. This massive facility would convert (or "crack") ethane, a byproduct of Marcellus wells, into the highly useful chemical compound ethylene.

The state Department of Revenue estimates that a \$2 billion plant would create 12,000 jobs, both direct and indirect as well as induced by the resulting consumer activity. Revenue officials say these jobs would provide \$600 million in wages annually.

"We really see it as a way to revitalize manufacturing in West Virginia," Karen Price, president of the Manufacturers Association, said of a cracker. She added, "It won't just change the manufacturing economy, it will change the whole economy."

Tomblin's proposal would benefit a company that invests at least \$2 billion to build a cracker. It would slash the appraised value of real estate as well as equipment and inventory to 5 percent of market value. It expands on a 10-year tax break passed last year, at Tomblin's request, to spur spinoff industries from drilling the natural-gas-rich Marcellus reserve.

Price's group supports the bill as a "great economic development tool," she said Tuesday.

"I think we're pretty well positioned [for a cracker]. The tax issue is one that sticks out like a sore thumb," Price said.

The West Virginia Constitution tightly controls property taxes, which are the main revenue source for counties and their public school systems. Amid a debate over amending that strict language, lawmakers have granted 5 percent or salvage-value rates to other categories of property such as for aircraft in 2008.

Ted Boettner, executive director of the West Virginia Center on Budget and Policy, estimated that a cracker plant in Kanawha County with a market value of \$1 billion would enjoy a \$13 million annual tax break. Boettner's nonprofit group scrutinizes such tax incentives while advocating that government spending can aid low- and moderate-income residents.

"Attracting good-paying jobs to the state is very important, but we should be very careful not to balance business tax cuts on the back of educating our children or other state residents," Boettner said Tuesday. He added that "while we support strategic state subsidies and development of the Marcellus Shale gas play, this could be viewed by conservatives as a case of government 'picking winners.'"

Revenue officials estimate that at salvage value, a cracker that qualifies for the break would still provide around \$1.5 million in annual property taxes to its host county.

The timber tax break would continue a four-year exemption approved by lawmakers in 2009, to help the industry weather the recession. It's still needed, said Sen. Karen Facemyer, whose family is involved in timbering.

"It's an industry that's on life support," said Facemyer, R-Jackson. "Until the housing market comes back, it's an industry pretty much on hold. So, I'm very pleased to see the governor agreeing that we need to take some measures to protect the measure."

The severance tax on trees cut down by industry had provided revenues to the state Division of Forestry. The agency's share of general tax proceeds has actually increased since 2009, from \$3.9 million to \$4.3 million, though the number of full-time positions has dropped from 73 to 68, state budget figures show.

Timber would remain exempt until severance tax revenues on other extracted natural resources finishes paying off a debt left from when the state ran a workers' compensation system. That's expected by 2016.

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Posted By: DJ88

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I'll give you odds that 98% of the 12,000 jobs will be of the indirect type-- minimum wage and minimum (if any) benefits--and Joe Sixpack subsidizes the tax break. Then, in 25 years, the plant pulls up stakes and leaves. The coal and timber barons of the nineteenth and twentieth centuries would be proud...if not envious.

Posted at: January 18, 2012 6:23:39 am

Posted By: jkoton

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After Tomblin's Marcellus "Sell Us Out" bill last year eliminated any protections for landowners or restrictions on air pollution, etc, he now proposes yet another huge tax give-away to industry. Why does he continue to allow the dirtiest of the dirty to operate? Other states have figured out how to get the industry to clean up, and they can develop safely, why not West Virginia? Why is Tomblin so determined to keep West Virginia as a third world colony? Is there anyone willing to run against the guy? A real Democrat would beat him easily, and even the Republicans could do better.

Posted at: January 18, 2012 6:50:27 am

Posted By: jimscon

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West Virginia pulls ahead - in the Race To The Bottom! Fabulously wealthy industry is never satisfied - gotta have more more more! We want profits - - and your taxes! And timber severance - when an industry sector declines, that's part of business - why should we prop it up?

Posted at: January 18, 2012 11:04:19 am

Posted By: wvguy\_39

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If lowere taxes is good for new business, why not offer it to already existing business so they can hire more people. I'm all for lower taxes, I just don't like the Government picking winners and losers. Nothing is ever done to help the already

struggling business that are left here.

Posted at: January 18, 2012 12:36:09 pm

Posted By: Grouse

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A 25 year exemption would effectively allow this plant to never pay its fair share of property taxes since that's more than likely the life expectancy of the plant. Exempting taxes on timber is just plain stupid. Just because we're in a depression is no reason to exempt one class of taxpayers. Of course, if I was in the timber business I would have another view. Is Facemayer allowed to vote on exempting her family business from taxes? I don't know how she sleeps nights.

Posted at: January 18, 2012 12:36:37 pm