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## WV Lawmakers like 'Future Fund' Idea – but Probably Not This Session

February 20, 2012

CHARLESTON, W.Va. - They may be unlikely to do it this year, but West Virginia legislators say they favor putting aside some revenue from Marcellus natural gas in a protected fund. One issue holding them back is how much new revenue would come from an ethane cracker, a plant that would take a natural gas byproduct and make it usable by the chemical industry.

Harry Keith White, chair of the House Finance Committee, says that, counting direct taxes and economic growth estimates, the plant that state officials hope to land could be bigger than the drilling itself.

"It might be slightly premature to start putting a severance bill in place when we don't know exactly what some of the revenues may be. And when we get the cracker plant, I think there will be some time to sit down and figure it out."

Several lawmakers say they've been impressed by Wyoming's experience with that state's permanent mineral trust fund. Senator Richard Browning chairs the Senate Economic Development Committee. He says coal and gas prices are down, which puts a dent in revenue, but Wyoming's fund softens the impact of the boom-and-bust energy markets.

"What we're experiencing right now in West Virginia is the very reason we need one of these funds. In Wyoming, even though they are on an energy economy just like we are - a roller coaster - funds like this tend to balance that out, so you can maintain an even keel."

Six states have mineral trust funds. Supporters say they can help diversify the economy, and pay for other development when the resource runs out. One plan for West Virginia's "future fund" would take only the interest it earns to pay for development, leaving the principal untouched. Browning says Wyoming's fund was set up through a constitutional amendment, which also served to protect the principal.

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"No act of law, other than another vote by the people, can touch the principal of that money. Now they're up to \$5 billion today in that fund. The last four years has increased that fund by \$2 billion."

The West Virginia Center on Budget and Policy estimates that a 1 percent severance tax on gas and coal would yield \$5.7 billion dollars over the next 23 years. Governor Earl Ray Tomblin says he opposes raising severance taxes, and lawmakers say they'll study the issue after the session ends.

Dan Heyman/Bill De Armond, Public News Service - WV

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