



County Commission of Wayne County

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Robert E. Pasley, President • Kenneth R. Adkins, Commissioner • David H. Pennington, Commissioner

Senate Committee on Environment and Public Works Subcommittee on Clean Air and Nuclear Safety

**Chief Logan Conference Center
Logan, West Virginia**

October 5, 2016

Wayne County, West Virginia is located in southwest corner of West Virginia. Wayne County has a population of 42,481 per 2010 Census. Of this total, 27,692 residents (65%) are categorized as rural, whereas, 14,789 (35%) are categorized as urban.

Argus Energy and Kiah Creek Transport closed in 2013, resulting in the loss of 236 jobs directly related to the coal mining industry. In 2015, Alpha Natural Resources closed its Rockspring mine operation, resulting in the loss of 429 jobs at their mine and preparation plant.

Argus Energy was a business partner with Dunlow Elementary School. According to Ms. Kim Mills, principal at Dunlow Elementary, the loss of their business partner has been devastating. As a business partner, Argus Energy provided playground equipment, beautification and equipment repairs. Additionally, Argus provided the labor and materials for painting the exterior of the school, provided a copier for the school every three (3) years and many other benefits for the school.

Rockspring Development, Inc. was a business partner with East Lynn Elementary School. I contacted Ms. Melissa Maynard, principal of East Lynn Elementary School, and she also said that the loss of the school's business partner was a severe blow to the school and its students. Rockspring owners and employees provided many benefits to the school. Playground equipment, a new school sign and classroom improvements were some of the projects undertaken. Additionally, Ms. Maynard said that Rockspring "adopted" the pre-school students and provided additional items for them, including a Christmas Party for all the pre-school students and their families, along with presents for each child. Ms. Maynard stated that the Rockspring family was always willing to help anytime she called on them.

Wayne County's Coal Severance revenues have all but disappeared with the loss of mining operations in Wayne County. As the attached exhibit (*Exhibit No. 1*) shows, from FY 2013 to FY 2016, coal severance revenues declined from \$728,500 to \$86,523, an 88% loss of coal severance revenue.

Coal severance revenues were used for goods and services that Wayne County's general fund could not support such as an annual grant of \$50,000 to one of our six (6) volunteer fire departments that provide ambulance services to our citizens, two (2) police cruisers for the sheriff's department, capital building projects, senior citizens programs, utilities, economic development and many other worthwhile projects. With the loss of this funding, the County Commission has to look to a tight general county budget to provide some of these expenditures.

The loss of general county revenues due to the halt of mining activities is also being felt. During this time, the Wayne County Commission saw increases in health insurance costs, utilities, and property liability insurance, as well as other costs associated with the provision of county services, making the loss of coal tax revenues even more critical to our county. Based upon tax figures compiled by the Wayne County Assessor's office, coal tax revenues by Argus Energy (*Exhibit 3*), Rockspring Development, Inc. (*Exhibit 4*), and three coal related industries; Walker Machinery, GE Captial and Lincoln Leasing (*Exhibit 5*), declined from \$1,702,259 to \$1,340,986 from 2013 to 2016, a total decrease of 21%. Personal property for this period saw a total decrease of 22%, while real estate taxes for this period decreased by 5%.

An even more telling statistic is the increase in tax delinquencies by these industries for this period. In 2015 and 2016, Rockspring Development has a total tax delinquency of \$2,426,475, while Argus Energy and Lincoln Leasing have tax delinquencies of \$380,809 and \$137,147, respectively. This resulted in a net loss of \$3,182,431 in coal tax revenues to Wayne County (*Exhibit 2*). This loss constitutes a \$2,371,564 loss in tax revenues to the Wayne County Board of Education and a \$810,867 loss in general county revenues – revenues which are critical for our education system and for general county operations.

I have worked at the Wayne County Courthouse for thirty-nine and a half years, thirty-one of which I have served in the elected offices of the County Clerk and County Commissioner. During that time I do not believe that Wayne County has been so challenged to provide for its citizens as it is now experiencing and the forecast for the foreseeable future is bleak.

Respectfully submitted,

Robert E. Pasley, President
Wayne County Commission
Wayne County, West Virginia

**Wayne County , West Virginia
Coal Severance Revenues FY2013-2016**

| FY 2013 | | | | |
|--------------------|----------------|-----------------------|-----------------------|-----------------------------|
| Fiscal Year | Quarter | 75% Allocation | 25% Allocation | Total Coal Severance |
| 2013 | 1st | \$152,442.43 | \$29,110.17 | \$181,552.60 |
| 2013 | 2nd | \$182,121.77 | \$42,431.83 | \$224,553.60 |
| 2013 | 3rd | \$121,407.28 | \$30,861.33 | \$152,268.61 |
| 2013 | 4th | \$133,224.72 | \$36,899.64 | \$170,124.36 |
| | Total | \$589,196.20 | \$139,302.97 | \$728,499.17 |
| FY 2014 | | | | |
| Fiscal Year | Quarter | 75% Allocation | 25% Allocation | Total Coal Severance |
| 2014 | 1st | \$119,790.16 | \$30,945.62 | \$150,735.78 |
| 2014 | 2nd | \$85,117.91 | \$30,037.26 | \$115,155.17 |
| 2014 | 3rd | \$66,780.56 | \$21,291.45 | \$88,072.01 |
| 2014 | 4th | \$72,244.11 | \$39,389.43 | \$111,633.54 |
| | Total | \$343,932.74 | \$121,663.76 | \$465,596.50 |
| FY 2015 | | | | |
| Fiscal Year | Quarter | 75% Allocation | 25% Allocation | Total Coal Severance |
| 2015 | 1st | \$45,200.86 | \$22,308.14 | \$67,509.00 |
| 2015 | 2nd | \$61,434.62 | \$31,579.87 | \$93,014.49 |
| 2015 | 3rd | \$29,872.08 | \$21,951.30 | \$51,823.38 |
| 2015 | 4th | \$47,133.02 | \$30,805.50 | \$77,938.52 |
| | Total | \$183,640.58 | \$106,644.81 | \$290,285.39 |
| FY 2016 | | | | |
| Fiscal Year | Quarter | 75% Allocation | 25% Allocation | Total Coal Severance |
| 2016 | 1st | \$11,818.57 | \$17,028.07 | \$28,846.64 |
| 2016 | 2nd | \$1,125.78 | \$23,920.19 | \$25,045.97 |
| 2016 | 3rd | \$0.00 | \$13,827.22 | \$13,827.22 |
| 2016 | 4th | \$0.00 | \$18,832.74 | \$18,832.74 |
| | Total | \$12,944.35 | \$73,608.22 | \$86,552.57 |

**Wayne County, West Virginia
Coal Tax Revenues 2013-2016**

Argus Energy, Rockspring Development, Inc. & Coal Related Industries

Personal Property

| Year | Tax | Appraised Value | Board of Education |
|------|--------------|-----------------|--------------------|
| 2013 | \$ 1,583,304 | \$ 112,355,185 | \$ 1,158,282 |
| 2014 | \$ 1,711,375 | \$ 110,174,939 | \$ 1,280,390 |
| 2015 | \$ 1,652,069 | \$ 100,568,453 | \$ 1,230,910 |
| 2016 | \$ 1,227,965 | \$ 82,762,185 | \$ 914,922 |

| | | |
|---------------------------------|----|-----------|
| Deliquent Taxes | \$ | 2,944,431 |
| Tax loss to Board of Education | \$ | 2,194,237 |
| Loss of General County Revenues | \$ | 750,194 |

Real Estate

| Year | Tax | Appraised Value | Board of Education |
|------|------------|-----------------|--------------------|
| 2013 | \$ 118,955 | \$ 8,571,256 | \$ 87,023 |
| 2014 | \$ 143,166 | \$ 9,022,199 | \$ 107,111 |
| 2015 | \$ 124,979 | \$ 7,668,903 | \$ 93,118 |
| 2016 | \$ 113,021 | \$ 7,548,764 | \$ 84,209 |

| | | |
|---------------------------------|----|---------|
| Deliquent Taxes | \$ | 238,000 |
| Tax loss to Board of Education | \$ | 177,327 |
| Loss of General County Revenues | \$ | 60,673 |

Total (All Taxes)

| Year | Tax | Appraised Value | Board of Education |
|------|--------------|-----------------|--------------------|
| 2013 | \$ 1,702,259 | \$ 120,926,441 | \$ 1,245,305 |
| 2014 | \$ 1,854,541 | \$ 119,197,138 | \$ 1,387,501 |
| 2015 | \$ 1,777,048 | \$ 108,237,356 | \$ 1,324,028 |
| 2016 | \$ 1,340,986 | \$ 90,310,949 | \$ 999,131 |

| | | |
|---------------------------------|----|-----------|
| Deliquent Taxes | \$ | 3,182,431 |
| Tax loss to Board of Education | \$ | 2,371,564 |
| Loss of General County Revenues | \$ | 810,867 |

**Wayne County, West Virginia
Tax Revenues 2013-2016**

Argus Energy

Personal Property

| Year | Tax | Appraised Value | Board of Education |
|------|-------------------|-----------------|--------------------|
| 2013 | \$ 292,415 | \$ 21,065,873 | \$ 213,919 |
| 2014 | \$ 332,772 | \$ 20,578,123 | \$ 248,968 |
| 2015 | \$ 282,115 | \$ 17,782,868 | \$ 210,196 |
| 2016 | \$ 98,694 | \$ 6,727,485 | \$ 73,534 |

| | | |
|---------------------------------|----|---------|
| Deliquent Taxes | \$ | 380,809 |
| Tax loss to Board of Education | \$ | 283,730 |
| Loss of General County Revenues | \$ | 97,079 |

Real Estate

| Year | Tax | Appraised Value | Board of Education |
|------|-----------|-----------------|--------------------|
| 2013 | \$ 62,834 | \$ 4,435,116 | \$ 45,967 |
| 2014 | \$ 82,994 | \$ 4,915,916 | \$ 62,093 |
| 2015 | \$ 57,518 | \$ 3,534,070 | \$ 42,855 |
| 2016 | \$ 51,888 | \$ 3,381,700 | \$ 38,661 |

| | | |
|---------------------------------|----|---|
| Deliquent Taxes | \$ | - |
| Tax loss to Board of Education | \$ | - |
| Loss of General County Revenues | \$ | - |

Total (All Taxes)

| Year | Tax | Appraised Value | Board of Education |
|------|------------|-----------------|--------------------|
| 2013 | \$ 355,249 | \$ 25,500,989 | \$ 259,886 |
| 2014 | \$ 415,766 | \$ 25,494,039 | \$ 311,061 |
| 2015 | \$ 339,633 | \$ 21,316,938 | \$ 253,051 |
| 2016 | \$ 150,583 | \$ 10,109,185 | \$ 112,195 |

| | | |
|--|-----------|----------------|
| Deliquent Taxes | \$ | 380,809 |
| Tax loss to Board of Education | \$ | 283,730 |
| Loss of General County Revenues | \$ | 97,079 |

**Wayne County, West Virginia
Tax Revenues 2013-2016**

Rockspring Development, Inc.

Personal Property

| Year | Tax | Appraised Value | Board of Education |
|------|---------------------|-----------------|--------------------|
| 2013 | \$ 1,235,375 | \$ 91,196,788 | \$ 830,834 |
| 2014 | \$ 1,312,082 | \$ 89,485,946 | \$ 981,653 |
| 2015 | \$ 1,311,370 | \$ 82,687,945 | \$ 977,065 |
| 2016 | \$ 1,115,106 | \$ 76,011,091 | \$ 830,834 |

| | | |
|---------------------------------|----|-----------|
| Deliquent Taxes | \$ | 2,426,475 |
| Tax loss to Board of Education | \$ | 1,807,899 |
| Loss of General County Revenues | \$ | 618,577 |

Real Estate

| Year | Tax | Appraised Value | Board of Education |
|------|-----------|-----------------|--------------------|
| 2013 | \$ 56,121 | \$ 4,136,140 | \$ 41,056 |
| 2014 | \$ 60,171 | \$ 4,106,283 | \$ 45,018 |
| 2015 | \$ 67,461 | \$ 4,134,833 | \$ 50,263 |
| 2016 | \$ 61,132 | \$ 4,167,067 | \$ 45,548 |

| | | |
|---------------------------------|----|---|
| Deliquent Taxes | \$ | - |
| Tax loss to Board of Education | \$ | - |
| Loss of General County Revenues | \$ | - |

Total (All Taxes)

| Year | Tax | Appraised Value | Board of Education |
|------|--------------|-----------------|--------------------|
| 2013 | \$ 1,291,496 | \$ 95,332,928 | \$ 871,890 |
| 2014 | \$ 1,372,254 | \$ 93,592,229 | \$ 1,026,671 |
| 2015 | \$ 1,378,831 | \$ 86,822,778 | \$ 1,027,328 |
| 2016 | \$ 1,176,238 | \$ 80,178,158 | \$ 876,382 |

| | | |
|---------------------------------|----|-----------|
| Deliquent Taxes | \$ | 2,426,475 |
| Tax loss to Board of Education | \$ | 1,807,899 |
| Loss of General County Revenues | \$ | 618,577 |

**Wayne County, West Virginia
Coal Tax Revenues 2013-2016**

Coal Related Industries (Walker Machinery, GE Capital, Lincoln Leasing)

| Personal Property | | | | |
|---|-----------|-----------------|--------------------|--|
| Year | Tax | Appraised Value | Board of Education | |
| 2013 | \$ 55,514 | \$ 92,524 | \$ 40,612 | |
| 2014 | \$ 66,522 | \$ 110,870 | \$ 49,769 | |
| 2015 | \$ 58,584 | \$ 97,640 | \$ 43,649 | |
| 2016 | \$ 14,165 | \$ 23,609 | \$ 10,544 | |
| Deliquent Taxes * | | \$ 137,147 | | |
| Tax loss to Board of Education | | \$ 102,608 | | |
| Loss of General County Revenues | | \$ 34,538 | | |
| * Balance of deliquent taxes is attributable to Lincoln Leasing | | | | |
| | | | | |
| Real Estate | | | | |
| Year | Tax | Appraised Value | Board of Education | |
| 2013 | \$ - | \$ - | \$ - | |
| 2014 | \$ - | \$ - | \$ - | |
| 2015 | \$ - | \$ - | \$ - | |
| 2016 | \$ - | \$ - | \$ - | |
| Deliquent Taxes | | \$ - | | |
| Tax loss to Board of Education | | \$ - | | |
| Loss of General County Revenues | | \$ - | | |
| * Balance of deliquent taxes is attributable to Lincoln Leasing | | | | |
| | | | | |
| Total (All Taxes) | | | | |
| Year | Tax | Appraised Value | Board of Education | |
| 2013 | \$ 55,514 | \$ 92,524 | \$ 40,612 | |
| 2014 | \$ 66,522 | \$ 110,870 | \$ 49,769 | |
| 2015 | \$ 58,584 | \$ 97,640 | \$ 43,649 | |
| 2016 | \$ 14,165 | \$ 23,609 | \$ 10,544 | |
| Deliquent Taxes | | \$ 137,147 | | |
| Tax loss to Board of Education | | \$ 102,608 | | |
| Loss of General County Revenues | | \$ 34,538 | | |
| * Balance of deliquent taxes is attributable to Lincoln Leasing | | | | |