



Capital Eye

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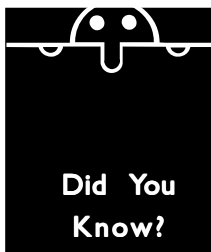
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**We Are
United!**

Events Galore

**Net Metering
in WV**

VOTE!



Capital Eye comes out weekly during the Legislative Session and bi-monthly throughout the rest of the year. If you have questions or comments about its content, please contact us. If you'd rather receive the *Eye* on-line, e-mail linda@wvcag.org

To Vote or Not To Vote

by Norm Steenstra, norm@wvcag.org

Election reform is the reform on which all other reforms are possible. The issue has been one of our major campaigns since the Watergate scandal. Protecting our democratic process from fraud, manipulation and special interest influence has never been more important or more relevant than today. This non-presidential, non-gubernatorial election is the most important one that I can remember. The reason is that on both our state and national levels terrible precedents were set in 2004 and are being repeated in this election.

Never in my lifetime has one ideology dominated all three branches of government, as is currently the situation in Washington. The checks and balances that we learned about in 8th grade civics class just aren't there now. We are a nation mired in a foolish war and facing domestic terrorist threats unique to our history and yet do not have the hope of any objective investigation as to the how, why, or cost of what's happening to this country. Couple that with the fact that the judicial system is now in the same club and we have become a nation that has drifted dangerously far from our roots.

In 2004 we saw in West Virginia how one mean-spirited coal operator could distort our election by spending millions of dollars to purchase himself a Supreme Court judge. This year that same crazed egoist is spending more millions to buy himself the House of Delegates. We are not telling you who to vote for but to follow your instincts and restore balance in Washington and just say no to Don Blankenship.

You may recall that about six years ago Senator Robert C. Byrd introduced a bill that called for a constitutional amendment on election spending. It was a simple concept addressing the primary evil in electoral politics. That amendment made it constitutional for Congress to limit campaign spending thus muting the free speech is money issue. Byrd had it right then and it's never been needed more than today. Whatever you do don't sit this one out. **Vote November 7th as if your democracy depended on it.**

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W V - C A G

was founded in 1974
as a non-profit
membership
organization
dedicated to
increasing citizen
participation
in economic and
political decision-
making.

Our members work
for progressive
changes in federal,
state, and local policies
by educating people
about key public
interest issues ranging
from environmental
protection and
consumer rights to
good government &
health care reform.



**To become a
member or to
send comments
and suggestions,
visit**

**www.wvcag.org,
call us at
304-346-5891,
or e-mail us at
linda@wvcag.org**

CAG Helps Form West Virginians United

This summer WV-CAG was the catalyst for forming a new diverse coalition of state organizations. Its statement of principles and priorities: "West Virginians United is an issue-driven, non-partisan, progressive coalition of grassroots organizations that have come together to build the infrastructure for a permanent movement for social, economic, and environmental justice in West Virginia." The priorities of WV United include workers rights, consumer protection, corporate responsibility, affordable healthcare for all, a clean environment, the cost of war, a fair economy, women's rights, civil liberties, a strong middle class, and the future of democracy.

Pretty lofty goals, but the coalition was off to a good start by sponsoring two well-attended events. A cornbread and beans dinner was held to contrast President Bush's fundraiser for Congresswoman Capito. Admission to Capito's event was \$4,200 a couple. Admission to our event was \$4.20 a couple. Over 250 couples bought beans that day.

On August 26th the new coalition had a large rally in downtown Charleston with more than 600 people braving the hottest day of the summer to express their collective outrage as to the direction the country and the state is proceeding. Organizations participating in WV United include the AFL-CIO, National Association of Social Workers, WV Free, ACT Foundation, Consumer Protection Alliance, Council of Churches, WV-CAG, West Virginians for Affordable Health Care, Patriots for Peace, Coal River Mountain Watch, and the American Friends Service Committee. If you represent a progressive group sharing the above goals please contact us and join us as we grow! (Admission FREE).

Special thanks to Tyler Mountain Water and the Empty Glass for donating water on that 90+-degree day! Thanks to all of you who donated to the food and beverages at our CAG dinner following the rally!

Net Metering Comes to WV

by Gary Zuckett, garyz@wvcag.org

Citizen Action testified before the WV Public Service Commission this month in support of a package of standards to allow homeowners who generate their own electricity using renewable methods such as wind and solar to “run the meter backwards” and actually send their excess power to the public electric grid. Earlier in September, WV-CAG was one of the parties of the negotiation process which brought the proposed rules to the Commission.

Net Metering, as this is called, is already allowed in all surrounding states but the rules in each state vary widely. This agreement is a great start into Net Metering and will give a much needed economic incentive for homeowners and small business to install wind and solar generation equipment.

The agreement accepted by the Commission has several benchmarks that are favorable for homeowners and small businesses who want to trade excess generated power back to their utilities to offset their electric bill: an even trade for power used vs. power returned to the utility’s grid. In other words power sent into the grid would be credited as an offset to the customer’s future electric bill on a net kwh basis (the utility’s applicable retail rate). In contrast, Ohio’s reimbursement only covers the utility’s fuel costs (a wholesale rate much lower than retail).

This generation credit will be carried over on a rolling twelve (12) month basis. Again, Ohio has only a one-month window to redeem such credits.

Maximum rating of Net Metering installations is 25 Kilowatts where many states limits are 10 KW.

William DePaulo, our counsel at the Commission wrapped up with the following comment, “My clients, WV Environmental Council and Citizen Action Group, support these Net Metering rules as a good beginning of the active promotion of domestic small-scale alternative energy generation. Our long-term goal should be to maximize production of non-fossil based energy. Future generations are depending on our commitment today to deal with potentially irreversible climate change linked to our fossil-based economy. The production of clean energy is an essential component of this critical effort to combat global warming.”

Federal tax credits can offset up to 30% of the cost of new Net Metering installations for homeowners and small businesses. In addition, many states have their own tax incentives or matching grants to promote renewable energy.

In Ohio, the Dept. of Economic Development’s Office of Energy Efficiency administers an “Energy Loan Fund” (<http://www.odod.state.oh.us/cdd/oee/ELFGrant.htm>) which includes a variety of loan and grant programs providing economic incentives for renewable energy installations for both homeowners and small businesses. This \$10 million a year development program is funded by a small

(continued on page 6 - see Net Metering)

Corporate Tax Cut Folly

by Ted Boettner, ted@wvcag.org

In the coming months the state legislature will likely vote to cut business taxes. These cuts will probably mirror the recommendations of the WV Chamber of Commerce that call for a decrease in the corporate net income tax from 9% to 6.5% over five years and a phasing out the business franchise tax by 2011. According to the Chamber, these cuts will reduce tax collections by \$165 million.

Before lawmakers cut business taxes, it's important we understand a few basic economic realities that govern this decision.

√ Despite claims from politicians and pundits, tax cuts do not pay for themselves or generate substantial revenue. In fact, no reputable economist — liberal or conservative — has ever shown that the economy expands so much as a result of tax cuts that it produces the same level of revenue as it would produce without the tax cuts. N. Gregory Mankiw, former chair of President Bush's Council of Economic Advisors and a Harvard economics professor, puts it best. He asserts that an economist who claims that tax cuts can pay for themselves is like a "snake oil salesman trying to sell a miracle cure." A recent study by the President's own Treasury Department confirmed that his tax cuts have had only modest positive effects on the economy, paying for *at most 10 percent* of the tax cuts' total cost. This means if we cut taxes by \$100 we could only expect about \$10 back in revenue. The claim that tax cuts pay for themselves is also contradicted by the historical record. During the last 25 years, the economy has grown at virtually the same rate when we cut income taxes on the well off and when we raised income taxes on the well off. However, revenues grew twice as fast when tax rates were increased, as in the 1990s. Furthermore, tax cuts at the federal level are predicated on deficit spending, something we can't do. The state of West Virginia is constitutionally required to balance its budget. So if we want tax cuts, we either cut government services or shift the tax burden somewhere else.

√ The corporate net income tax is a voluntary tax. The government does not force anyone to establish a corporation; they are a creation of the government that doesn't exist in a free market. In a free market, individuals can form partnerships and engage in whatever trade and commercial relations they please, but they cannot establish a new legal entity that exists independently of the individuals who own it. Only the government can create a corporation with its own rights and privileges. The reason individuals form corporations is the privilege of corporate status, namely limited liability. Limited liability allows companies to raise vast sums of capital for major business ventures, frees them from personal liability (think asbestos) and debts due to bankruptcy (think Enron). If shareholders did not feel that the value of these privileges exceeded the tax, then they would form partnerships.



Corporate income tax revenues are already declining. From 1989 to 2003, West Virginia has seen its corporate income tax revenue fall by 47 percent as a share of the state economy. On the national level, corporate taxes are at their lowest levels since the 1930s.

√ Corporations receive numerous benefits from state government. These include millions of dollars in tax credits (\$90 million in 2001) and derived benefits from public services: an education system to provide a trained workforce, a transportation system to move products from one place to another, and the state's court system and police to protect property and business transactions.

√ The corporate income tax serves as a backstop to the personal income tax. Without the corporate net income tax, much of the wealthier West Virginians would go entirely untaxed, because individuals could easily shelter their personal income by putting it in a corporate form. Also, the corporate net income tax is the only way to tax shareholders who live in other states but derive many of the benefits their company receives from West Virginia public services.

If lawmakers do decide to cut business taxes by \$165 million, one simple way the state could make up for this lost revenue would be to close state corporate tax loopholes. According to a 2003 Multistate Tax Commission report, tax shelters have contributed to a 58 percent reduction in corporate tax revenue in 2001. The reason this happens is because many multi-state companies shift their taxable income to their out-of-state sister organizations that are beyond West Virginia's legal reach.

Making companies pay their fair share doesn't make our state "anti-business." Quite the contrary. It gives West Virginia the capacity and infrastructure necessary for business productivity and profitability that provides good paying jobs. Something our future will depend on.

2004 PERC Reports Here

The latest report from the People's Election Reform Coalition (PERC) is now available. This project, a collaboration of WV-CAG, the Ohio Valley Environmental Coalition and the Mountain State Education and Research Fund takes a comprehensive look at where our legislators are getting funding for their campaigns and how special interest groups are funneling their contributions (over \$6 million in 2004). For your copy, please call us at 346-5891 or 1-866-WVB-FAIR or visit www.wvoter-owned.org.

surcharge on consumers' monthly electric bills.

"West Virginia's new net metering standards put it in a good position to enter the emerging market of small-scale renewable energy generation. More and more households and small businesses in Ohio are opting to trim or eliminate their electric bill by becoming part of the solution to our nation's energy crisis through Net Metering," commented Matthew Bennett of DovetailSolar.com a SE Ohio company that specializes in solar and wind energy installations. "Now its time for the WV Legislature to step up to the plate and provide state tax credits or other incentives to kick-start the market."

Julie Moves On

Our long-time friend and research analyst, Julie Archer has taken a new position with West Virginia Free. We were certainly blessed with Julie's work on such issues as the overweight coal truck battles and as the lead lobbyist on our Clean Elections bill. Julie was also the editor of the PERC reports on the last 3 election cycles spending hundreds of hours pouring over campaign finance reports. This important work continues to shine sunlight on special interest campaign contributions.

It is a gross understatement that Julie will be missed by the WV-CAG family. Her great intelligence, near constant smile (except when she was at the Capitol) and remarkable work ethic are our loss and WV Free's great gain. The silver lining is that we will still be working with her on several common issues such as policy affecting women and children and clean elections. You can reach Julie at (304)342- 9188.

Hassle Tax?

by Linda Frame, linda@wvcag.org

As the interims gain some traction in the months leading up to the 2007 Legislative Sessionary, we anticipate that the Bottle Bill will be studied next month in Senate Judiciary. Senator Jon Hunter chairs this subcommittee and we expect the container law to get some fair attention, unlike last year. One criticism for our effort is that a deposit on beverage containers is equal to a "hassle tax" which will force the elderly and uninterested to deal with their empty containers. Visiting New York this summer I took my boys to the grocery store to try out the reverse vending machines where consumers insert their own containers and get a voucher back so they can get their refunds. One elderly woman asked why I was taking pictures of this routine event. I told her I was working to get a similar system passed in West Virginia. She said, "Oh, I thought they had this every where! It's a part of life here." Similar sentiments are made from members of my NY family and from folks around WV. Opinion polls in Bottle Bill states show overwhelming support for the existing legislation and its expansion. So both Hassle and Tax are just more misnomers being used by Bottle Bill opponents.

Tax Dollars Well Spent?

As WV-CAG takes on fair taxation issues during the upcoming session, we thought you might be interested in knowing that our state has funded \$1 billion of the Iraq occupation so far. Here are some other places where that money could have been used:

- ☐ health care for 302,000 people
- ☐ 14,607 affordable housing units
- ☐ 31,000 public safety officers
- ☐ 155,000 Head Start placements
- ☐ 247,000 college scholarships

The occupation has cost our country \$350 billion. Please consider this when you decide which candidates will be getting your support on November 7. (Thanks to WV Patriots for Peace for providing this data).

We need your financial support! Please update your membership today!!



We Need Your Support!
We can't do it without you !

Please renew your membership or send a donation.

Name: _____

Address: _____

Phone: _____ E-Mail: _____

Here's my donation of ☐\$15 ☐\$25 ☐\$50 ☐\$100 Other \$_____

Clip and mail with your check to West Virginia Citizen Action
Group, 1500 Dixie St., Charleston, WV 25311

Donate safely and securely on-line at www.wvcag.org!!!!

THANKS!