

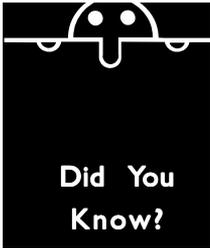


Inside This Week's Issue:

It's Not Too Early To Start Making Those Calls!

Changes in Leadership

How Does the Governor's Tax Reform Affect the Little Guy?



Did You Know?

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

US House Passes Minimum Wage Increase

by Gary Zuckett, garyz@wvcag.org

USAction, our national affiliate, has joined the Change America Now (CAN) Coalition to support four key issues in the first 100 hour agenda of the new US House leadership – increase in federal minimum wage, roll-back of tax breaks for Big Oil, allow Medicare to negotiate lower drug prices for seniors, and a 50% reduction in student loan interest. Read more about it at: www.cancampaign.org.

WV CAG, working with West Virginians United for Economic and Social Justice, held a press conference on Thursday to promote the CAN agenda and other WV legislative issues. This is one way we can encourage the public and lawmakers to support our issues.

Many of you already received our e-mail alert to call in support of the increase of the federal minimum wage. **Well, it worked!** The US House passed the increase by a nearly 3-1 margin with every one of WV's reps supporting it! If you aren't on our e-mail alert list contact linda@wvcag.org so you can help make calls on critical state legislative issues and get the other CAN agenda items out of the US House and on their way to passage.



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1500 Dixie Street
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WV-CAG STAFF
Norman Steenstra
Gary Zuckett
Linda Frame
Marge Michau
Ted Boettner

PUBLICATION DESIGN
Damienne Dibble

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.



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

Changes and Guarded Optimism

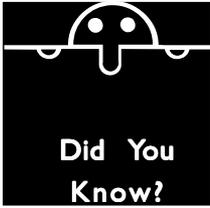
by Norm Steenstra, norm@wvcag.org

Changes have occurred in Charleston since our last newsletter. Gary Zuckett is the new Executive Director at WV-CAG and I have been contracted by CAG to manage the lobby team during the legislative session.

A much more significant change is the election of Rick Thompson (D-Wayne) as the new Speaker of the House of Delegates. For the first time in a decade our issues will be seriously considered by the House leadership. A new Speaker means new committee chairs and new members of those committees. Membership is important. A case in point is in the House Judiciary Committee with at least 10 fairly progressive people, four of them being "card carrying" CAG MEMBERS! Even in the traditionally conservative Finance Committee there are 7 progressives, two of whom are also CAG members.

So while we are far more optimistic about the legislative future over the next two years, keep in mind that the new Thompson leadership team will probably be forced to govern from the center and not likely to take on many controversial issues in the beginning. Any new leadership is fragile and, in the end, successful politics is the art of the possible.

As always we will be working on a zillion issues that include Clean Elections, Tax Reform, the bottle bill, insurance reform, and protection of the electoral process. Our major "offensive" bills are the Clean Elections Bill, Bottle Bill and a bill that provides for additional protection to the Kanawha State Forest. The next 7 weeks will be interesting so please stay connected because you are our capital at the Capitol.



The number of beverage containers that were landfilled, littered or incinerated in the U.S. last year was 138 billion.

Critical Time To Be a Part of the Clean Elections Campaign

Clean Election Coalition members met with the new House Judiciary Chair Carrie Webster Thursday. While it was clear that Delegate Webster supports the concept of our bill, she was unwilling at this time to commit to run the bill through her committee.

You've heard it before but the most important thing we can do RIGHT NOW is lobby the bill OUTSIDE OF THE CAPITOL. Now is the time to call your House members. Now is the time to write a short and simple letter to the editor on the general themes of making it easier for the average citizen to run for legislative office. Condemn the special interest money that continues to corrupt the political system. You don't have to be an expert on the Clean Elections bill, just outraged enough to take 10 minutes to write the letter, and another 10 minutes to call your House members. Why not do it Monday morning in honor of Martin Luther King? Call toll free 1-877 565-3447 to find out who your House members are and leave them a message.

Bottle Bill in the News

by Linda Frame, linda@wvcag.org

You may have noticed the recent letters to the editor in support of the Bottle Bill. Thank you to all of you who have taken the time to write! The Bottle Bill was taken up during December interims and received a LOT of printed press, including an **endorsement from the Beckley Register-Herald!** Also, the *Charleston Gazette* included the Bottle Bill in its list of legislative priorities. Your letters are getting the attention of legislators and the media. Please call your legislators and ask them to support the WV Beverage Container Recycling and Litter Control Act (AKA Bottle Bill). For more info, please check out www.wvbottlebill.org where you can also read recent letters to the editor and other media coverage.

Thanks!

November Special Session on Tax Reform

by Ted Boettner, ted@wvcag.org

On the heels of his “Tax Modernization Project,” Governor Manchin called a special session in early November to address tax reform. What followed was a series of tax cuts and a few tax revenue enhancers. The brightest star was a low-income family tax credit that eliminated state income tax for people below the poverty line. West Virginia will no longer be the only state to impose income tax on families of four earning just \$10,000 a year. In addition, the food tax was lowered from 5% to 3% (West Virginia is only one of a handful of states that still tax groceries) and the state doubled the refundable tax credit for seniors.

While these tax cuts were targeted at low-income residents, some were not. Regrettably, the legislature passed two corporate tax cuts. The corporate net income tax was lowered from 9% to 8.75%, while the business franchise tax rate was reduced from 0.70% to 0.55%. There was also a small sales tax exemption for contractors on purchases made for manufacturing plants.

The tax revenue enhancers were small, with the biggest coming from the elimination of a tax credit for investment in venture capital. Also, the administration noted that the new RAPIDS computer auditing system will create enough efficiency to increase revenue by \$18 million. Here is a rough breakdown of the pluses and minuses at full implementation:

Tax Cuts Not Offset By Enough Revenue

Fiscal Impact

Reductions of \$104.2 million

Food Tax	\$50.0 million
Business Franchise Tax	\$25.7 million
Corp Net Income Tax	\$5.0 million
Low-income Family Tax Credit	\$20.0 million
Tourism Tax Credit	\$3.5 million
Total	\$104.2 million

Revenue Increases of \$32.8 million

Increase Non-resident Withholding Rate Tax Rate	\$1.0 million
Extend Non-resident Withholding Tax on Cap. Gains & Real Estate	\$0.8 million
Eliminate Pre-1967 Corp Capital Gain Exclusion	\$3.0 million
Repeal of WV Capital Co Tax Credit Program	\$10.0 million
RAPIDS Project	\$18.0 million
Total	\$32.8 million
TOTAL BUDGET SHORTFALL	-\$71.4 Million



“What comes to pass does so not so much because a few people want it to happen, as because the mass of citizens abdicate their responsibility and let things be. They allow the knots to form that in time only a sword will be able to cut through; they let men rise to power whom in time only a mutiny will overthrow.”

Antonio Gramsci

As you can see, the tax cuts were not offset by matching revenue. West Virginia remains about \$70 million in the red. This is unfortunate because we are constitutionally required to balance our budget. And since tax cuts don't pay for themselves, the state will have to make up for this lost revenue somewhere; either by shifting the tax burden somewhere else (most likely on working West Virginians) or by cutting government services. The most disturbing aspect of this action was the silence of the media. Not one news source to my knowledge bothered asking any legislator or the Manchin administration how the state planned on paying for these tax cuts. The \$70 million in lost revenue is not peanuts; it's bigger than any of the proposed tax cuts. The fact that they ignored this simple question is a remarkable testament to their discipline.

In the end, if this policy strategy is left unchallenged, it could lead to a snowballing effect allowing public officials to cut taxes without regard to fiscal responsibility. We must demand fiscal accountability and not rely on voodoo economics to save us.

Stay In Touch!

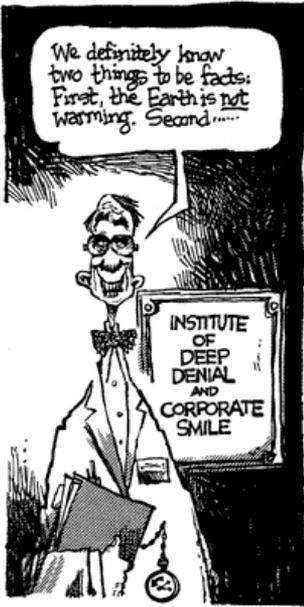
The legislative website is a great resource where you can find legislators' contact info and committee assignments, and track bills. Add it to your favorites at www.legis.state.wv.us.

Call your delegates and senators toll-free at: 1-877-565-3447 or write to them at West Virginia Senate/House of Delegates, Building 1, State Capitol Complex, Charleston, WV 25305.

Contact Governor Manchin toll-free at 1-888-438-2731 or e-mail at Governor@WVGov.org.

Tell Us How You Want It

Please let us know if you would like to receive the *Capital Eye* on paper or via e-mail. Please e-mail linda@wvcag.org or call us at 346-5891!



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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!