



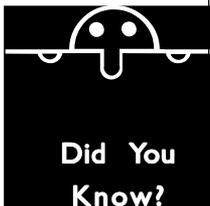
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Did You Know?

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

Clean Elections Passes First Hurdle

On Thursday afternoon the Senate Judiciary Committee passed the Clean Elections Bill after a contentious debate. Chairman Jeff Kessler and Clean Election supporters appeared somewhat surprised by an organized attempt by conservative Republicans to kill the bill. During the debate the NRA was invoked several times as possibly being hindered by provisions in the bill. Senator Frank Deem, arguably the most reactionary of all the senators, called the bill "a liberal, socialist view" and cited as proof the bill's supporters including "environmentalists, unions and those Community Action people." Deem failed to include the Council of Churches, League of Women Voters and the Catholic Church.

With some clever parliamentary moves, Kessler cut off the debate and stifled any amendments. The bill then passed with a voice vote. Next the bill goes to the Senate Finance, the Committee "where good bills go to die" as the Clean Elections bill did last year. The big task this week is to persuade Chairman Walt Helmick to take up the bill within the next 10 days.

I am convinced that your calls and lobbying efforts made the difference in passing the bill out of the Senate Judiciary Committee and now, more than ever, contacting Senate Finance Committee members will be the key to the bill's future success. Nice work!

-Norm Steenstra for the Clean Elections Coalition

New Edition to Clean Elections Lobby Team

On-the-ground lobbyists for Clean Elections veteran Si Galperin (Common Cause), Carol Warren (WV Council of Churches), Norm Steenstra Jr. (WVCAG) and the WVEC team are now joined by Norm Steenstra III representing the Ohio Valley Environmental Coalition. The addition of "younger Norm" adds a real asset to the team, bringing new energy and insight to our efforts. Welcome, Norm III!

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organization
dedicated to
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Our members work
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Session at the Halfway Point

by *Norm Steenstra*, norm@wvcag.org

Now the real fun begins. The House Judiciary Committee debated “table games” for more than 9½ hours Thursday before approving the controversial bill. Our Clean Elections bill passed the Senate Judiciary Committee and the Kanawha State Forest bill is expected to move out of the Senate this week. Other issues, such as the various tax bills, the deposit container law (Bottle Bill) and the fate of the Blue Catfish are still unclear as we go to press. This week is really the last best chance for bills to exit their originating houses so that means longer meetings, double sessions and everyone’s collective nerves on a heightened edge.

The biggest challenge we have is to persuade Senate Finance Chairman Walt Helmick (D-Pocahontas) to put the Clean Elections bill on his agenda. Last year he failed to do so but promised us that he would do so this year. By the way, “spell check” Helmick and you can see why we must remind Walt of his pledge. Each West Virginia citizen has a Senator on the Finance Committee so all CAG members can make a difference and prod the good Chairman to do the right thing.

We at WV- CAG often comment on how the legislative session brings out the best in us, especially in the second half. Adrenaline flows more frequently, ideas incubate quicker and our message gets stronger as our feet get sorer. We’d love to hear from you on some of the issues that you’re interested in, because we’d like to think of ourselves as your lobbyists.

Clean Elections Note:

Special thanks to Senators Kessler, Foster, White, Hunter and Oliverio for their successful efforts to move the Clean Elections bill through the Senate Judiciary Committee last week.

Citizen Lobbyists Turn Out For Bottle Bill Day

by Linda Frame, linda@wvcag.org

On Thursday, February 8, Adopt-A-Highway volunteers, CAG members and other activists from across the state met at the Capitol to lobby legislators to support the WV Bottle Bill (SB 370 and HB 2773). We started the day with a press conference in the governor's reception area. Senator Brooks McCabe, Delegate Barbara Fleischauer and Governor Joe Manchin, along with Adopt-A-Highway Volunteer of the Year in 2006 Howland Sharpe all spoke to the need for anti-litter efforts in our state. I had the privilege of presenting Governor Manchin with over 4,000 petitions signatures and with the results of our survey of Adopt-A-Highway volunteers.

Our survey to 941 Adopt-A-Highway volunteers was sent in December and nearly 50% of them responded (unheard of numbers with a direct mailing). Of those returning the survey, an overwhelming 80% support the Bottle Bill, 16 % were unsure and just 2% outright oppose the idea. (More in our next issue).

The governor stopped short of endorsing a bottle bill but said he is not opposed to the idea, and told the crowd we have some issues to work out with the opposition. Afterward, he spent time talking to Bottle Bill supporters who had filled up the reception room.

To augment our lobbying efforts we were joined by Mike McCray with Strategic Materials in Maine, which has been a bottle bill state for almost 30 years. I had the privilege of taking Mike to all corners of the Capitol including meeting with the governor, his staff, sponsors of the bill, opponents of the bill, the media, and an appearance on Hoppy Kercheval. Mike's knowledge of Maine's bottle bill was a huge asset as he explained time and time again how our bill would create jobs and how, in other states, the beverage manufacturers continue to do business even though those states' bills require them to shoulder the costs (unlike our bill). Learning more about the mechanics of Maine's bill reminded me that examples of workable Bottle Bills abound and we must continue to educate the public and our state government to think "outside the box" and realize that such a bill can work here, too. We need the political will to make that happen.

On that note, please call your delegates and ask them to support HB 2773, the WV Bottle Bill. During the next two weeks we will be lobbying the House in order to get the necessary support to get the bill taken up. Calls from the public are critical!

Thanks to all of you who turned out for Bottle Bill Day (more in our next issue) and to all of you who keep making those calls. We can't do it without you! For more information, please visit www.wvbottlebill.org. Thanks!

KSF Bill Makes Headlines

by Gary Zuckett, garyz@wvcag.org

The bill supported by the Kanawha State Forest Coalition to protect the popular forest from further abuse by oil and gas drillers was introduced this week in both the House and Senate. The following day it got front-page attention by the *Charleston Gazette* with supportive quotes by several of the bill's sponsors. All the district's Senators are co-sponsors and nine of the areas eleven Delegates have signed on to this measure that would apply only to the Kanawha State Forest (KSF).

This bill would not ban drilling on the forest property (the state doesn't own the minerals) but would provide for public comments, additional advance reporting by drillers to park officials, an enforcement action plan for violations, and public disclosure when new drilling permits are being considered. It would also provide for minimum surface disturbance, revegetation using native plants and prohibit "daylighting" - the practice of cutting a 60-foot wide swath for wooded roads in the hopes that the sun will dry out the road surface.

The Senate bill (SB460) is in the Natural Resources Committee. Chairman Fanning indicates he will run the bill this week. The House bill (HB 2848) was sent to Agriculture and Natural Resources, and then the Judiciary Committee. Calls, e-mails and visits to members of these committees would be most welcome.

WV-Citizen Action, who was a leader in the effort to have commercial logging banned in the KSF nearly a decade ago, is again actively working with the KSF Coalition to add these additional protections to this much-loved and utilized forest located just a short drive from our state Capitol.

Combined Reporting ~ New Revenue for West Virginia

by Ted Boettner, ted@wvcag.org

Last week I wrote about some revenue options that lawmakers could use to pay for salary increases for public employees. This week I would like to explain in more detail one of the options, combined reporting. The purpose of combined reporting is to stop abusive tax shelters by closing down corporate tax loopholes like passive investment (trademark) companies (PICS) that allow companies to shift their tax income from West Virginia to low-tax states like Delaware.

One of the most popular examples of a PIC is Geoffrey Inc., a subsidiary of Toys "R" Us, located in Delaware. Geoffrey Inc. is a shell corporation; it has no real staff, and its only function is to serve as a tax-free haven for corporate profits.

Here's how the tax loophole works. Toys "R" Us is required to pay West Virginia corporate income taxes on the profits it makes from its stores here. Toys "R" Us deducts from its profits the royalties its West Virginia stores pay to Geoffrey for

use of the Toys “R” Us name. Thus, part of the Toys “R” Us profits earned in West Virginia disappear, and part of its West Virginia tax burden goes with it. Geoffrey Inc. and hundreds of other PICs have been established in Delaware, where they can shift profits that would have been taxable in West Virginia and many other states. In Delaware, those profits go tax free because Delaware does not tax royalty income earned by a company whose activities are limited to managing intangible assets. Toys “R” Us is not the only culprit here.

So far, 17 states have closed the PIC or Geoffrey loophole by requiring “combined reporting” of profits. Under combined reporting, all profits from the in-state business (such as the Toys “R” Us stores) and any out-of-state subsidiaries (such as Geoffrey Inc.) must be combined and reported on the West Virginia return, including any royalties earned by the PIC subsidiaries. The royalty deduction no longer reduces the company’s taxable profits because it is added back in as income for the subsidiary. Toys “R” Us, then is taxed fairly on the legitimate profits made in the state. An imaginary example of how the PIC loophole shifts profits and reduces taxes, and how this benefit is eliminated through combined reporting, is shown below.

Unfortunately, the PIC loophole is one of just many tax avoidance techniques available to corporations operating in separate accounting states. For example, a February 2007 *Wall Street Journal* article notes that Wal-Mart may have been able to avoid as much as \$350 million in state corporate income taxes between 1998 and 2001 due to another, similar loophole know as “captive real estate investment trusts (REITs).



Important Events

Weekly Vigils Continue

WV Patriots for Peace Vigils every Friday from noon to 1:00 p.m. across from the Tidewater Restaurant at the Town Center Mall in Charleston. Help hold the Wall of Remembrance. For more info, please visit www.wvpatriotsforpeace.org.

The Ground Truth in Iraq

February 13, 2007, 7:00 p.m. West Virginia State University Union in Institute. Sponsored by Seneca 2 and Political Science Department at WVSU, WV Council of Churches and WV Patriots for Peace. More info: www.dahrjamailliraq.com. For more details, please see last week's issue of the *Eye*.

E-Day at the Capitol

March 2, 2007, 10:00 a.m. - 3:00 p.m. Location: House & Senate halls and upper rotunda area. Approximately 30 environmental organizations and sustainable businesses will be represented with displays. It's a great opportunity for citizens to come together to lobby.

For more information and to register your organization contact : Denise Poole at deniseap@earthlink.net or call the WVEC office: (304) 414-0143.

Annual E-DAY RECEPTION & BENEFIT will be held the same evening. Make your plans now to join us on this date! *More details to follow.*

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.

Bill Numbers

When you call your senators and delegates asking them for their support, it's helpful to give them a bill number. Here are the bill numbers for legislation that WV-CAG and the WV Environmental Council (WVEC) are supporting (SB = Senate bill and HB = House bill):

SB 118 and HB 2371 - WV Public Campaign Financing Act (Clean Elections). Currently in the Senate Finance Committee (Senator Walt Helmick - Chair).

SB 370 and HB 2773 - the A. James Manchin Rehabilitation Environmental Action Plan (WV Bottle Bill). Currently in Senate Natural Resources and House Judiciary.

SB 460 and HB 2848 - Requiring Division of Natural Resources promulgate rule applicable in Kanawha State Forest. Currently in Senate Natural Resources.

For more bills, visit www.wvecouncil.org/legisupdate/2007/02_09.html where you can see a more comprehensive list put together by the WVEC.

Editor's Note: Last week was a bit insane around here and a rare thing happened. We were unable to put out the Capital Eye on Friday as we were at the Capitol lobbying. We hope to get back on schedule this week so you should be seeing another Capital Eye in just a few days.

Thanks for your support and understanding!



Please renew your membership or send a donation.

Name: _____

Address: _____

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!