CITY OF SHINNSTON

MUNICIPAL HOME RULE PILOT PROGRAM

PHASE II APPLICATION

CITY OF SHINNSTON
40 Main Street
Shinnston, WV 26431
Phone: 304-592-2126
Fax: 304-592-1597
www.shinnstonwv.com
@ShinnCity

Submitted May 29, 2014
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Authorizing Submission of the Plan

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May 27, 2014

Debbie Browning  
West Virginia Development Office  
Municipal Home Rule Board  
State Capitol Complex Bldg., 6 Room 553  
Charleston, WV 25305-0311

Re: City of Shinnston’s Municipal Home Rule Application and Written Plan

Dear Members of the Municipal Home Rule Board:

On behalf of the Mayor and City Council for the City of Shinnston I am pleased to submit to the Municipal Home Rule Board for consideration the City of Shinnston’s Application to the Home Rule Phase II Pilot Program along with the accompanying Written Plan.

Under this cover, please find eight (8) original copies of the application along with supporting documents. An electronic copy of the plan has also been submitted to Debbie Browning at the West Virginia Development Office.

Chartered in 1877, Shinnston is a Class III municipality located in northern Harrison County with a population of 2,240 people according to the 2010 Census.

The City of Shinnston operates under the Council-Manager form of government with seven members of Council elected from four wards and three elected at large on a rotating basis every four years. The Council elects a Mayor from its membership every two years. Daily operations are overseen by the City Manager and Assistant City Manager, who along with Department Heads in Building Inspection, Police, Public Works, Utilities and Community Development manage approximately 45 employees in providing a full range of services to the businesses and residents of Shinnston.

The City of Shinnston looks forward to participating in Phase II of the municipal Home Rule Pilot Program. Should you have any questions regarding our application or written plan, please do not hesitate to contact me.

Very Truly Yours,

Debra Herndon
City Manager
Municipal Home Rule Pilot Program Phase II

Application Checklist

Section I: Applicant Information

| ✓ | General Information |
| ✓ | Municipal Classification |
| ✓ | Specific Issue(s) to be Addressed |
| ✓ | Issue(s) Category: Tax/Organization/Administrative/Personnel |

Section II: Narrative

| ✓ | Specific state laws, policies, acts, resolutions, rules or regulations that are preventing the municipality to carry out duties in the most effective, efficient, and timely manner. |
| ✓ | Specific problem(s) created by the laws, policies, acts, resolutions, rules or regulations. |
| ✓ | Proposed solution(s) to the perceived problem(s), including all proposed changes to law, policies, acts, resolutions, rules or regulations. Categorize and include: |

1) Proposed solution(s) in one of the four areas (tax/administrative/organization/personnel)  

2) Estimate(s) for proposed solution(s) and how the fiscal impact was determined. Example: Estimated reduction of administrative time and costs = x. Please attach the worksheet or formula used to determine “x” amount. |

Section III: Affidavits

| ✓ | Hearing Mandate Verification |
| ✓ | Publication Mandate Verification |
| ✓ | Ordinance Authorizing Submission of Plan |
| ✓ | Fiscal Impact Worksheets/Formulas |
| ✓ | Attorney Opinion (application complies with statutory requirements) |
| ✓ | State of West Virginia Fees Statement (none outstanding) |
| ✓ | Agreement to Requirements Statement (firearms, ammunition, and firearm accessories) |
Section I: Applicant Information

A. General Information

Name of Municipality: City of Shinnston
Certifying Official: Debra Herndon
Title: City Manager
Contact Person: Travis L. Blosser
Title: Assistant City Manager
Mailing Address: 40 Main Street
   Shinnston, WV 26431
Telephone Number of Contact Person: 304-592-6058
Fax Number of Contact Person: 304-592-1597
E-mail Address of Contact Person: tblosser@shinnstonwv.com

B. Municipal Classification

_____ Class I  _____ Class II  ____ X ____ Class III  _____ Class IV

C. Category of Issues to be addressed:

____ X ____ Tax  ____ X ____ Organization  ____ X ____ Administration  _____ Personnel

1. Imposition of a Sales & Use tax (Tax) – The City of Shinnston pursuant to the provisions of West Virginia Code 8-1-5a (k)(6) desires via its proposed Home Rule Plan to enact a consumers sales and service tax and a use tax in an effort to, among others, finance needed community capital projects.

The imposition of the proposed 1% sales and use tax is anticipated to produce income net of business and occupation tax reductions of approximately $150,000 per year.

2. Relief from Party Affiliation Requirement for Municipal Building Board Commissioners
   Permit the City to remove the party affiliation requirement for Municipal Building Commission.
3. **Appropriate Adequate Funding for Advertising the City**
   Permit the City to appropriate adequate funds to advertise the City and promote City events.
THE CITY OF SHINNSTON MUNICIPAL HOME RULE PLAN

SECTION II. WRITTEN PLAN NARRATIVE

Introduction

The City of Shinnston has been limited in its ability to effectively govern in the most efficient way possible under the restrictions placed upon it by Dillon's Rule. As a result, the City of Shinnston seeks to become a more unencumbered entity by participating in Phase II of the Municipal Home Rule Pilot Program.

The City of Shinnston and surrounding areas in northern Harrison and southern Marion counties has long relied upon mineral extraction, primarily coal mining, and other fields of industry centered around natural resources. Like the other neighboring communities, Shinnston has seen a decline in mineral extraction jobs over several decades, leading to population loss and reduced property maintenance.

The City of Shinnston has embarked on an aggressive strategy to make the community marketable to prospective businesses, including:

- development and implementation of a long-term strategic plan to enhance the participation and growth in the business as well as residential sectors through development of cultural enrichment programs, recreational activities, business outreach and promotion, and providing quality public services
- participation in the Blueprint Communities and On-Trac initiative
- establishment of the Shinnston Development Authority to serve as a cooperative liaison between the city and prospective developers and businesses

The City of Shinnston currently has a vibrant and popular downtown shopping area with storefronts that are in high demand. We hope to encourage businesses to locate here through the home rule pilot program by providing B&O tax relief, which the city will offset with the implementation of a sales tax to generate additional revenue. We feel this will provide continued incentive for new business owners to target Shinnston as a place to set up shop while allowing the city to provide relief to businesses that currently exist. Through this home rule proposal, the city would be able to effectively customize the laws and rates of the B&O system in a manner which more effectively benefits our business owners and tailor that system to the specific types of businesses we have within our city.
The City of Shinnston Municipal Home Rule Plan

Section II Written Narrative

Proposal 1. Imposition of Sales & Use Tax

Specific state laws, policies, rules or regulations

W.Va. Code 8-13-1 et seq., 8-13C-1-1 et seq., and in particular 8-13C-4(b) and 8-13C-5(b)

Problem: State law currently unduly restricts the ability of the City of Shinnston to generate sufficient revenues to (1) fund programs designed to grow and diversify the City’s economic base and the City a more desirable place in which to live and do business and (2) to allow the City the means of replacing business and occupation tax while not losing the needed revenue to provide City services.

A. West Virginia law currently limits both the types of taxes a municipality may impose and the rates at which those taxes may be imposed. More specifically, the taxes a municipality may impose are limited to those specified in W.Va. Code 8-13-1 et seq. and W.Va. Code 8-12C-1 et seq.

The primary business tax imposed by the City is the business and occupation tax, which is similar to the State business and occupation tax in effect prior to July 1, 1987. State law specifies the classifications of business activities upon which the City may impose its business and occupation tax and specifies the maximum rates that may be levied which, except in a couple of instances, are the primary State tax rate for those classifications in effect on January 1, 1959. Not all business activities were subject to the State business and occupation tax. Consequently, not all business activities engaged within the City are subject to the City’s business and occupation tax.

The State effectively repealed its business and occupation taxes on most business classifications effective July 1, 1987, in response to the 1984 final report of the West Virginia Tax Study Commission entitled “A tax study for West Virginia in 1980’s: equity for taxpayers, efficiency in administration, incentives for development: final report to the West Virginia Legislature.” That report recommended that the Legislature replace both State and municipal business and occupation taxes. As previously mentioned, although the Legislature effectively repealed the State business and occupation tax for most businesses effective July 1, 1987, the Legislature has provided municipalities with no suitable alternative taxes. In 2004, the Legislature enacted W.Va. Code 8-13C-1 et seq., which allows municipalities to impose 1% sales and use taxes provided they repeal their business and occupation tax. In most instances, and specifically in the case of the City of Shinnston, the amount of business and occupation taxes received under the service business classification of the tax far outweighs the revenue that would be generated from the 1% sales and use taxes. Consequently, under current law, the City of Shinnston
cannot afford to utilize the only tax alternative available to the City. The primary reason for repealing the State business and occupation tax is also the reason why alternative revenue sources need to be found for municipal business and occupation taxes – the taxes are a disincentive to economic growth and job creation in the City. For example, the taxes are measured by gross receipts from business activity, whether or not the business makes a profit. Additionally, the business and occupation tax encourages business growth and expansion on the other side of the city line to the detriment of the City's economic base. Further, in many instances, the City of Shinnston does not impose its business and occupation taxes at the maximum rates allowed by State law for the reasons discussed above.

Solution: The City of Shinnston proposes to and seeks approval for the imposition of 1% sales and use taxes which will, among other purposes:

1. Allow the City to Reduce the rates of business and occupation tax levied on its retail sales classification and eliminate the business and occupation tax levied on it manufacturing classification.
2. Generate new revenue to pay for needed capital improvements.
3. Allow the City to over time eliminate most business and occupation tax classifications.

As required by West Virginia Code 8-1-5a(k)(6), in conjunction with the City's request for authority to impose 1% sales and use taxes, the City is proposing to reduce the rate of its business and occupation tax under the retail sales classification from .34% to .28%, which results in a reduction of revenue of approximately $16,082 per year. Additionally, the City is proposing to eliminate the business and occupation tax under the manufacturing classifications, which will result in a further reduction of revenue of approximately $3,255 per year. The total projected reduction in business and occupation tax revenue is $19,337 annually.

Illustration A – B&O Tax Trend Report: This illustration reflects a three (3) year average of the City of Shinnston’s business and occupation tax receipts by category.

Illustration B – Calculation of Estimated Reduction of B&O Tax Revenues: This illustration reflects the projected loss of revenue from the elimination of the manufacturing and the loss of revenue resulting from the reduction of the retail classification.

Illustration C – Calculation of Estimated Revenues Resulting from 1% Sales & Use Tax: This illustration reflects the estimated revenues to be generated from the imposition of the City of Shinnston’s proposed 1% sales and use tax.

Illustration D – Is the requested sales tax feasibility study which provides additional information regarding the proposed business and occupation tax rate reduction and sales and use taxes imposed at a 1% rate.
The City's sales and use taxes will be administered, collected and enforced by the State Tax Department. With limited exceptions, the State and City sales tax base will be identical. Therefore, a transaction exempt from the State sales tax will also be exempt from City sales tax.
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<td>302,196.40</td>
<td>480</td>
<td>978</td>
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City of Shinnston
TAX ANALYSIS

CYCLE: ALL

CATEGORY: ALL CATEGORIES
TAX TYPE: ALL TAX TYPES
AREA: ALL AREAS
Illustration B

City of Shinnston
Calculation of Estimated Reduction of B&O Tax Revenue

Current Business & Occupation Tax Collections:

<table>
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<tr>
<th></th>
<th>3 Year Average Tax Collections</th>
<th>Rate per $100 of Sales</th>
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<tr>
<td>Manufacturers</td>
<td>3,255</td>
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<td>Retailers</td>
<td>109,357</td>
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<td>Wholesalers</td>
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<td>Service Business</td>
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<td>Rents &amp; Royalties</td>
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<td>Banks</td>
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<td>Coal</td>
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<tr>
<td>Natural Gas Production</td>
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<td><strong>Total</strong></td>
<td><strong>301,908</strong></td>
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Reducing Retail from 0.34 to 0.28 will reduce receipts by: \( \$16,082 \)
Eliminating Manufacturing will reduce receipts by: \( \$3,255 \)

Projected reduction in B&O Tax receipts \( \$19,337 \)
City of Shinnston
Calculation of Estimated Sales and Use Tax

**Exempt Service Sales:**
- Advertising
- Entertainment facilities
- Child Care
- Electronic Data Processing
- Health and Fitness Organizations
- Music Instructional
- Newspaper Circulation
- Nursing Homes
- Personal Services; hair, nails, massage
- Prescriptions
- Professional Services; Dr, Esq, Eng, CPA, Auctioneer, Architect
- Real Property

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<tr>
<th>Estimate 15% of Service Sales are taxable:</th>
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<tr>
<td>Total Service Sales: $4,258,340</td>
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<tr>
<td>Estimated Sales Tax: $21,292</td>
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**Exempt Retail Sales:**
- Food
- Motor Vehicles
- Motor Fuel
- Real Property

<table>
<thead>
<tr>
<th>Estimate 50% of Retail Sales are taxable:</th>
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<tr>
<td>Total Retail Sales: $32,163,982</td>
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<td>Estimated Sales Tax: $160,820</td>
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<table>
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<th>Total Sales Tax Generated</th>
<th>$182,112</th>
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<tr>
<td>Less: 5% Tax Commission Admin fee</td>
<td>$9,106</td>
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<td>Less: B&amp;O Offset needed</td>
<td>$19,000</td>
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<td>Net Available new projects</td>
<td>$154,006</td>
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City of Shinnston, West Virginia
Feasibility Analysis of Imposing Sales and Use Taxes

EXECUTIVE SUMMARY

Current financial resources available to the City of Shinnston, West Virginia, are not adequate to fund anticipated needs of the City. Some of these needs include:

$7 million dollars to fund needed infrastructure improvements

The City has few options available to it to meet these revenue needs and the City has determined that the better option available is to impose sales and service tax and compensating use taxes at the 1% rate.

DISCUSSION

A. Current Revenues

The City has imposed a business and occupation tax since September 10, 1990, enabling legislation being Ordinance No. 745, as amended. The rates of tax are allowed by W.Va. Code 8-13-5 or are close to the maximum rates. The chart below compares the maximum rates allowed by law with the City's current rates, which in several classifications are below the maximum rate allowable under State law.

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<th>Maximum Rate</th>
<th>City Rate</th>
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<td>Manufacturers</td>
<td>0.3%</td>
<td>0.27%</td>
</tr>
<tr>
<td>Retailers</td>
<td>0.50%</td>
<td>0.34%</td>
</tr>
<tr>
<td>Wholesalers</td>
<td>0.15%</td>
<td>0.15%</td>
</tr>
<tr>
<td>Utilities</td>
<td>3%</td>
<td>0.86%</td>
</tr>
<tr>
<td>Electric</td>
<td>4%</td>
<td>3.50%</td>
</tr>
<tr>
<td>Natural Gas Company</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Contracting</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Amusements</td>
<td>0.50%</td>
<td>0.40%</td>
</tr>
<tr>
<td>Service Business</td>
<td>1%</td>
<td>0.50%</td>
</tr>
<tr>
<td>Rents &amp; Royalties</td>
<td>1%</td>
<td>0.75%</td>
</tr>
<tr>
<td>Banks</td>
<td>1%</td>
<td>0.50%</td>
</tr>
<tr>
<td>Coal</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Natural Gas Production</td>
<td>6%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Illustration D

In addition to the business and occupation tax, the City imposes:

1. Ad Valorem property taxes on real and personal property for municipal purposes within the limitations and subject to the classifications prescribed by the constitution and the general law of this State as provided in W.Va. Code 8-13-1.

<table>
<thead>
<tr>
<th>Class II Property</th>
<th>2013 Levy Rate</th>
<th>Maximum Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular levy rate</td>
<td>24.94%</td>
<td>24.94%</td>
</tr>
<tr>
<td>Excess levy rate</td>
<td>12.50%</td>
<td>12.50%</td>
</tr>
<tr>
<td>Bonded indebtedness</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Class IV Property</th>
<th>2013 Levy Rate</th>
<th>Maximum Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular levy rate</td>
<td>49.88%</td>
<td>49.88%</td>
</tr>
<tr>
<td>Excess levy rate</td>
<td>25.00%</td>
<td>25.00%</td>
</tr>
<tr>
<td>Bonded indebtedness</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

Note: Excess levies and levies for general obligation bonds require approval by at least 60% of those voting for and against the levy. W.Va. Const. Art. X, 1. An excess levy may remain in place for up to five years, W.Va. Const. Art. Z, 11, and may be renewed upon favorable vote of the people.

3. A 5% tax on purchases of intoxicating liquors in the municipality pursuant to W.Va. code 8-13-7.
5. Special charges for municipal services as provided in W.Va. code 8-13-13.

Fire protection service charges established by Ordinance No. 753, on March 16, 1983, as amended.

Police protection service charges established by Ordinance No. 753, on March 16, 1983, as amended.

Street Maintenance service charges established by Ordinance No. 753, on March 16, 1983, as amended.
B. Proposed Sales and Use Taxes

Sales and use tax would be levied on all sales of tangible personal property and custom software made within the municipality and on the furnishing within the municipality of taxable services upon which the State consumers sales and use tax is collected, with limited exceptions.

Municipal sales taxes may not apply to:

1. Any transaction that is exempt from the State consumers sales and service tax.
3. Sales of motor fuels upon which the taxes imposed by W.Va. Code 11-14C-1 *et seq.* are paid.
4. Sales of real property and sales of intangible personal property, which are not subject to State sales tax.

The municipal sales and use taxes would be administered, collected and enforced by the Tax Commissioner, at the same time and in the same manner as the State consumers sales and service tax and use taxes are administered, collected and enforced by the Tax Commissioner.

1. Large vendors remit tax monthly to the Commissioner by the 20\textsuperscript{th} day of the month following the month in which the tax is collected, except for taxes collected in December each year that are due at the end of January of the next calendar year.
2. Very small vendors remit tax annually to the Commissioner by the end of January following the calendar year in which the tax was collected.
3. All other vendors remit tax to the Commissioner on a quarterly basis, by the 20\textsuperscript{th} day of the month following the close of the calendar quarter, except for the fourth quarter which is due at the end of January.
4. Purchaser use taxes are remitted at the same time as sales taxes are remitted to the Commissioner.

The Tax Commissioner will likely charge an annual fee for his services, which may not exceed 5% of net collections per fiscal year. The City of Shinnston assumes that the fee will be 5% of net collections.
Quarterly, the State Treasurer will remit to the City the amount of tax in the City's subaccount established in the State treasury pursuant to W.Va. Code 8-13C-7.

We recognize that when B&O taxes are reduced in order to impose a sales tax, the effective date of the B&O tax reduction and the date when the city will begin to receive sales tax collections need to be coordinated in order to avoid a budget shortfall.

C. Estimate of Sales and Use Tax Collections

The population of the municipality as of the 2010 census was more than 2,240 persons. The primary retail shopping areas for these residents are located within the municipality. Businesses within the municipality also draw shoppers from outside the municipality. Residents of the municipality may also shop outside the municipality.

During the most recent fiscal year of the City, gross receipts of more than $32 M was reported under the retail classification of the municipality's business and occupation tax. During the most recent fiscal year of the City, gross receipts of more than $4 M was reported under the service classification of the municipality’s business and occupation tax. While gross receipts reported under the retail and service classifications of the business and occupation tax and gross proceeds of retail and service sales subject to the proposed sales and service tax will not be the same for many reasons, gross receipts reported under the retail and service classifications of the business and occupation tax less gross receipts attributable to (1) sales of groceries, (2) sales of motor fuels, (3) sales of motor vehicles, (4) sales of prescription drugs, and (5) sales of certain services including but not limited to: sales of advertising, entertainment, child care, electronic data processing, health and fitness organizations, music instruction, newspaper circulation, nursing homes, personal services, professional services, and real property are an indicator of taxable gross proceeds of sales subject to the proposed sales and use taxes and are a good indicator of the proposed sales tax base.

Revenue Projections

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Sales Tax Revenue</th>
<th>B&amp;O Tax Reduction</th>
<th>Net Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$182,112</td>
<td>$19,337</td>
<td>$162,775</td>
</tr>
<tr>
<td>2016</td>
<td>$182,476</td>
<td>$19,337</td>
<td>$163,139</td>
</tr>
<tr>
<td>2017</td>
<td>$182,840</td>
<td>$19,337</td>
<td>$163,503</td>
</tr>
<tr>
<td>2018</td>
<td>$183,204</td>
<td>$136,314</td>
<td>$46,890</td>
</tr>
</tbody>
</table>

Note: Year 2018 B&O Tax Reduction would included the elimination of Retailer, Wholesaler, Service Business and Rents and Royalties B&O. Again these numbers are only approximate.
D. Administration of Municipal Sales and Use Taxes

West Virginia law requires that there be state level administration of municipal sales and use taxes, see W.Va. code 11-15B-33, and that there be uniformity of state and local sales and use tax bases, see W.Va. code 11-15B-34.

Consequently, the municipality will have no role in the administration, collection and enforcement of the proposed sales and use taxes and there will be no administrative costs to the municipality.

E. Vendor Compliance Learning Curve

State and municipal sales and use taxes are collected employing what are known as destination sourcing rules, which are set forth in W.Va. code 11-15B-14, 11-15B-14a and 11-15B-15.

1. In general, if the customer takes delivery of the tangible personal property, custom software or results of the taxable service at the business location of the vendor, e.g., the storefront, the State and local sales/use taxes applicable to that location apply.
2. When delivery does not occur at the vendor’s business location, the State and local sales taxes applicable to the transactions are those applicable to the location where the purchaser or the purchaser’s designee takes delivery of the goods or results of the taxable service.

Applying the destination sourcing rules can be a new experience for vendors selling goods and services in a municipality that heretofore has not imposed sales and use taxes.

The destination sourcing rule for sales and use tax purposes will be different in some instances from the rules businesses commonly follow to determine their business and occupation tax liability.

F. Boundary Database

We recognize that a municipality imposing a sales tax will need to provide the Tax Commissioner with a rate and boundary database. To build the database, the City anticipates utilizing the five-digit zip codes located in whole or in part within the municipality, and the nine-digit zip codes located in whole or in part within the municipality imposing the sales tax. Consequently once the rate and boundary database is built it must be maintained by the municipality and the Tax Commissioner must be advised when the zip code boundaries are changed.

The City of Shinnston has one five-digit zip code located in whole or in part within the City – 26431
G. Coordination of B&O Tax Reduction and Sales and Use Tax Receipts

Committee Substitute for Senate Bill 435 (2013) requires that the municipality reduce its business and occupation tax in order to impose a sales tax. Because, the municipality's B&O tax is deposited in its general revenue fund and the municipality is required to have a balanced budget, the municipality must carefully coordinate the timing of B&O tax reductions and their effect on B&O tax collections and when the municipality will begin to receive sales use tax revenues from the State.

H. Proposed Reduction in Business and Occupation Taxes

W.Va. code 8-1-5a(k)(6) provides that a municipality participating in the Municipal Home Rule Pilot Program may not impose a sales tax pursuant to its home rule authority unless the municipality reduces its business and occupation tax.

As the charts on pages 2 and 3 of this document indicate, the business and occupation rates imposed by the City of Shinnston are in many instances below the maximum rates allowed by State law.

To comply with the requirements of Section 8-1-5a(k)(6), the City is proposing to further reduce the rate of business and occupation tax imposed on its retail classification and eliminate the rates of business and occupation tax imposed on its manufacturing classifications.

<table>
<thead>
<tr>
<th>Classification</th>
<th>Current Rate</th>
<th>Proposed Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>.34%</td>
<td>.28%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>.27%</td>
<td>.00%</td>
</tr>
</tbody>
</table>

These reductions are estimated to reduce the City's business and occupation tax collections by $19,337 per year.

CONCLUSION

As the preceding discussion demonstrates, it is feasible for the City of Shinnston, West Virginia, to reduce its business and occupation taxes by $19,337 per year and impose sales and use taxes at a rate of 1% that is expected to generate net revenue in excess of $150,000 per year. The net additional revenue will be used primarily to reduce business and occupation taxes with the long term objective of eliminating business and occupation taxes, with short term revenue being used for necessary capital improvements.

Debra Herndon, City Manager
Fiscal Impact Worksheet

FISCAL IMPACT WORKSHEET FOR PROBLEM AND PROPOSED SOLUTION

Municipality: SHINNSTON, West Virginia

Person who prepared fiscal statement: Travis L. Blosser
Telephone number: 304-592-2126
Email address: tblosser@shinnstonwv.com

Problem/Solution Number: 2

Category of Issues:

Tax – Organization – Administration - Personnel

Type of Solution:

Ordinance – Act – Resolution – Rule – Regulation

A. Fiscal Note Summary

1. Summarize in a clear and concise manner what this solution would have on costs and revenues of the municipality if the proposed solution is implemented as written.

Through the elimination of the manufacturing and reduction in the retail classification under the B&O Tax, the City projects a loss of approximately $19,337 in revenue. With the implementation of a 1% sales and use tax, the City projects new net revenue in the amount of $153,669. This new revenue will provide the City with funds to address current capital needs with the goal of eliminating most B&O tax brackets.

2. Summarize in a clear and concise manner what impact this solution would have on residents and/or persons doing business in the municipality if the proposed solution is implemented as written.

Residents will pay an additional 1% sales tax on non-exempt retail and service purchases made in the corporate limits. However, the implementation of a sales and use tax has proven successful in other municipalities with little to no adverse impact on the residents. Businesses will see a benefit in this proposal through the elimination and reduction of the B&O tax rates.
B. Fiscal Impact Detail – Municipality

Show overall effect in item 1 and in item 2 or 3. In item 4, explain the numbers entered in items 1 and 2 or 3.

<table>
<thead>
<tr>
<th>Effect of Solution</th>
<th>First Fiscal Year in which Implemented</th>
<th>Second Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Estimated Total Cost</td>
<td>$2,000</td>
<td>Minimal</td>
</tr>
<tr>
<td>A. Personal Services</td>
<td>$1,500</td>
<td>N/A</td>
</tr>
<tr>
<td>B. Current Expenses</td>
<td>Minimal</td>
<td>Minimal</td>
</tr>
<tr>
<td>C. Repairs &amp; Alterations</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>D. Assets</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>E. Other</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>2. Estimated Total Revenue Gain</td>
<td>$182,112</td>
<td>$182,476</td>
</tr>
<tr>
<td>3. Estimated Total Revenue Loss</td>
<td>$28,443</td>
<td>$28,443</td>
</tr>
</tbody>
</table>

3. Explanation of How Estimates Were Determined. Include the formula used or attach the worksheet.

The worksheets illustrating the projected gains and losses as a result of the implementation of a 1% sales and use tax have been prepared and are found on attachment A and B.

C. Community Assessment – Estimated Impact of Solution on Residents and Businesses During First Full Fiscal Year of Operation.

1. What groups will be affected by this solution?

   Businesses in the retail and service classifications will be impacted by the Sales & Use Tax along with our residents. Businesses in the manufacturing and retail classifications will be impacted by the elimination and reduction of B&O.

2. What will be the impact(s) on these groups?

   Indications are that the 1% sales tax has little impact on residents. The elimination and reduction of B&O Taxes is a positive impact for current and new businesses in Shinnston.
3. What evidence was used to form this opinion view?

   The City analyzed 3 years of B&O Tax receipts to estimate the loss and additional revenues derived from certain classifications.

4. What plans do you have, if any, to mitigate any negative impacts identified?

   The City does not anticipate any negative impacts at this time.

D. Additional Information
The City of Shinnston Municipal Home Rule Plan

Section II Written Narrative

Proposal 2. Relief from Party Affiliation Requirement for Municipal Building Commission

Specific state laws, policies, rules or regulations

W.Va. Code 8-33-3

Problem: Current State law mandates that not more than two thirds of the total number of members of the board of the Building Commission shall be from the same political party. And in a small City it is often difficult to find a willing and qualified person who also has the prescribed political affiliation.

Proposed Solution

The City proposes to be exempt from the requirements of W.Va. Code 8-33-3. This proposal will ensure that the best qualified individuals are appointed as commissioners.
Section II Written Narrative

Proposal 3. Appropriate Adequate Funding for Advertising the City

Specific state laws, policies, rules or regulations

W.Va. Code 8-12-5(52)

Problem: Present state law restricts the City from providing adequate funds to advertise and promote the City. W.Va. Code 8-12-5 (52) provides that a municipality has the power to appropriate and expend not exceeding twenty-five cents per capita per annum for advertising the municipality and the entertainment of visitors. This law restricts the City from providing adequate funding to events that promote the City. The City proposes to be allowed to waive the provisions of W.Va. Code 8-12-5(52).

Proposed Solution

The City proposes to appropriate and expend not exceeding one dollar per capita per annum for advertising the municipality and the entertainment of visitors. This proposal will enable the City to adequately promote its image and improve awareness for City events. The City has a rich history of organizing historical and cultural events that brings thousands of people into the City. Businesses in the City benefit from these events because it enhances community involvement and participation. These events maximize the quality of life of our residents by promoting arts, entertainment, and cultural values. The City also benefits from increased revenue by receiving more taxes from businesses. This proposal is paramount to the City’s goal of increasing awareness of our cultural events and ultimately promoting the City.
AFFIDAVIT OF MUNICIPAL CLERK
HEARING MANDATE VERIFICATION

STATE OF WEST VIRGINIA
COUNTY OF HARRISON, TO WIT:

This day personally appeared before the undersigned Notary Public in and for the County and State aforesaid, Kathleen Panek, who, being duly sworn, upon her oath, deposes and says:

1. That she is the Clerk for the City of Shinnston and that as such she has personal knowledge of the facts set forth in the affidavit;
2. That on April 28, 2014 at 7:00 p.m., in Council Chambers, the Council for the City of Shinnston, at a meeting duly called for such purpose, held a public hearing on the City of Shinnston’s Home Rule Plan pursuant to the provisions of West Virginia Code 8-1-5a(g);
3. That prior thereto, she caused a notice of said public hearing to be published as a Class II legal advertisement in the Clarksburg Exponent, a newspaper in general circulation in the City of Shinnston and Harrison County West Virginia, with dates of publication being March 26, 2014, and April 2, 2014, a copy of which notice is attached as Exhibit A;
4. That since March 26, 2014, a copy of the City of Shinnston Home Rule Plan had been available for public inspection at the City Manager’s office, 40 Main Street, Shinnston, West Virginia;
5. That she prepared an agenda for the special meeting and provided a copy of the agenda, a copy of which is attached as Exhibit B, and Special Meeting Notice, a copy of which is attached as Exhibit C, to all local media outlets on March 24, 2014, in accordance with the provisions of West Virginia Code 16-9A-3, the Open Government Proceedings Act;
6. That the April 28, 2014, meeting of the Council for the City of Shinnston was called pursuant to the City Charter, and all provisions of said charter have been satisfied.
7. That a transcript of the public hearing is attached as Exhibit E.

And further deposes that saith naught.

Kathleen Panek
AFFIANT

Taken, subscribed and sworn to before me, the undersigned authority, this the 24th day of March 2014.

Deborah A. Starkey
NOTARY PUBLIC

NOTICE OF PUBLIC HEARING
ON PROPOSED HOME RULE PLAN
OF THE CITY OF SHINNSTON, WEST VIRGINIA

The West Virginia Legislature in 2013 expanded the Municipal Home Rule Pilot Program created pursuant to the provisions of West Virginia Code 8-1-5a to allow participation by additional municipalities. The City of Shinnston desires to participate in the expanded Municipal Home Rule Pilot Program and has prepared a written home rule plan.

West Virginia Code 8-1-5a(g) requires that the City of Shinnston hold a public hearing on the written home rule plan prior to submitting the written plan to the Municipal Home Rule Board.

NOW, THEREFORE, PLEASE TAKE NOTICE THAT THE COUNCIL FOR THE CITY OF SHINNSTON WILL HOLD A PUBLIC HEARING ON THE CITY OF SHINNSTON’S PROPOSED WRITTEN HOME RULE PLAN ON THE 28th DAY OF APRIL, 2014, AT 7:00 P.M., WHICH PUBLIC HEARING SHALL BE HELD IN COUNCIL CHAMBERS, AT THE CITY OF SHINNSTON MUNICIPAL BUILDING, 43 BRIDGE STREET, SHINNSTON, HARRISON COUNTY, WEST VIRGINIA.

A copy of the City of Shinnston’s proposed written home rule plan is available for public inspection at the Office of the City Manager of the City of Shinnston, 40 Main Street, Shinnston, Harrison County, West Virginia.

At the public hearing anyone interested in the matter may appear and be heard.

Dated at Shinnston, West Virginia this 25th day of March, 2014.

Kathleen Panek
City Clerk of the City of Shinnston

Publish as a Class II Legal Ad on March 26th and April 2, 2014.
Affidavit of Publication
Clarksburg Exponent

Publication Mandate Verification
PUBLISHER'S CERTIFICATE

Advertising Manager of THE EXPONENT TELEGRAM, a newspaper of general circulation published in the city of Clarksburg, County and state aforesaid, do hereby certify that the annexed:

HOME RULE PLAN

was published in THE EXPONENT-TELEGRAM 2 time(s) commencing on 03/27/2014 and ending on 04/03/2014 at the request of

CITY OF SHINNSTON.

Given under my hand this 04/08/14.

The publisher's fee for said publication is: $64.44.

Advertising Manager of The Exponent-Telegram

Subscribed to and sworn to before me this 04/08/14

Notary Public in and for Harrison County, WV

My commission expires on

The 29th day of August 2017
Meeting Agenda

April 28, 2014.

Public Hearing on H.R. Plan
CITY OF SHINNSTON, WV
Public Hearing
Council Chambers, 43 Bridge Street
April 28, 2014
7:00 pm

Home Rule Application

CITY OF SHINNSTON, WV
Special Meeting
Council Chambers, 43 Bridge Street
April 28, 2014
Immediately following above

1. Water Plant Equipment Financing Ordinance (first reading)
2. Intergovernmental Agreement with BOE on Tennis Courts
3. Poppy Proclamation

CITY OF SHINNSTON, WV
Work Session
Council Chambers, 43 Bridge Street
April 28, 2014
7:00 pm

Call to order and welcome - Mayor Sam DeMarco

Petition of citizens:

Executive Reports: Mayor DeMarco, City Manager Herndon, Assistant City Manager Blosser, Community Development Director Perdue, Engineer Steve Cain

Discussion Items:

1. Suddenlink Cable Franchise
2. Customer Utility Deposits

Executive Session: To discuss matters involving the sale or lease of property and advance construction planning which, if made public, might adversely affect the interests of the City; to discuss matters with counsel pursuant to the attorney/client privilege; and to discuss personnel matters.

Adjournment
Authorizing Ordinance

May 26, 2014

H.R. Plan
ORDINANCE NO. __________

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SHINNSTON ADOPTED
PURSUANT TO THE PROVISIONS OF WEST VIRGINIA CODE 8-1-5a AUTHORIZING
THE CITY OF SHINNSTON TO SUBMIT A WRITTEN HOME RULE PLAN TO THE
MUNICIPAL HOME RULE BOARD IN ORDER TO PERMIT THE CITY OF SHINNSTON’S
PARTICIPATION IN THE MUNICIPAL HOME RULE PILOT PROGRAM.

WHEREAS, in 2013, the West Virginia Legislature expanded the Municipal
Home Rule Pilot Program created pursuant to the provisions of West Virginia Code
8-1-5a to allow participation by additional municipalities;

WHEREAS, the City of Shinnston desires to participate in said program and
has prepared a written home rule plan, which plan complies with the provisions of
the aforementioned code section;

WHEREAS, a public hearing on said plan was slated for April 28, 2014, at
7:00 p.m., or as soon thereafter as the matter could be heard at 43 Bridge Street,
Shinnston, West Virginia, and a notice of said public hearing was published as a
Class II legal advertisement in the Clarksburg Exponent, a newspaper in general
circulation in Shinnston and Marion County, West Virginia, on March 26, 2014, and
April 2, 2014, all as required by the aforementioned code section;

WHEREAS, all other general notice requirements relating to said public
hearing were satisfied; and

WHEREAS, following the public hearing, the Council for the City of Shinnston
by a vote of 6-0, authorized the submission of said plan.

NOW THEREFORE BE IT ORDAINED BY THE CITY OF SHINNSTON THAT:

SECTION 1. AUTHORIZATION The City Manager for the City of Shinnston be
and is hereby authorized, empowered and directed to submit the City of Shinnston’s
Home Rule Plan to the Municipal Home Rule Board in order to permit the City of
Shinnston’s participation in the Municipal Home Rule Pilot Program created by
West Virginia Code 8-1-5(a), and the City Manager is further authorized,
empowered and directed to execute and deliver the agreement relating to firearms,
ammunition and firearm accessories, the State of West Virginia Fees Statement, and
to do all acts and things as may be necessary and appropriate to carry out the
purpose and intent of the Ordinance, all with such change or changes from the form
of the plan as approved hereunder as the City Manager executing the same may
approved
SECTION 2. EFFECTIVE DATE: This Ordinance shall take effect immediately after adoption.

Adopted this the 26th day of MAY, 2014.

ATTEST:

Kathleen Panek
Clerk
Special Shinnston City Council Meeting  
City Of Shinnston, West Virginia  
May 26, 2014

The Special Meeting of the Shinnston City Council was called to order at 7:05 P.M. in Council Chambers on Monday, May 26, 2014 for consideration of Second Reading and approval of Ordinance to apply for Home Rule by Mayor Sammy J. DeMarco. Mayor Sam DeMarco, Vice-Mayor Bob Burnett, Councilpersons James Coulter, Rodney Strait, Mary Ann Ferris, and David Signorelli were present. Councilperson Brian Parrish was absent. Also present were City Manager Debra Herndon, Assistant City Manager Travis Blosser, and City Clerk Kathleen Panek.

It was ascertained that a quorum was present.

Vice-Mayor Bob Burnett moved to read by Title only. Councilperson Ferris seconded. Motion passed by unanimous vote.

City Manager Herndon read: AN ORDINANCE OF THE COUNCIL OF THE CITY OF SHINNTON ADOPTED PURSUANT TO THE PROVISIONS OF WEST VIRGINIA CODE 8-1-5a AUTHORIZING THE CITY OF SHINNTON TO SUBMIT A WRITTEN HOME RULE PLAN TO THE MUNICIPAL HOME RULE BOARD IN ORDER TO PERMIT THE CITY OF SHINNTON’S PARTICIPATION IN THE HOME RULE PILOT PROGRAM.

Vice Mayor Burnett moved to accept AN ORDINANCE OF THE COUNCIL OF THE CITY OF SHINNTON ADOPTED PURSUANT TO THE PROVISIONS OF WEST VIRGINIA CODE 8-1-5a AUTHORIZING THE CITY OF SHINNTON TO SUBMIT A WRITTEN HOME RULE PLAN TO THE MUNICIPAL HOME RULE BOARD IN ORDER TO PERMIT THE CITY OF SHINNTON’S PARTICIPATION IN THE HOME RULE PILOT PROGRAM on Second and Final Reading. Councilperson Ferris seconded. Motion passed by unanimous vote.

Councilperson Signorelli moved to adjourn the Special Meeting. Councilperson Coulter seconded. Motion passed by unanimous vote.

Meeting adjourned at 7:06 P.M.

Kathleen Panek, City Clerk

Date Accepted by Council:
Sammy J. DeMarco, Mayor
May 29, 2014

Debra Herndon, City Manager
City of Shinnston
40 Main Street
Shinnston, WV 26431

Re: Municipal Home Rule Pilot Program
    Phase II Application

Dear Ms. Herndon:

I have reviewed the Phase II Application of the City of Shinnston for participation in the Municipal Home Rule Pilot Program.

In my opinion, the City’s Application, including the proposed written plan, does not violate the provisions of West Virginia Code § 8-1-5a.

Yours truly,

[Signature]

Thomas R. Michael
WV Bar # 2546
City Attorney for the City of Shinnston
AFFIDAVIT OF CITY MANAGER  
STATE OF WEST VIRGINIA FEES STATEMENT  

STATE OF WEST VIRGINIA  
COUNTY OF HARRISON, TO WIT:  

This day personally appeared before the undersigned Notary Public in and for the County and State aforesaid, Debra Herndon, who, being first duly sworn, upon her oath, deposes and says:  

1. That she is the City Manager for the City of Shinnston and that as such she has personal knowledge of the facts set forth in the affidavit;  
2. That as of the date of this affidavit, all fees, assessments and charges due from the City of Shinnston to the State of West Virginia, which may have been due and owing, have been paid in full.  

And further affiant sayeth naught.  

[Signature]  
AFFIANT  

Taken, subscribed and sworn to before me, the undersigned authority, this the 26th day of January, 2014.  

[Stamp]  
Notary Public, State Of West Virginia  
DEBORAH A. STARKEY  
40 Bridge Street  
Shinnston, WV 26431  
My Commission Expires Jan. 10, 2018  

[Signature]  
NOTARY PUBLIC  

My Commission Expires: Jan. 10, 2018
AFFIDAVIT

STATE OF WEST VIRGINIA,
COUNTY OF HARRISON, TO-WIT:

This day personally appeared before the undersigned Notary Public in and for the County and State aforesaid, Debra Herndon, who, being by me first duly sworn, upon his oath, deposes and says:

1. That she is the City Manager for the City of Shinnston and that has such has reviewed the foregoing Requirements Concerning Firearms, Ammunition and Firearm, a copy of which is attached;
2. That the City of Shinnston does not meet any of the disqualifying factors outline in said requirements.
3. That he knows of no reason why the City of Shinnston should not be permitted to participate in Phase II of the West Virginia Municipal Home Rule Pilot Program.

And further affiant sayeth not.

[Signature]
Debra Herndon

Taken, subscribed and sworn to before me, the undersigned authority, this the 20 day of January 2014, by Debra Herndon, City Manager for the City of Shinnston.

[Notary Public Seal]
Deborah A. Starkey

Requirements Concerning Firearms, Ammunition and Firearm Accessories

Definitions: As used in this subsection:

(A) Ammunition means fixed cartridge ammunition, shotgun shells, the individual components of fixed cartridge ammunition and shotgun shells, projectiles for muzzle-loading firearms and any propellant used in firearms or ammunition.

(B) Firearm accessory means a device specifically designed or adapted to enable the wearing or carrying about one’s person, or the storage or mounting in or a conveyance, of a firearm, or an attachment or device specifically designed or adapted to be inserted into a firearm or affixed onto a firearm to enable, alter or improve the functioning or capabilities of the firearm.

(C) Firearm has the same meaning as in W. Va. § 61-7-2.

General Rule:

(A) Municipalities participating in the Municipal Home Rule Pilot Program may not restrict in any manner the right of any person to purchase, possess, transfer, own, carry, transport, sell or store any revolver, pistol, rifle, or shotgun, or indirectly prohibit the ownership of the ammunition, or, to restrict in any manner the right of any person to purchase, possess, transfer, own, carry, transport, sell or store any other firearm accessory or accoutrement, under any order, ordinance or rule promulgated or enforced by the municipality. This rule may not be construed to prevent any law enforcement official with appropriate authority from enforcing any statute enacted by the state.

(B) The authority of a municipality to regulate firearms, ammunition, or firearm accessories may not be inferred from its proprietary authority, home rule status or any other inherent or general power.

(C) Any existing or future orders, ordinances, or rules promulgated or enforced in violation of this subsection are null and void.

(D) A municipality may regulate the carrying of a firearm in municipal buildings dedicated to government operations, other than parking buildings or garages.

Applicability and Effective Dates:

Ninety days after a new municipality has been selected by the Board to participate in the pilot program, or a previously participating municipality has chosen to continue to participate in the pilot program, any municipal gun ordinances previously authorized by the provisions of section five-a, article twelve, chapter eight of this code shall no longer be of any force or effect for any municipality participating in this program, to the extent they are in conflict with the provisions of this subsection: Provided, that no provision in this subsection may be construed to limit the authority of a municipality to restrict the commercial use of real estate in designated areas through planning or zoning ordinances.

Certifying Official Signature (Mayor or designee): [Signature]