

# **State Handbook of Economic, Demographic, and Fiscal Indicators 2006**

## **West Virginia**



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# Introduction

The *State Handbook of Economic, Demographic, and Fiscal Indicators 2006* represents the sixth edition of the state handbook series. We produce a new updated handbook biennially. It is an easy-to-use reference book for anyone in search of up-to-date information about state economic, demographic, and fiscal conditions. Policymakers, public officials, and policy analysts will find useful data on such topics as population, poverty rates, per capita state personal income, state and local revenues, expenditures, tax rates, and property tax relief programs. Gender and age comparisons are provided for some of the data. Throughout the book we use the most current data available.

This handbook facilitates state-by-state and state-national comparisons, which can serve a variety of purposes. For example, a state's tax burden can be compared with the national average or with that of other states in the region. Per capita state personal income, unemployment, and median household income can be used to assess how residents in one state fare vis-à-vis those in another.

## *State Economic, Demographic, and Fiscal Summaries*

This part of the book features economic, demographic, and fiscal summaries of the entire United States, each state, and the District of Columbia, along with summaries for the Virgin Islands and Puerto Rico. Most of the book's information is presented in this section. Users will find statistics on several major economic indicators, such as state personal income, median household income, and employment, as well as on population and poverty, distribution of household income, revenues, expenditures, tax rates, and debt ratio measures.

A section on state-specific property tax relief summarizes homestead exemptions and credits, circuit breakers, and tax deferral programs, all of which are defined in the source notes and explanations section at the end of the book. We did not include all of the property tax rates, because they can vary within states, and because data on the varying rates are not easily available. In addition, nominal rates often do not equal effective rates.

Homestead exemptions are reductions in the amount of assessed property value subject to taxation. When reporting homestead exemptions, we note the assessed property value; however, the value of the tax reduction depends not only on the assessed property value but also on the fractional assessment level. For example, the fractional assessment percentage in Alabama is 10 percent for residential property, so the *reported* exemption value of \$4,000 translates into an exemption of \$40,000 in fair market value (\$4,000 divided by 0.1). For this reason, assessed values must first be converted into fair market values before comparing homestead exemptions among states.

The section on state and local general revenues and expenditures shows revenues and expenditures per capita and as a percentage of state personal income, as well as average annual changes from 1992 to 2002. The year 2002 was the most current year that we could obtain revenue and expenditure data from the U.S. Census Bureau. Comparisons can be made between each state and the national average of the amounts spent on expenditure programs. State and local debt information is provided on a per capita basis and per \$1,000 of personal income. The composition of short-term and long-term debt is also presented.

We have made some changes in the contents of the economic, demographic, and fiscal summaries since the 2003 *Handbook*. First, we now provide more current information on poverty rates by age and gender and the percent of households by age and income, thanks to the new American Community Survey (ACS) by the Census Bureau. The ACS features a much larger sample size (about 800,000 households that will increase to 3 million households in 2005) than the Current Population Survey (CPS) (about 100,000 households). State data are available on a more timely basis; instead of having to wait for the decennial census, users can obtain new data yearly.

Since we are now collecting poverty rate data from the ACS instead of the CPS, we no longer report the poverty rate in the economic indicators table (the first table in the state summaries). This is because we cannot make a 10-year comparison of state poverty rates until ACS has 10 years of poverty data.

Second, we added health and long-term care state income tax exemptions and credits. We describe only those state tax exemptions and credits that are more generous than what are available on the federal return. Therefore, we exclude tax exemptions, e.g., medical savings account deductions, which are found in federal adjusted gross income. Further, we exclude state itemized deductions, since we only want to describe tax exemptions and credits that benefit all taxpayers, not just those who itemize. Therefore, all the state health and long-term care tax provisions described here are available to all state filers, whether they itemize or not. Finally, since we are only interested in the general population, we exclude state health and long-term care tax breaks that are targeted specifically for self-employed persons.

Third, we described how the state tax income base is related to the federal income tax base, such as federal adjusted gross income. The state income tax base may be unrelated to the federal base; it may link to federal adjusted gross income (AGI), federal taxable income, or to federal gross income. If state taxable income is unrelated to federal income, we say that the state's income tax base is not directly related to federal income.

Fourth, we highlighted the minimum income levels at which taxpayers must file their state income taxes. Fifth, because some states have local expenditure limits which may affect the amount of property taxes collected, we describe how localities limit the growth of their expenditures.

### *Tables and U.S. Maps*

The handbook provides tables and maps of selected state economic, demographic, and fiscal data (found primarily in the economic, demographic, and fiscal summaries part). This presentation of the data makes it easy to compare any or all states and the District of Columbia on such economic indicators as per capita income or gross state product. The tables provide state rankings for easy comparisons. We do not include Puerto Rico and the Virgin Islands because the data are either unavailable or not as current as state data, in the tables.

### *Data Sources and Explanations*

Data sources and explanations of concepts or terms can be found in this part of the handbook. Most of the information in the handbook comes from the U.S. Bureau of the Census, including poverty rate by age group and household income by age group from the American Community Survey, median household income from the Current Population Survey, population estimates by age group based on decennial census data, and revenues and expenditures from the Census of Governments.

We collected economic data, such as per capita income and gross state product, from the U.S. Bureau of Economic Analysis and employment data from the U.S. Bureau of Labor Statistics. In addition, we obtained tax rate and property tax relief information from a survey of state and local government offices, such as state legislative offices and state and local assessors' offices.

For Puerto Rico and the Virgin Islands, we collected household income, poverty rate, and population data from U.S. decennial census data. Employment data came from the U.S. Bureau of Labor Statistics (Puerto Rico) and the Virgin Island's Bureau of Economic Research. Per capita income came from Puerto Rico's Department of the Treasury and the U.S. Census Bureau (Virgin Islands). Tax rates, general revenue, and general expenditure data came from Puerto Rico's Department of the Treasury, the Virgin Islands Office of Management and Budget (revenues), the U.S. Internal Revenue Service (income tax data), and the Virgin Islands Bureau of Internal Revenue (miscellaneous tax data).

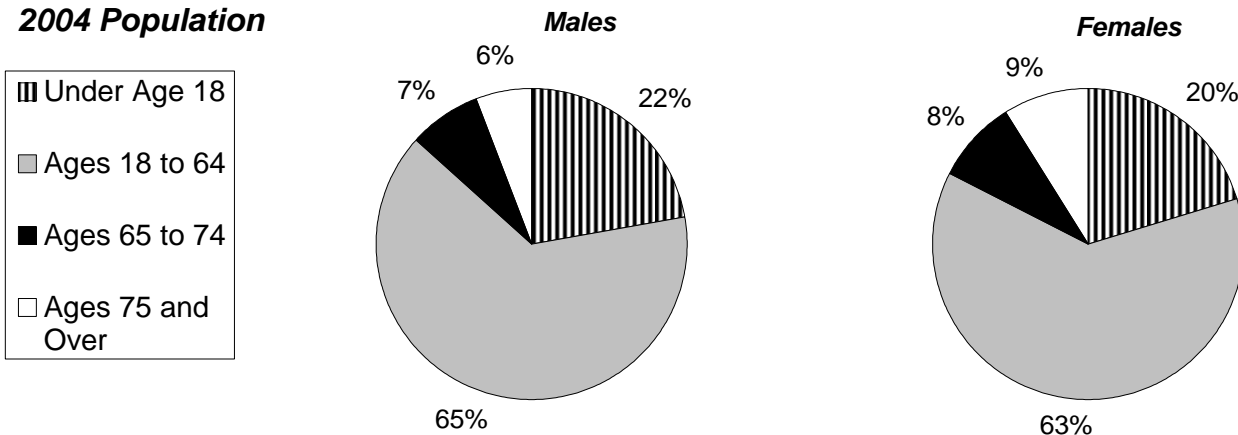
As state and local economic conditions and demographic patterns change, policymakers may consider adjusting their policies on taxes and spending programs. These adjustments become more difficult when economic and demographic changes depart from historical trends. It is our belief that this publication will contribute to more informed public policy decisions by identifying significant economic, demographic, and fiscal changes.

# West Virginia

<b>Economic Indicators</b>	1994		2004		Average Annual Change 1994-2004	
	WV	US	WV	US	WV	US
	Per Capita Income.....	\$17,194	\$22,172	\$25,681	\$33,041	4.1%
Median Household Income .....	\$23,564	\$32,264	\$33,286	\$44,389	3.5%	3.2%
Gross State Product (in millions).....	\$34,855	\$6,865,513	\$49,454	\$11,665,595	3.6%	5.4%
Full- and Part-Time Positions (in thousands).....	827	145,224	898	170,104	0.8%	1.6%
Employed Persons (in thousands) .....	713	123,060	747	139,251	0.5%	1.2%
Unemployment Rate.....	8.7%	6.1%	5.3%	5.5%	n/a	n/a

Sources: U.S. Bureau of the Census, U.S. Bureau of Economic Analysis, and the U.S. Bureau of Labor Statistics

## 2004 Population



<b>Population and Poverty</b>	Population				Poverty Rate	
	1994	2004	Percentage Change 1994-2004		2004	
	WV	WV	WV	US	WV	US
Total Population.....	1,818,490	1,815,354	-0.2%	12.8%	17.9%	13.1%
Males.....	875,348	887,302	1.4%	13.8%	16.3%	11.6%
Under Age 18.....	220,367	196,733	-10.7%	7.8%	25.3%	18.3%
Ages 18 to 64.....	544,003	573,378	5.4%	16.7%	14.9%	9.6%
Ages 65 to 74.....	69,169	65,992	-4.6%	1.6%	8.5%	6.5%
Ages 75 and Over.....	41,809	51,199	22.5%	28.8%	6.4%	6.8%
Females.....	943,142	928,052	-1.6%	11.9%	19.4%	14.5%
Under Age 18.....	207,639	187,908	-9.5%	8.1%	23.4%	18.6%
Ages 18 to 64.....	570,096	578,981	1.6%	14.6%	19.2%	13.6%
Ages 65 to 74.....	88,239	78,191	-11.4%	-3.6%	12.8%	9.7%
Ages 75 and Over.....	77,168	82,972	7.5%	19.6%	18.2%	13.3%

Source: U.S. Bureau of the Census

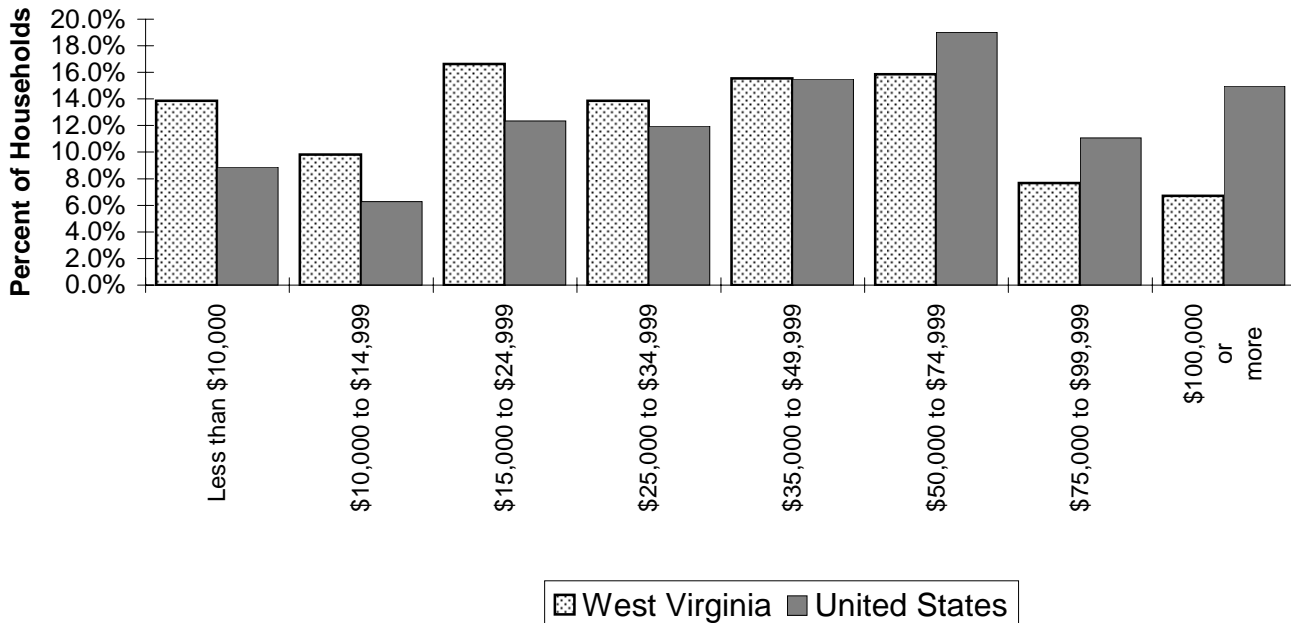
# West Virginia

**Percent Distribution of Households by Age of Householder and Income, 2004**

Age of Householder	Less than \$10,000	\$10,000 to \$14,999	\$15,000 to \$24,999	\$25,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999	\$100,000 or more	All Households
Under 25 years.....	33.9%	9.4%	17.4%	17.7%	11.2%	7.5%	1.4%	1.4%	100.0%
25 to 44 years.....	11.7%	7.1%	15.7%	10.7%	18.5%	20.2%	9.8%	6.2%	100.0%
45 to 64 years.....	11.7%	7.9%	14.0%	13.2%	15.2%	17.9%	9.4%	10.7%	100.0%
65 years and over.....	15.5%	16.6%	21.9%	18.3%	13.2%	8.6%	3.5%	2.3%	100.0%
West Virginia (all ages).	13.9%	9.8%	16.6%	13.9%	15.6%	15.9%	7.7%	6.7%	100.0%
United States (all ages).	8.9%	6.3%	12.3%	12.0%	15.5%	19.0%	11.1%	15.0%	100.0%

Source: U.S. Bureau of the Census

**Percent of Households by Household Income Bracket, 2004**



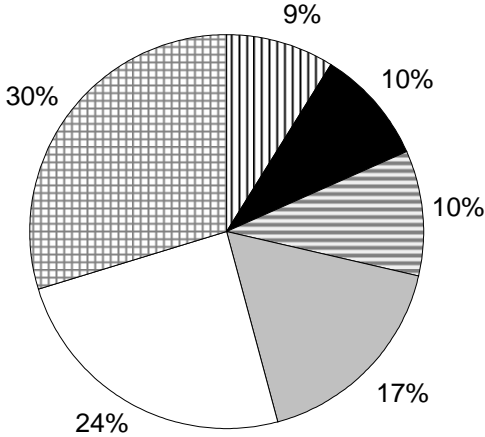
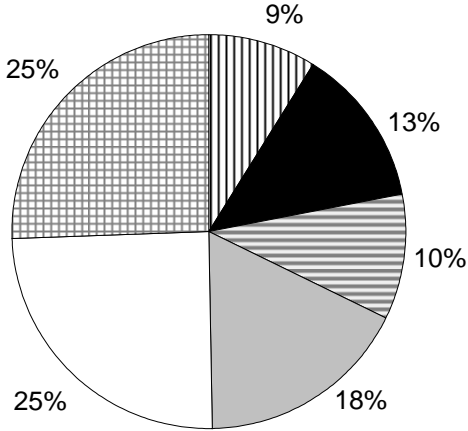
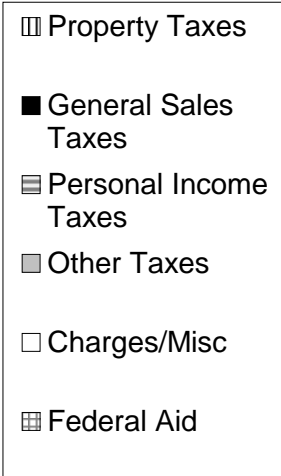
# West Virginia

<b>State and Local General Revenues, FY 2002</b>	General Revenues (millions)	Per Capita		Percent of Personal Income		Average Annual Revenue Change 1992-2002	
		WV	US	WV	US	WV	US
Total General Revenues.....	\$10,111	\$5,601	\$5,851	24.1%	19.3%	5.3%	5.6%
Own Sources.....	\$7,112	\$3,940	\$4,599	17.0%	15.2%	4.7%	5.2%
Taxes.....	\$4,641	\$2,571	\$3,143	11.1%	10.4%	4.4%	4.9%
Property Taxes.....	\$901	\$499	\$969	2.2%	3.2%	5.4%	4.5%
General Sales Taxes.....	\$963	\$533	\$774	2.3%	2.6%	1.9%	5.4%
Personal Income Taxes.....	\$1,035	\$573	\$705	2.5%	2.3%	5.4%	5.8%
Other Taxes.....	\$1,743	\$965	\$695	4.2%	2.3%	5.1%	4.3%
Charges/Miscellaneous.....	\$2,471	\$1,369	\$1,456	5.9%	4.8%	5.2%	5.7%
Federal Aid.....	\$2,999	\$1,661	\$1,252	7.2%	4.1%	6.8%	7.2%

Source: U.S. Bureau of the Census (2002 data are the most current available.)

**1992 General Revenue**

**2002 General Revenue**



# West Virginia

## I. Personal Income Tax (2004)

### State Income Tax Base

West Virginia's income tax base is linked to federal adjusted gross income.

### Filing Requirements

Taxpayers must file if they filed a federal return or if their West Virginia adjusted gross income is greater than their personal exemptions (\$2,000 per exemption) or \$500 if they claimed zero exemptions.

### Rate Structure

Single or Married, Filing Jointly		Married, Filing Separately	
<u>Taxable Income</u>	<u>Rate</u>	<u>Taxable Income</u>	<u>Rate</u>
First \$10,000	3.0%	First \$5,000	3.0%
\$10,000 - \$25,000	4.0%	\$5,000 - \$12,500	4.0%
\$25,000 - \$40,000	4.5%	\$12,500 - \$20,000	4.5%
\$40,000 - \$60,000	6.0%	\$20,000 - \$30,000	6.0%
Over \$60,000	6.5%	Over \$30,000	6.5%

### Public Pension Exemption

\$2,000 pension exemption; some West Virginia public safety officials receive a full pension exemption.

### Military Pension Exemption

In addition to the \$2,000 pension exemption, military retirees can receive up to a \$20,000 exemption for military pension income.

**Private Pension Exemption** ..... None

### Income Exemption

Persons age 65 or older or disabled can exclude up to \$8,000 from any income source, but the public and military pension exemptions count toward the \$8,000 exemption.

Sources: AARP 2005 telephone survey of state legislative staff, state departments of revenue, state controllers' offices, state assessors' offices, and state treasury offices.

# West Virginia

## Social Security Benefits

Only taxpayers whose provisional income\* is \$25,000 or higher (single) or \$32,000 or higher (married, filing jointly) are subject to taxation of their Social Security benefits.

\*Provisional income consists of federal adjusted gross income, tax-exempt interest, certain foreign-source income, and one-half of the taxpayer’s Social Security or Railroad Retirement Tier 1 benefit (U.S. House Committee on the Budget, Omnibus Budget Reconciliation Act of 1993, 103<sup>rd</sup> Congress, 1<sup>st</sup> sess., 1993, Conference Report 103-213, p. 594).

## Long-Term Care Insurance Deduction

Taxpayers can deduct premiums as long as they were not already claimed as deductions on the federal return for calculating federal adjusted gross income.

## Medical Savings Account Deduction

Taxpayers can deduct up to \$2,000 in contributions to a West Virginia medical savings account as long as those contributions were not already claimed as deductions for calculating federal adjusted gross income. Interest earned on the account is also tax deductible.

## Personal Exemptions

All ages ..... \$2,000 (single); \$4,000 (married, filing jointly)

Local Income Taxes ..... None

## II. General Sales Tax Rates (2004)

State .....6.0%

Combined state/local tax rates.....6.0%

## III. Miscellaneous Tax Rates (2004)

Corporate income (highest marginal rate)..... 9.0% On all taxable income

Gasoline (per gallon) ..... \$0.254

Cigarette (per pack of 20)..... \$0.55 Local taxes, where levied, are additional.

Beer (per gallon) ..... \$0.177 The tax affects beer not exceeding 3.2% alcohol by weight.

Sources: AARP 2005 telephone survey of state legislative staff, state departments of revenue, state controllers’ offices, state assessors’ offices, and state treasury offices.

# West Virginia

## IV. Real Property Tax Relief Programs (2005)

### Homestead Exemption

#### Requirements

#### Benefits

Age 65 or older or disabled ..... \$20,000 assessed value

### Homestead Credit

Age 65 or older or disabled who benefit from the homestead exemption program and whose federal adjusted gross income is equal to or less than 150% of the federal poverty guidelines (e.g., \$14,355 for a household size of one and \$19,245 for a household size of two) .....

Refundable income tax credit equal to the amount of property taxes paid on the first \$10,000 of taxable assessed value over the \$20,000 homestead exemption

### Circuit Breaker

#### Requirements

#### Benefits

Homeowners and renters age 65 or older whose income is \$5,000 or less ..... \$125 tax credit

Deferral Program ..... None

## V. Real Property Tax Limits, Caps, or Freezes (2005)

Residential property tax rates cannot exceed \$1.00 per \$100 of assessed value (current levy limit). Residents can vote to increase property tax rates up to 100% (schools) or 50% (counties and municipalities) over the current levy limit (known as the excess levy). Residents can also vote to approve higher property tax rates to finance bonded indebtedness. The current levy limit does not include bonded indebtedness.

Property tax revenues for each county generally cannot increase annually by more than 3%, depending on the county, because of higher assessed property values (levy rollback). This does not apply to bonded indebtedness, new construction, additions to existing property, or excess levies. Moreover, counties and municipalities can hold a public hearing to raise property tax collections generally up to a 12% annual increase as long as it conforms to the current levy limit. The state legislature can increase property taxes for school purposes beyond the levy rollback through a public hearing as long as it conforms to the current levy limit.

Sources: AARP 2005 telephone survey of state legislative staff, state departments of revenue, state controllers' offices, state assessors' offices, and state treasury offices.

# West Virginia

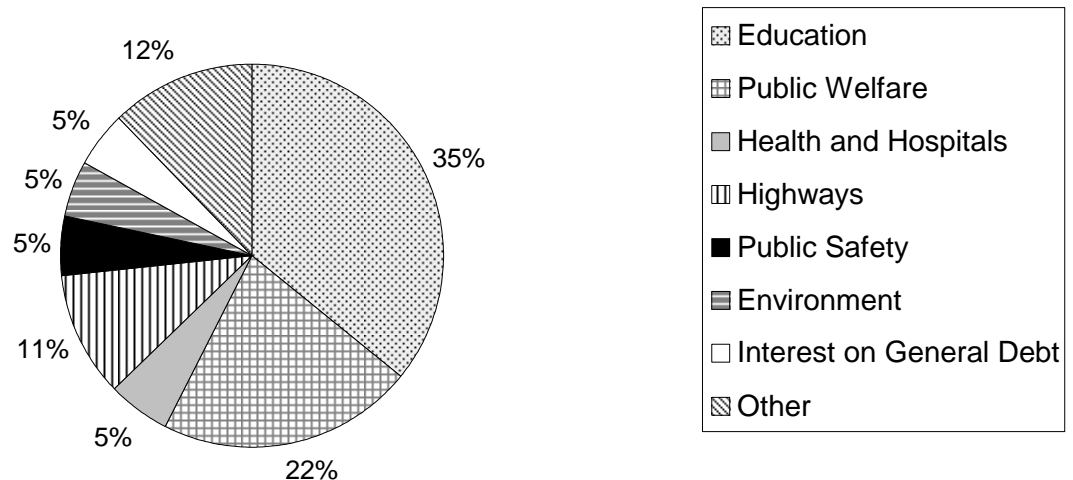
<b>State and Local General Expenditures, FY 2002</b>	General Expenditures (millions)	Per Capita		Percent of Personal Income		Average Annual Expenditure Change 1992-2002	
		WV	US	WV	US	WV	US
State/Local Direct General Expenditures	\$9,848	\$5,455	\$6,026	23.5%	19.9%	5.2%	5.9%
To State/Local Government	\$9,848	\$5,455	\$6,011	23.5%	19.9%	5.2%	5.9%
Education*	\$3,519	\$1,949	\$2,065	8.4%	6.8%	4.6%	6.2%
Public Welfare	\$2,139	\$1,185	\$971	5.1%	3.2%	6.9%	6.1%
Health and Hospitals	\$516	\$286	\$508	1.2%	1.7%	2.3%	5.2%
Highways	\$1,041	\$576	\$401	2.5%	1.3%	6.7%	5.5%
Public Safety*	\$498	\$276	\$545	1.2%	1.8%	9.0%	6.3%
Environment	\$476	\$264	\$356	1.1%	1.2%	4.0%	5.1%
Interest on General Debt	\$446	\$247	\$262	1.1%	0.9%	0.5%	3.1%
Other	\$1,213	\$672	\$904	2.9%	3.0%	5.6%	6.5%
To Federal Government	\$0	\$0	\$15	0.0%	0.1%	0.0%	1.9%

\*Education includes higher and lower education; public safety includes police, fire, corrections, and protection and inspection.

Source: U.S. Bureau of the Census (2002 data are the most current available.)

## State and Local General Expenditures, FY 2002

(excluding payments to federal government)



<b>2002 Debt Ratio Measures</b>	Total Debt Outstanding			Long-term Debt		Short-term Debt	
	Debt (billions)	Per Capita	Per \$1,000 of Personal Income	Debt (billions)	Percent of Total	Debt (billions)	Percent of Total
West Virginia (State and Local)	\$8.1	\$4,478	\$192.94	\$8.0	99.5%	\$0.04	0.5%
United States	\$1,681.4	\$5,839	\$192.88	\$1,638.1	97.4%	\$43.24	2.6%

Source: U.S. Bureau of the Census