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W.Va. tax-credit list from 2001 shows AEP biggest beneficiary

April report not widely disseminated or placed on Web site

By Joe Morris

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West Virginia has only now identified recipients of more than \$90 million in tax credits the state granted five years ago, showing that American Electric Power Co. was the biggest beneficiary then.

Subsidiaries of AEP were granted credits worth more than \$3.05 million in 2001 for spending on expansions and in bringing utilities to low-income people.

The Massey Energy unit Elk Run Coal Co. got credits exceeding \$2.5 million for spending on job creation and expansions and for capital investments.

And credits to Mylan Pharmaceuticals, which makes generic prescription drugs in Morgantown, topped \$2.35 million, defraying its spending on research and development, job creation and industrial expansion.

The state Tax Department published a report containing the data in April, as required by law. But it did not widely disseminate it or post it on its Web site. It provided the report to the Affiliated Construction Trades Foundation this month after the labor umbrella group requested it.

Judging the effectiveness of the credits is nearly impossible, given the time lag for the disclosure and the lack of any requirement that recipients show they used the credits for the stated purpose, said Steve White, director of the ACT Foundation.

"That this is such old data I find disappointing," he said. "It's also unfortunate that we really don't know what we get for our money."

The recipients "could be heroes or zeros," he said. "I don't see how any legislator could vote on this [the tax credit program], since there's no data."

In all, the report says, the state doled out \$89.8 million in 2001 for credits that covered seven spending categories: capital investments, which got \$5.4 million; historic rehabilitated buildings, \$900,000; industrial expansion and revitalization, \$28.7 million; research and development, \$2.7 million; residential housing, \$100,000; business investment and jobs expansion, \$47.9 million; and utility service to low-income people, \$3.1 million.

The total for three other categories — aerospace industrial facility, coal loading facility and telephone service to low-income people — were not disclosed. But the range amounts provided for them show that they got at least \$650,000 in credits.

Along with AEP, Elk Run and Mylan, the other companies receiving credits worth more than \$1 million were Virginia Electric and Power Co., Allegheny Energy Co. and DuPont, for spending on industrial expansion; and Amvest West Virginia Coal LLC, Arch Coal Co., EMC Dissolution Co. of Cowen and Vandalia Resources of Richmond, Va., for spending on business investment and job creation.

White said it doesn't make sense to award credits to coal and timber companies, because the presence of such natural resources is incentive enough to attract developers.

"Clearly, a lot of the credits are going to resource-based companies, but they're coming here because we have the resource," not because of the tax credit, he said. "It's not like they're going to mine coal in Arizona."

Credits to manufacturers, like the Toyota Motor Co. plant in Buffalo, are a more logical recipient, White said.

But coal alone won't bring mining companies to West Virginia, argues Bill Raney of the West Virginia Coal Association trade group.

"Resource companies should be offered the same opportunities as other businesses in this state," Raney said. The credits "are ever more critical" for West Virginia to compete among coal-producing states like Illinois, Kentucky and Wyoming, he said.

"There are many other places they can go, they can even go offshore," he said. "There's got to be some means to make sure we make West Virginia an attractive place to invest in the infrastructure to get coal to market."