

**Number 22 – Special Session****August 13, 2005****Food Tax**

After over a week of controversy, lawsuits, and a prolonged session the Legislature passed **HB 401- Food Tax reduction** - The purpose of this bill is to reduce the six percent sales tax on food and food ingredients intended for human consumption to **five percent beginning January 1, 2006**. As introduced by the Governor, the sales, purchases and uses of alcoholic beverages, candy, dietary supplements, prepared foods and soft drinks would continue to be taxed at the six percent rate as would vending machine sales of food. The Legislature did amend out of the bill candy, dietary supplements, food sold through vending machines and soft drinks. Prepared food did stay in the bill because of the streamline tax initiative that West Virginia is involved in with several other states. "Prepared foods" does not include bakery items or food sold in an unheated state by weight or volume as a single. It does include items such as rotisserie chicken if it is hot or items sold if an eating utensil is supplied. We will supply you additional information on this as it becomes available.

Gasoline Supply

Last Friday, OMEGA placed the following memorandum regarding gasoline supply in WV on the desk of every Senator and Delegate, which said:

As leaders in your communities, I know that over the last week you have received numerous inquiries regarding fuel in West Virginia.

First let me reassure you that in West Virginia we are getting our supply back to normal. The last several days have been tough. WV distributors were on allocation from their suppliers and had to go greater distances for product when it was available.

I have enclosed two publications that should help you with many of the questions that you might receive. First is a weekly publication entitled, ***This Week in Petroleum***, which tells where the industry is today. The second, is ***The Short-Term Energy Outlook***, which was released this week and looks at where we are going in the near future regarding supply. Both publications are by the Energy Information Administration.

If you would like to know more about the petroleum industry I would like to direct you to our Web site, **omgawv.com**. First go to the Press Section. We urge you to view under the PMAA releases the U. S. Government Accountability Office publication that is a primer on gasoline prices. This is a very informative study on our industry. Also in the press section, we have added a PowerPoint Presentation and notes on the industry from the state's perspective. We hope you find these informative.

If I can answer any questions or help you in anyway on this issue, please feel free to contact me. It is best to reach me at my office at 343-5500 or on my cell at 415-2497.

Interim Meetings that were scheduled to be held on Monday and Tuesday of this week were cancelled. The next interim meetings will be held in Charleston on October 2-4, 2006.