West Virginia Treasury Analysis:

The Mountain Valley Pipeline Project and its Impact on Local Government Finances

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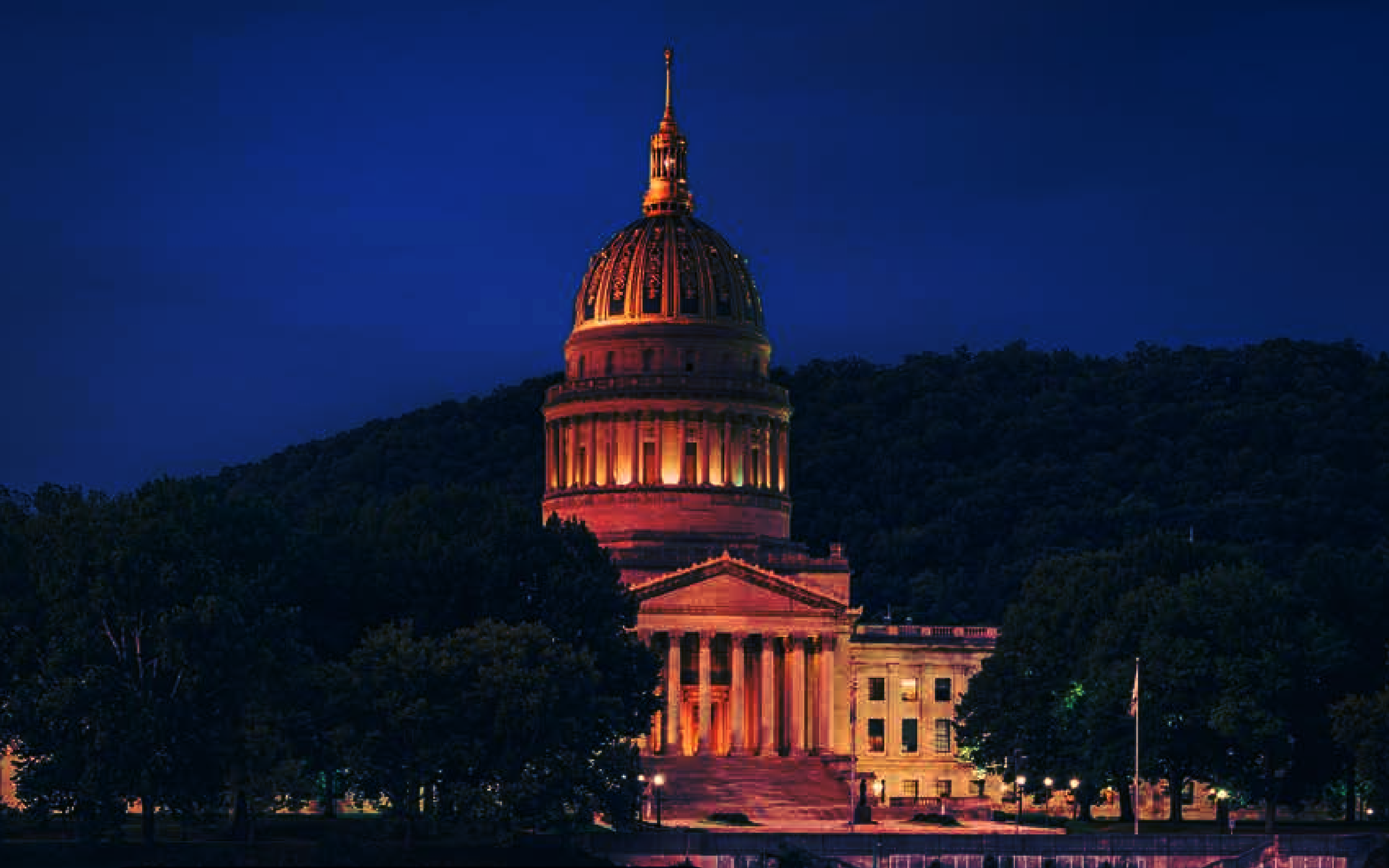

Introduction

As more investments are made in the Mountain State to meet energy production demand, it is crucial to track the impact of major utility projects. Major business capital utility investments, such as microgrids, data centers, interstate electric transmission lines, and interstate natural gas pipelines contribute significant sums of property tax revenues to local governments in West Virginia. This is due to the overall size of these investments and the fact that business properties are taxed at double the rate of owner-occupied residential properties. The result is a large share of property tax attributable to a few key capital-intensive business properties in many of the affected counties. The following analysis examines the impact of the recently completed Mountain Valley Pipeline Project on growth of property tax revenues in the eleven counties that it crosses in West Virginia.

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The Mountain Valley Pipeline Project: Overall Impact

The Mountain Valley Pipeline (MVP) is a multi-billion-dollar interstate natural gas pipeline extending roughly 303 miles from Wetzel County, West Virginia, to Pittsylvania County, Virginia, with a daily capacity of two billion cubic feet. The MVP crosses largely rural areas in eleven West Virginia counties (i.e., Braxton, Doddridge, Fayette, Greenbrier, Harrison, Lewis, Monroe, Nicholas, Summers, Webster, and Wetzel). Upon completion, the MVP first entered service in June 2024, with fully assessed property tax revenues arriving in Fiscal Year 2026-2027.

The property tax base associated with rural public utility properties in these 11 counties collectively grew by more than 62% in one year, largely due to MVP. Total county commission revenues associated with such property rose by nearly $9.1 million, and total school board revenues rose by nearly $18.0 million. The additional property tax collections associated with such public utility property in the 11 counties collectively accounted for more than 86% of the total net gain in property tax revenues from all sources in these counties.

The incremental revenue gains to counties may be best measured by examining the net increase in Class III public utility assessed property valuations (Rural Utility Valuations) for each of the 11 counties between Fiscal Year 2026 and Fiscal Year 2027, as illustrated in the following table.

Revenue Gains From Class III Utility Property From FY2026 to FY2027

NEARLY $27.1 MILLION GAIN

COUNTY	CLASS III PUBLIC UTILITY VALUATION INCREASE	CLASS III PUBLIC UTILITY TAX BASE GROWTH	COUNTY REGULAR	COUNTY EXCESS	SCHOOL REGULAR	SCHOOL EXCESS	SCHOOL IMPROVEMENT	CLASS III PUBLIC UTILITY SHARE OF 2027 REVENUES
BRAXTON	$128,389,960	109.1%	$734,391		$996,306			16.5%
DODDRIDGE	$16,254,412	4.9%	$92,975	$14,629	$126,134	$149,216		1.2%
FAYETTE	$52,996,044	14.3%	$303,137	$493,170	$411,249	$486,504		3.5%
GREENBRIER	$150,444,852	112.0%	$778,101		$1,167,452	$828,650		7.5%
HARRISON	$177,878,014	29.7%	$932,081	$311,869	$1,380,333	$973,764		4.1%
LEWIS	$169,469,469	94.5%	$969,365		$1,315,083	$915,135		13.7%
MONROE	$138,277,945	260.5%	$790,950	$95,688	$990,070	$951,905	$95,688	23.3%
NICHOLAS	$187,124,833	260.7%	$1,070,354		$1,452,089	$1,133,228		17.3%
SUMMERS	$101,297,561	98.4%	$560,635		$786,069			15.1%
WEBSTER	$220,883,347	601.9%	$1,263,453		$1,714,055			48.2%
WETZEL	$125,123,829	34.5%	$674,731	$13,266	$970,961	$1,148,637		3.6%
SUM TOTAL	$1,468,140,266	62.2%	$8,170,173	$928,622	$11,309,801	$6,587,039	$95,688	8.5%

Total Rural Utility Valuations for the 11 counties rose by $1.47 billion, from $2.36 billion in Fiscal Year 2026 to $3.83 billion in Fiscal Year 2027, a gain of more than 62% in one year.

The sum of county commission regular levy yields from such property rose by nearly $8.2 million, from $13.1 million to $21.3 million. Regular school levy rates (inclusive of the Monroe County permanent improvement levy) rose $11.4 million, from $18.3 million to $29.7 million. Five of the eleven county commissions have excess levy rates. The total amount of county commission excess levies for these jurisdictions rose by more than $0.9 million, from $2.4 million to $3.3 million. Eight of the eleven county school boards have excess levy rates. The total amount of county school board excess levies for these jurisdictions rose $6.6 million, from $17.2 million to $23.8 million.

The Braxton County School Board imposes a bond levy, with the tax rate falling from 18 cents per $100 in Fiscal Year 2026 to 15.2 cents per $100 in Fiscal Year 2027. Even with the bond levy tax rate decrease of 15.5%, the bond levy yield from Rural Utility Valuations rose by 76.6%.

Let's examine the impact of gains in Class III public utility property taxes, largely attributable to the MVP Project, on overall property tax revenue gains in affected counties. On an individual county basis, the total one-year property tax base gains for several rural central West Virginia counties from Fiscal Year 2026 to Fiscal Year 2027 are highly significant. The following table illustrates these gains in revenue.

Property Tax Revenue Gains from From FY2026 to FY2027

COUNTY	FY2026 COUNTY COMMISSION	FY2027 COUNTY COMMISSION	GROWTH	PERCENTAGE GROWTH	FY2027 TAX RATE (CENTS/$100)	FY2027 REVENUE PER CAPITA
BRAXTON	$3,756,130	$4,439,480	$683,350	18%	$57.20	$374
DODDRIDGE*	$9,948,788	$8,955,465	($993,323)	-10%	$66.20	$1,173
FAYETTE	$11,158,176	$13,176,703	$2,018,527	18%	$85.80	$345
GREENBRIER	$9,288,272	$10,442,656	$1,154,384	12%	$51.72	$331
HARRISON	$30,115,666	$31,478,388	$1,362,722	5%	$72.36	$490
LEWIS	$6,034,720	$7,093,124	$1,058,404	18%	$57.20	$433
MONROE	$2,776,366	$3,815,333	$1,038,967	37%	$62.92	$305
NICHOLAS	$5,009,368	$6,188,577	$1,179,209	24%	$57.20	$260
SUMMERS	$3,077,734	$3,720,380	$642,646	21%	$56.28	$323
WEBSTER	$1,479,912	$2,619,126	$1,139,214	77%	$57.20	$338
WETZEL	$17,670,524	$19,371,100	$1,700,576	10%	$58.00	$1,410
SUM TOTAL	$100,315,656	$111,300,332	$10,984,676	11%		$465

COUNTY	FY2026 COUNTY SCHOOL BOARD	FY2027 COUNTY SCHOOL BOARD	GROWTH	PERCENTAGE GROWTH	FY2027 TAX RATE (CENTS/$100)	FY2027 REVENUE PER CAPITA
BRAXTON	$6,277,730	$7,202,515	$924,785	15%	$92.80	$606
DODDRIDGE*	$25,458,075	$22,916,255	($2,541,820)	-10%	$169.40	$3,002
FAYETTE	$24,676,173	$26,015,542	$1,339,369	5%	$169.40	$682
GREENBRIER	$23,827,685	$26,789,087	$2,961,402	12%	$132.68	$848
HARRISON	$65,489,628	$66,480,474	$990,846	2%	$152.84	$1,035
LEWIS	$13,884,079	$16,319,147	$2,435,068	18%	$131.60	$995
MONROE	$6,340,786	$8,879,802	$2,539,016	40%	$146.44	$711
NICHOLAS	$11,655,636	$14,947,794	$3,292,158	28%	$138.16	$627
SUMMERS	$4,175,387	$5,129,735	$954,348	23%	$77.60	$445
WEBSTER	$2,007,713	$3,553,219	$1,545,506	77%	$77.60	$458
WETZEL	$50,700,994	$56,576,971	$5,875,977	12%	$169.40	$4,119
SUM TOTAL	$234,493,886	$254,810,541	$20,316,655	9%		$1,065

* DECLINE IN REVENUE DUE TO DECREASE IN NATURAL GAS PRICES & YIELD FROM NATURAL GAS WELL PROPERTIES.
SOURCE: WEST VIRGINIA STATE AUDITOR — LOCAL GOVERNMENT SERVICES.

A 109.1% rise in Rural Utility Valuations for Braxton County is the major factor in an 18% increase in the overall tax base funding. A 94.5% increase in Rural Utility Valuations results in a one-year gain in property tax base of 18% for Lewis County. The total one-year gain is 12% for Greenbrier County, 40% for Monroe County, 24% for Nicholas County, and 23% for Summers County. The overall gain is a more modest 5% in Fayette County, where the Rural Utility Valuation increase is also a more modest 14%.

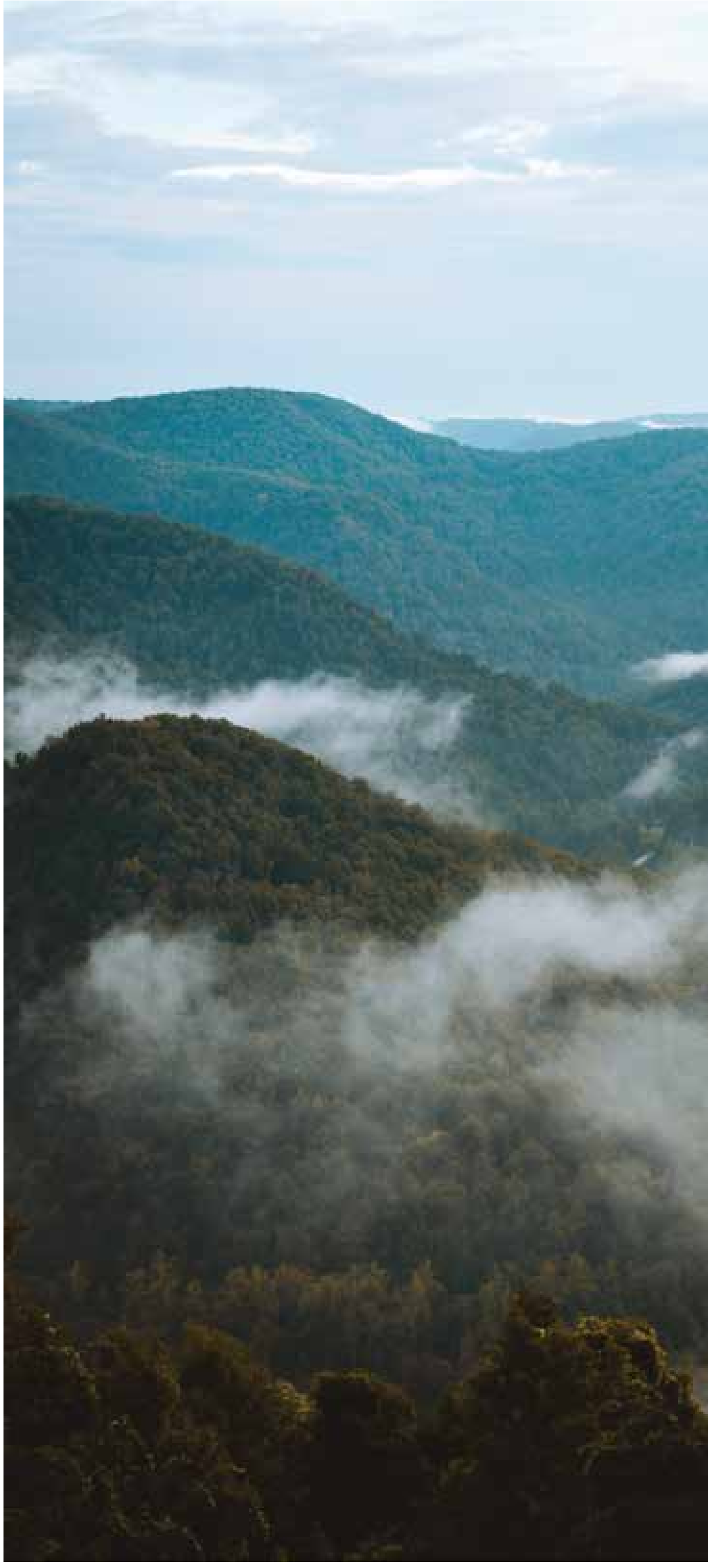
The impact is also somewhat less significant in the major natural gas-producing counties of Doddridge, Harrison, and Wetzel due to an already large amount of pre-existing capital investment. Wetzel County has the second-largest per capita property tax base in the State. Doddridge County ranks 3rd highest, and Harrison County ranks 15th highest in per capita property tax base. Harrison County also has a more diversified economy relative to the others.

The jurisdiction with the largest percentage gain in property tax base due to the MVP investment is Webster County. The County's Rural Utility Valuation grows by 601.9%, from $36.7 million in Fiscal Year 2026 to nearly $257.6 million in Fiscal Year 2027. Due to these gains, the Webster County property tax base rises 77.0% in just one year. The per capita property tax ranking for Webster County rises from 53rd highest to 28th highest due to the increase in tax base from Rural Utility Valuation. County Commission property tax revenues rise 77%, from less than $1.5 million in Fiscal Year 2026 to more than $2.6 million in Fiscal Year 2027. Webster County School Board property tax revenues also rise by 77%, from $2.0 million to more than $3.5 million. There are no excess levies imposed in Webster County. Rural Utility Valuations now account for more than 48% of Webster County's total property tax base and represent 111% of the total growth in property tax revenues over the past year. The greater-than-100% increase share for Rural Utility Valuations is due to some net decrease in commercial property tax valuations from Fiscal Year 2026 to Fiscal Year 2027. The 77% jump in property tax base, largely due to the MVP investment, should greatly help Webster County in meeting its budgetary obligations.

Conclusion

The numbers show that large utility capital investment projects significantly affect local government financing through substantial additional property tax collections. The impact on the smaller rural counties is even more significant given the size of government, as well as the lack of other diversified taxable investments. For example, in one year, Webster County revenues improved by 77% due to one large capital investment project. This provided nearly an additional $3 million for the Webster County Commission and local school board. The impact on larger, more urbanized counties is also clear, as it helps those counties provide local services in demand by residents. These investments give local governments additional resources to fund local services rather than relying on State government for all needs.

Regardless of the impact, as local entities consider these types of projects, it is vital they can communicate the impact transparently to their constituents. Showing increased revenues and what that means for individual communities is key not only to good government but also to garnering collective buy-in from constituents. Increased demand for energy production will also increase demand for utility investments. West Virginia must be positioned to take full advantage of that demand given the abundance of natural resources available in the state.



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