

**WEST VIRGINIA NATURAL GAS LIQUIDS PROPERTY TAX
ADJUSTMENT CREDIT**

TAX CREDIT REVIEW AND ACCOUNTABILITY REPORT

July 1, 2022

Submitted by:

West Virginia State Tax Department
Matthew R. Irby
State Tax Commissioner

WEST VIRGINIA NATURAL GAS LIQUIDS PROPERTY TAX ADJUSTMENT CREDIT

As enacted in 2020, the West Virginia Natural Gas Liquids Property Tax Adjustment Act requires an annual report to be submitted to the Legislature. Specifically, Section §11-13HH-8 of the West Virginia Code states the following:

“The Tax Commissioner shall provide to the Joint Committee on Government and Finance by July 1, 2022, and on July 1, of each year thereafter, a report detailing the amount of the credit claimed pursuant to this article. The report is to include the amount of credit claimed against the personal income tax and the amount of credit claimed against the corporate net income tax.”

Any taxpayer that stores or transports natural gas liquids is able to claim a credit against the Corporation Net Income Tax or the Personal Income Tax of the state. Per W. Va. Code §11-13HH-4(b), the amount of the credit is equivalent to “the amount of the West Virginia ad valorem property tax paid on the value of inventory and equipment of the eligible taxpayer during the personal income tax year and corporate net income tax year, as applicable.” The credit is allowed against the tax liabilities of the eligible taxpayer for the current taxable year. Any credit remaining is carried forward to a subsequent taxable year for a period of up to three taxable years.

The West Virginia Natural Gas Liquids Property Tax Adjustment Tax Credit was first effective for tax years beginning on or after July 1, 2020. For nearly all taxpayers, the first available tax year is Tax Year 2021. The credit amount would be based on the storage or transportation of natural gas liquids occurring during Tax Year 2021. The due date for Personal Income Tax and Corporation Net Income Tax returns for Tax Year 2021 was April 18, 2022. Complex business income tax returns are usually filed on extension with a due date of October 15, 2022, for the Tax Year 2021 return. Further, the Tax Department does not disclose data if five or fewer claims were made for a tax credit. As of June 16, 2022, State Tax Department records indicate that no claims were received to date. Therefore, there is insufficient information available to evaluate the cost effectiveness of this tax credit during the most recent yearly period for which information is available.