

1 **H. B. 2210**

2
3 (By Delegate Walters)

4 [Introduced January 12, 2011; referred to the
5 Committee on Energy, Industry and Labor, Economic
6 Development and Small Business then Finance.]

**FISCAL
NOTE**

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10 A BILL to amend the Code of West Virginia, 1931, as amended, by
11 adding thereto a new article, designated §11-13BB-1, §11-13BB-
12 2, §11-13BB-3, §11-13BB-4 and §11-13BB-5, all relating to the
13 "Small Business Development Incentive Program for Internal
14 Growth Act"; providing a short title; declaring legislative
15 findings; providing definitions of certain terms; providing
16 exemptions from certain business-related taxes required by the
17 state; and requiring the Commissioner of the Department of
18 Revenue to propose legislative rules to implement the purposes
19 and provisions of the article.

20 *Be it enacted by the Legislature of West Virginia:*

21 That the Code of West Virginia, 1931, as amended, be amended
22 by adding thereto a new article, designated §11-13BB-1, §11-13BB-2,
23 §11-13BB-3, §11-13BB-4 and §11-13BB-5, all to read as follows:

24 **ARTICLE 13BB. SMALL BUSINESS DEVELOPMENT INCENTIVE PROGRAM FOR**

1 **INTERNAL GROWTH ACT.**

2 **§11-13BB-1. Short title.**

3 This article may be cited as the "Small Business Development
4 Incentive Program for Internal Growth Act."

5 **§11-13BB-2. Legislative findings.**

6 The Legislature finds that the encouragement of the location
7 of new businesses in this state, and the expansion and growth of
8 new businesses in the state is in the public interest and promotes
9 the general welfare of this state. The Legislature further finds
10 that during the start-up phase of a new business, it is
11 particularly financially difficult for the business to grow and
12 survive due to limited assets and resources in combination with
13 significant liabilities and debt burdens necessarily incurred and
14 which exist requiring repayment. This financial difficulty is
15 further exacerbated by the significant business-related tax burden
16 that exists beyond the required payments of amounts necessary to
17 maintain Workers' Compensation and unemployment compensation
18 coverage.

19 **§11-13BB-3. Definitions.**

20 For purposes of this article:

21 (a) "Small business" means any legal business, other than one
22 directly related to the gambling industry, in which the owner or
23 owners have been residents of the state for one year, the owner of

1 the business has no other out-of-state business locations involving
2 similar businesses, the business employs no more than fifty
3 employees, and no other businesses of its nature exists in the
4 county or municipality where the business is to locate; and

5 (b) "Business related tax" means any tax otherwise required by
6 the Department of Revenue of this state, with the exception of
7 personal income tax, Workers' Compensation quarterly premiums or
8 unemployment compensation premiums, which is required as a direct
9 result of doing business in this state.

10 **§11-13BB-4. Exemption from requirement to pay business-related**
11 **taxes.**

12 Within three months from inception of initial operations of a
13 qualified small business, the owner of the business may apply to
14 the State Tax Department for qualification status to participate as
15 a small business and receive the exemptions from business-related
16 taxes as provided herein. The Tax Department shall design, cause
17 to be made, and provide upon request, application forms to be used
18 by applicant businesses. Upon qualifying to participate in the
19 Small Business Development Incentive Program for Internal Growth
20 Act, a business is exempted from the payment of any business
21 related tax with the exception of being required to pay appropriate
22 calculated sums required to maintain Workers' Compensation and
23 unemployment compensation coverage. Upon the completion of five
24 years of operation, or the employment of more than fifty employees,

1 whichever occurs first, a business qualification status under the
2 favorable treatment provided under the provisions of this article
3 shall cease.

4 **§11-13BB-5. Commissioner of the Department of Revenue to propose**
5 **rules.**

6 The Commissioner of the Department of Revenue shall propose
7 legislative rules in accordance with the provisions of article
8 three, chapter twenty-nine-a of this code, designed to implement
9 the provisions and purposes of this article.

NOTE: The purpose of this bill is to create the "Small Business Development Incentive Program for Internal Growth Act." The bill exempts certain small businesses from paying business-related taxes if they qualify as start up businesses with limited resources.

This article is new; therefore, it has been completely underscored.