

**H. B. 2937**

(By Delegates Cowles, Hamilton, Andes, Howell,  
Pasdon, Ellington, Azinger, O'Neal,  
Storch and Ireland)

[Introduced January 28,2011; referred to the  
Committee on Finance.]

**FISCAL  
NOTE**

A BILL to amend and reenact §11-24-4 of the Code of West Virginia,  
1931, as amended, relating to corporation net income tax; and  
reducing the tax rate to five and nine-tenths percent  
effective January 1, 2012.

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

That §11-24-4 of the Code of West Virginia, 1931, as amended  
be amended and reenacted to read as follows:

**ARTICLE 24. CORPORATION NET INCOME TAX.**

**§11-24-4. Imposition of primary tax and rate thereof; effective  
and termination dates.**

*Primary tax.* -- (1) In the case of taxable periods beginning  
after June 30, 1967, and ending prior to January 1, 1983, a tax is  
hereby imposed for each taxable year at the rate of six percent per  
annum on the West Virginia taxable income of every domestic or  
foreign corporation engaging in business in this state or deriving  
income from property, activity or other sources in this state,

1 except corporations exempt under section five.

2       (2) In the case of taxable periods beginning on or after  
3 January 1, 1983, and ending prior to July 1, 1987, a tax is hereby  
4 imposed for each taxable year on the West Virginia taxable income  
5 of every domestic or foreign corporation engaging in business in  
6 this state or deriving income from property, activity or other  
7 sources in this state, except corporations exempt under section  
8 five of this article, and any banks, banking associations or  
9 corporations, trust companies, building and loan associations and  
10 savings and loan associations, at the rates which follow:

11       (A) On taxable income not in excess of \$50,000, the rate of  
12 six percent; and

13       (B) On taxable income in excess of \$50,000, the rate of seven  
14 percent.

15       (3) In the case of taxable periods beginning on or after July  
16 1, 1987, a tax is hereby imposed for each taxable year on the West  
17 Virginia taxable income of every domestic or foreign corporation  
18 engaging in business in this state or deriving income from  
19 property, activity or other sources in this state, except  
20 corporations exempt under section five of this article, at the rate  
21 of nine and three-quarters percent. Beginning July 1, 1988, and on  
22 each July 1 thereafter for four successive calendar years, the rate  
23 shall be reduced by fifteen one hundredths of one percent per year,  
24 with such rate to be nine percent on and after July 1, 1992.

1           (4) In the case of taxable periods beginning on or after  
2 January 1, 2007, a tax is hereby imposed for each taxable year on  
3 the West Virginia taxable income of every domestic or foreign  
4 corporation engaging in business in this state or deriving income  
5 from property, activity or other sources in this state, except  
6 corporations exempt under section five of this article, at the rate  
7 of eight and three-quarters percent.

8           (5) In the case of taxable periods beginning on or after  
9 January 1, 2009, a tax is hereby imposed for each taxable year on  
10 the West Virginia taxable income of every domestic or foreign  
11 corporation engaging in business in this state or deriving income  
12 from property, activity or other sources in this state, except  
13 corporations exempt under section five of this article, at the rate  
14 of eight and one-half percent.

15           (6) In the case of taxable periods beginning on or after  
16 January 1, 2012, a tax is hereby imposed for each taxable year on  
17 the West Virginia taxable income of every domestic or foreign  
18 corporation engaging in business in this state or deriving income  
19 from property, activity or other sources in this state, except  
20 corporations exempt under section five of this article, at the rate  
21 of ~~seven and three-quarters~~ five and nine-tenths percent.

22 ~~Provided, That the reduction in tax authorized by this subsection~~  
23 ~~shall be suspended if the combined balance of funds as of June 30,~~  
24 ~~2011, in the Revenue Fund Shortfall Reserve Fund and the Revenue~~

~~1 Fund Shortfall Reserve Fund — Part B established in section twenty,  
2 article two, chapter eleven-b of this code does not equal or exceed  
3 ten percent of the General Revenue Fund budgeted for the fiscal  
4 year commencing July 1, 2011: *Provided, however, That the rate*  
5 *reduction schedule will resume in the calendar year immediately*  
6 *following any subsequent fiscal year when the combined balance of*  
7 *funds as of June 30 of that fiscal year in the Revenue Fund*  
8 *Shortfall Reserve Fund and the Revenue Fund Shortfall Reserve Fund*  
9 *— Part B next equals or exceeds ten percent of the General Revenue*  
10 *Fund budgeted for the immediately succeeding fiscal year.*~~

~~11 (7) In the case of taxable periods beginning on or after  
12 January 1, 2013, a tax is hereby imposed for each taxable year on  
13 the West Virginia taxable income of every domestic or foreign  
14 corporation engaging in business in this state or deriving income  
15 from property, activity or other sources in this state, except  
16 corporations exempt under section five of this article, at the rate  
17 of seven percent: *Provided, That the reduction in tax authorized*  
18 *by this subsection shall be suspended for one calendar year*  
19 *subsequent to the occurrence of the suspension of the reduction in*  
20 *tax authorized by subdivision (6) of this section: *Provided,**  
21 *however, That the reduction in tax on the first day of any calendar*  
22 *year authorized by this subsection shall be suspended if the*  
23 *combined balance of funds as of June 30 of the preceding year in*  
24 *the Revenue Fund Shortfall Reserve Fund and the Revenue Fund*~~

1 ~~Shortfall Reserve Fund — Part B established in section twenty,~~  
2 ~~article two, chapter eleven-b of this code does not equal or exceed~~  
3 ~~ten percent of the General Revenue Fund budgeted for the fiscal~~  
4 ~~year commencing July 1, of the preceding year.~~

5 ~~(8) In the case of taxable periods beginning on or after~~  
6 ~~January 1, 2014, a tax is hereby imposed for each taxable year on~~  
7 ~~the West Virginia taxable income of every domestic or foreign~~  
8 ~~corporation engaging in business in this state or deriving income~~  
9 ~~from property, activity or other sources in this state, except~~  
10 ~~corporations exempt under section five of this article, at the rate~~  
11 ~~of six and one half percent: *Provided, That the reduction in tax*~~  
12 ~~authorized by this subsection shall be suspended for one calendar~~  
13 ~~year subsequent to the occurrence of the suspension of the~~  
14 ~~reduction in tax authorized by subdivision (7) of this section:~~  
15 ~~*Provided, however, That the reduction in tax on the first day of*~~  
16 ~~any calendar year authorized by this subsection shall be suspended~~  
17 ~~if the combined balance of funds as of June 30 of the preceding~~  
18 ~~year in the Revenue Fund Shortfall Reserve Fund and the Revenue~~  
19 ~~Fund Shortfall Reserve Fund — Part B established in section twenty,~~  
20 ~~article two, chapter eleven-b of this code does not equal or exceed~~  
21 ~~ten percent of the General Revenue Fund budgeted for the fiscal~~  
22 ~~year commencing July 1, of the preceding year.~~

NOTE: The purpose of this bill is to reduce the corporation

net income tax rate to five and nine-tenths percent effective January 1, 2012.

Strike-throughs indicate language that would be stricken from the present law, and underscoring indicates new language that would be added.