

COMMITTEE SUBSTITUTE

FOR

H. B. 2949

(BY DELEGATES WHITE AND T. CAMPBELL)

(Originating in the Committee on Finance)
[February 10, 2011]

A BILL to repeal §11-6I-1, §11-6I-2, §11-6I-3, §11-6I-4, §11-6I-5, §11-6I-6, §11-6I-7, §11-6I-8, §11-6I-9, §11-6I-10 and §11-6I-11 of the Code of West Virginia, 1931, as amended; and to amend and reenact §11-21-21, §11-21-23, and §11-21-24 of said code, all relating to providing property tax relief to taxpayers generally; providing definitions of “low income” for purposes of property tax relief programs; allowing only “low income” taxpayers to receive the tax credit benefits of property

tax relief programs; allowing those eligible for the homestead exemption to take both the senior citizens' tax credit for property tax paid on the first \$20,000 of taxable assessed value of a homestead and the refundable tax credit for real property taxes paid in excess of four percent of gross household income; repealing the Senior Citizen Property Tax Payment Deferment Act; and eliminating the alternative low income property tax increment refundable credit program.

Be it enacted by the Legislature of West Virginia:

That §11-6I-1, §11-6I-2, §11-6I-3, §11-6I-4, §11-6I-5, §11-6I-6, §11-6I-7, §11-6I-8, §11-6I-9, §11-6I-10, and §11-6I-11 of the code of West Virginia, 1931, as amended, be repealed; and that §11-21-21, §11-21-23, and §11-21-24 of said code be amended and reenacted, all to read as follows:

ARTICLE 21. PERSONAL INCOME TAX.

§11-21-21. Senior citizens' tax credit for property tax paid on ~~first \$10,000 of taxable assessed value of a homestead in this state; tax credit for property tax paid on the first \$20,000 of value for property tax years after December 31, 2006~~ taxable assessed value of a homestead in this state.

1 (a) *Allowance of credit.* --

2 (1) A low-income person who is allowed a \$20,000
3 homestead exemption from the assessed value of his or her
4 homestead for ad valorem property tax purposes, as provided
5 in section three, article six-b of this chapter, shall be allowed
6 a refundable credit against the taxes imposed by this article
7 equal to the amount of ad valorem property taxes paid on up
8 to the first \$10,000 of taxable assessed value of the
9 homestead for property tax years that begin on or after
10 January 1, 2003, except as provided in subdivision (2) of this
11 subsection.

12 (2) For tax years beginning on or after January 1, 2007,
13 a low-income person who is allowed a \$20,000 homestead
14 exemption from the assessed value of his or her homestead
15 for ad valorem property tax purposes, as provided in section
16 three, article six-b of this chapter, shall be allowed a
17 refundable credit against the taxes imposed by this article
18 equal to the amount of ad valorem property taxes paid on up
19 to the first \$20,000 of taxable assessed value of the

20 homestead for property tax years that begin on or after
21 January 1, 2007: *Provided*, That for tax years beginning on
22 and after January 1, 2009, any person who is required to pay
23 the federal alternative minimum income tax in the current tax
24 year is disqualified from receiving any tax credit provided
25 under this section.

26 (3) Due to the administrative cost of processing, the
27 refundable credit authorized by this section may not be
28 refunded if less than \$10.

29 (4) The credit for each property tax year shall be claimed
30 by filing a claim for refund within three years after the due
31 date for the personal income tax return upon which the credit
32 is first available.

33 (b) *Terms defined.* --

34 For purposes of this section:

35 (1) "Low income" means federal adjusted gross income
36 for the taxable year that is one hundred fifty percent or less
37 of the federal poverty guideline for the year in which
38 property tax was paid, based upon the number of individuals

39 in the family unit residing in the homestead, as determined
40 annually by the United States Secretary of Health and Human
41 Services.

42 (2) (A) For tax years beginning before January 1, 2007,
43 “taxes paid” means the aggregate of regular levies, excess
44 levies and bond levies extended against not more than
45 \$10,000 of the taxable assessed value of a homestead that are
46 paid during the calendar year determined after application of
47 any discount for early payment of taxes but before
48 application of any penalty or interest for late payment of
49 property taxes for a property tax year that begins on or after
50 January 1, 2003, except as provided in paragraph (B) of this
51 subdivision.

52 (B) For tax years beginning on or after January 1, 2007,
53 “taxes paid” means the aggregate of regular levies, excess
54 levies and bond levies extended against not more than
55 \$20,000 of the taxable assessed value of a homestead that are
56 paid during the calendar year determined after application of
57 any discount for early payment of taxes but before

58 application of any penalty or interest for late payment of
59 property taxes for a property tax year that begins on or after
60 January 1, 2007.

61 (c) *Legislative rule.* --

62 The Tax Commissioner shall propose a legislative rule
63 for promulgation as provided in article three, chapter
64 twenty-nine-a of this code to explain and implement this
65 section.

66 (d) *Confidentiality.* --

67 The Tax Commissioner shall utilize property tax
68 information in the statewide electronic data processing
69 system network to the extent necessary for the purpose of
70 administering this section, notwithstanding any provision of
71 this code to the contrary.

72 (e) For tax years beginning on or after January 1, 2012,
73 taxpayers must calculate the credit authorized in this section
74 prior to calculating the credit authorized in section
75 twenty-three of this article.

§11-21-23. Refundable credit for real property taxes paid in excess of four percent of gross household income.

1 (a) For the tax years beginning on or after January 1, 2008,
2 any homeowner living in his or her homestead shall be allowed
3 a refundable credit against the taxes imposed by this article
4 equal to the amount of real property taxes paid in excess of four
5 percent of ~~their~~ gross household income: Provided, That for the
6 tax years beginning on or after January 1, 2012, any low income
7 homeowner living in his or her homestead in this state shall be
8 allowed a refundable credit against the taxes imposed by this
9 article equal to the amount by which the difference between
10 West Virginia real property taxes paid for the tax year, minus
11 the amount of credit authorized in section twenty-one of this
12 article, exceeds four percent of the taxpayer's gross household
13 income for the tax year, as determined for purposes of this
14 article. If the refundable credit provided in this section exceeds
15 the amount of taxes imposed by this article, the state Tax
16 Department ~~of Revenue~~ shall refund that amount to the
17 homeowner.

18 (b) Due to the administrative cost of processing, the
19 refundable credit authorized by this section may not be
20 refunded if less than \$10.

21 (c) The credit for each property tax year shall be claimed
22 by filing a claim for refund within twelve months after the
23 real property taxes are paid on the homestead.

24 (d) For the purposes of this section:

25 (1) “Gross household income” is defined as federal
26 adjusted gross income plus the sum of the following:

27 (A) Modifications in subsection (b), section twelve of
28 this article increasing federal adjusted gross income;

29 (B) Federal tax-exempt interest reported on federal tax
30 return;

31 (C) Workers’ compensation and loss of earnings
32 insurance; and

33 (D) Nontaxable Social Security benefits; and

34 (2) For the tax years beginning before January 1, 2008,
35 “real property taxes paid” means the aggregate of regular
36 levies, excess levies and bond levies extended against the

37 homestead that are paid during the calendar year and
38 determined after any application of any discount for early
39 payment of taxes but before application of any penalty or
40 interest for late payment of property taxes for property tax
41 years that begin on or after January 1, 2008.

42 (e) A homeowner is eligible to benefit from this section
43 or section twenty-one of this article, whichever section
44 provides the most benefit as determined by the homeowner.
45 No homeowner may receive benefits under both this section
46 and section twenty-one of this article during the same taxable
47 year: Provided, That for tax years beginning on or after
48 January 1, 2012, a homeowner may take the credit provided
49 in this section in addition to the credit provided in section
50 twenty-one of this article, to be calculated as provided in
51 subsection (a) of this section. For tax years beginning on and
52 after January 1, 2009, any person who is required to pay the
53 federal alternative minimum income tax in the current tax
54 year is disqualified from receiving any tax credit provided
55 under this section. Nothing in this section denies those

56 entitled to the homestead exemption provided in section
57 three, article six-b of this chapter.

58 (f) No homeowner may receive a refundable tax credit
59 imposed by this article in excess of \$1,000. This amount
60 shall be reviewed annually by the Legislature to determine if
61 an adjustment is necessary.

62 (g) For tax years commencing on or after January 1,
63 2012, no credit may be taken under this section for any
64 homestead which is owned, in whole or in part, by any
65 person who is not a low income person.

66 (h) Terms defined. -- For purposes of this section:

67 (1) The definitions set forth in section twenty-four of this
68 article apply for purposes of this section.

69 (2) "Low income" means federal adjusted gross income
70 for the tax year that is three hundred percent or less of the
71 federal poverty guideline for the year in which property tax
72 was paid, based upon the number of individuals in the family
73 unit residing in the homestead, as determined annually by the
74 United States Secretary of Health and Human Services.

75 (3) A “low income person” means a person whose federal
76 adjusted gross income for the tax year meets the definition of
77 “low income” as defined in this subsection.

§11-21-24. Senior citizen property tax relief credit for tax years
beginning before 2012.

1 (a) *Definitions.* -- As used in this section, the following
2 terms shall have the meaning ascribed to them in this
3 subsection, unless the context in which the term is used
4 clearly requires a different meaning or a specific different
5 definition is provided:

6 (1) “Assessed value” means the value of property as
7 determined under article three of this chapter.

8 (2) “Real property taxes paid” means, for the tax years
9 beginning on or after January 1, 2009, the aggregate of
10 regular levies, excess levies and bond levies extended against
11 the homestead that are paid during the calendar year and
12 determined after any application of any discount for early
13 payment of taxes but before application of any penalty or
14 interest for late payment of property taxes.

15 (3) “Senior citizen property tax relief tax credit” means
16 the tax credit authorized under this section.

17 (4) “Gross household income” means gross household
18 income as defined in section twenty-three of this article.

19 (5) “Homestead” means a homestead qualified for the
20 homestead property tax exemption authorized in article six-b
21 of this chapter, but limited to a single-family residential
22 house, including a mobile or manufactured or modular home,
23 and the land, not exceeding one acre, surrounding such
24 structure that is owned by the owner of the single-family
25 residential house, including a mobile or manufactured or
26 modular home; or a mobile or manufactured or modular
27 home regardless of whether the land upon which such mobile
28 or manufactured or modular home is situated is owned by
29 another.

30 (6) “Owner” or “homeowner” means the person who is
31 possessed of the homestead, whether in fee or for life. A
32 person seized or entitled in fee subject to a mortgage or deed
33 of trust shall be considered the owner. A person who has an

34 equitable estate of freehold, or is a purchaser of a freehold
35 estate who is in possession before transfer of legal title shall
36 also be considered the owner. Personal property mortgaged
37 or pledged shall, for the purpose of taxation, be considered
38 the property of the party in possession.

39 (7) "Sixty-five years of age or older" includes a person
40 who attains the age of sixty-five on or before June 30
41 following the July 1 assessment day.

42 (8) "Tax increment" means the increase of ad valorem
43 taxes assessed on the homestead, determined as the
44 difference between the ad valorem taxes assessed on the
45 homestead for the current tax year and the ad valorem taxes
46 assessed on the homestead for the tax year immediately
47 preceding the tax year for which the taxpayer's application
48 for tax credit specified in this section is approved by the
49 assessor, or otherwise finally approved in accordance with
50 the provisions of this article.

51 (9) "Tax year" means the property tax calendar year
52 following the July 1 assessment day.

53 (10) “Used and occupied exclusively for residential
54 purposes” means that the property is used as an abode,
55 dwelling or habitat for more than six consecutive months of
56 the calendar year prior to the date of application by the owner
57 thereof; and that subsequent to making application for tax
58 credit, the property is used only as an abode, dwelling or
59 habitat to the exclusion of any commercial use.

60 (b) *Refundable credit.* -- Subject to the requirements and
61 limitations of this section, for the tax years beginning on or
62 after January 1, 2009, any homeowner having a gross
63 household income equal to or less than \$25,000 for the tax
64 year, living in his or her homestead shall be allowed a
65 refundable credit against the taxes imposed by this article
66 equal to the amount of real property taxes paid that are
67 attributable to the tax increment of ad valorem taxes assessed
68 under the authority of article three of this chapter on the
69 homestead: *Provided*, That the gross household income shall
70 be adjusted annually in accordance with the consumer price
71 index. The credit shall be applied against the personal income

72 tax in the personal income tax year of the taxpayer when the
73 property tax increment was actually paid.

74 (1) Due to the administrative cost of processing, the
75 refundable credit authorized by this section may not be
76 refunded if less than \$10.

77 (2) The credit for each property tax year shall be claimed
78 by filing a claim for refund within twelve months after the
79 real property taxes are paid on the homestead.

80 (3) Notwithstanding the provisions of section twenty-one or
81 section twenty-three of this article, for property tax years that
82 begin on or after January 1, 2009, a homeowner is eligible to
83 benefit from this section, section twenty-one or twenty-three of
84 this article, whichever section provides the most benefit as
85 determined by the homeowner. No homeowner may receive
86 benefits under this section, section twenty-one or twenty-three
87 of this article during the same taxable year. Nothing in this
88 section shall be interpreted to deny any lawfully entitled
89 taxpayer of the homestead exemption provided in section three,
90 article six-b of this chapter.

91 (4) No tax credit shall be allowed under this section for
92 tax years beginning on or after January 1, 2012: *Provided,*
93 That the definitions set forth in this section shall continue to
94 apply for purposes of section twenty-three of this article.

95 (c) *Qualification for credit. --*

96 (1) The following homesteads shall qualify for the tax
97 credit provided in this section:

98 (A) Any homestead owned by an owner sixty-five years
99 of age or older and used and occupied exclusively for
100 residential purposes by such owner; and

101 (B) Any homestead that:

102 (i) Is owned by an owner sixty-five years of age or older
103 who, as a result of illness, accident or infirmity, is residing
104 with a family member or is a resident of a nursing home,
105 personal care home, rehabilitation center or similar facility;

106 (ii) Was most recently used and occupied exclusively for
107 residential purposes by the owner or the owner's spouse; and

108 (iii) Has been retained by the owner for noncommercial
109 purposes.

110 (2) (A) For tax years commencing on or after January 1,
111 2009, the owner of a homestead meeting the qualifications
112 set forth in subdivision (1) of this subsection may apply for
113 a tax credit in the amount of the tax increment of ad valorem
114 taxes assessed under the authority of article three of this
115 chapter on the homestead, subject to the limitations set forth
116 in this section: *Provided*, That the tax credit may be
117 authorized only when the tax increment is the greater of \$300
118 or ten percent or more.

119 (B) In lieu of the tax credit authorized under this section,
120 a taxpayer entitled to such credit may elect to instead apply
121 the deferment of the tax increment authorized pursuant to
122 article six-h of this chapter. Any taxpayer making such
123 election shall be fully subject to the terms and limitations set
124 forth in article six-h of this chapter.

125 (d) *Application for tax credit; renewals; waiver of tax*
126 *credit. --*

127 (1) *General. --* No tax credit may be allowed under this
128 section unless an application for tax credit is filed with the

129 assessor of the county in which the homestead is located, on
130 or before November 1 following mailing of the tax ticket in
131 which the tax increment that is the subject of the application
132 is contained, such tax ticket being mailed pursuant to section
133 eight, article one, chapter eleven-a of this code. In the case of
134 sickness, absence or other disability of the owner, the
135 application may be filed by the owner or his or her duly
136 authorized agent.

137 (2) *Renewals.* -- After the owner has filed an application
138 for tax credit with his or her assessor, there shall be no need
139 for that owner to refile an application for the tax credit.
140 However, the taxpayer shall in all cases be required to file a
141 personal income tax return in order to claim the credit in any
142 tax year.

143 (e) *Determination; notice of denial of application for tax*
144 *credit.* --

145 (1) The assessor shall, as soon as practicable after an
146 application for tax credit is filed, review that application and
147 either approve or deny it. If the application is denied, the

148 assessor shall promptly, but not later than January 1, serve
149 the owner with written notice explaining why the application
150 was denied and furnish a form for filing with the county
151 commission, should the owner desire to take an appeal. The
152 notice required or authorized by this section shall be served
153 on the owner or his or her authorized representative either by
154 personal service or by certified mail. The assessor shall
155 approve or disapprove an application for tax credit within
156 thirty days of receipt. Any application not approved or denied
157 within thirty days is deemed approved.

158 (2) In the event that the assessor has information
159 sufficient to form a reasonable belief that an owner, after
160 having been originally granted a tax credit, is no longer
161 eligible for the tax credit, he or she shall, within thirty days
162 after forming this reasonable belief, revoke the tax credit and
163 serve the owner with written notice explaining the reasons
164 for the revocation and furnish a form for filing with the
165 county commission should the owner desire to take an
166 appeal.

167 (f) *Appeals procedure.* --

168 (1) *Notice of appeal; thirty days.* -- Any owner aggrieved
169 by the denial of his or her claim for application for tax credit
170 or the revocation of a previously approved tax credit may
171 appeal to the county commission of the county within which
172 the property is situated. All such appeals shall be filed within
173 thirty days after the owner's receipt of written notice of the
174 denial of an application or the revocation of a previously
175 approved tax credit, as applicable, pursuant to subsection (e)
176 of this section.

177 (2) *Review; determination; appeal.* -- The county
178 commission shall complete its review and issue its
179 determination as soon as practicable after receipt of the
180 notice of appeal, but in no event later than February 28
181 following the tax year for which the tax credit was sought. In
182 conducting its review, the county commission may hold a
183 hearing on the application. The assessor or the owner may
184 apply to the circuit court of the county for review of the
185 determination of the county commission in the same manner

186 as is provided for appeals from the county commission in
187 section twenty-five, article three of this chapter.

188 (g) *Termination of tax credit.* --

189 (1) Any tax credit approved in accordance with the
190 provisions of this section shall terminate immediately when
191 any of the following events occur:

192 (A) The death of the owner of the property for which the
193 tax credit was authorized;

194 (B) The sale of the property for which the tax credit was
195 approved; or

196 (C) A determination by the assessor that the property for
197 which the tax credit was approved no longer qualifies for the
198 tax credit in accordance with the provisions of this section.

199 (h) *Forms, instructions and regulations.* -- The Tax
200 Commissioner shall prescribe and supply all necessary
201 instructions and forms for administration of this section.
202 Additionally, the Tax Commissioner may propose rules for
203 legislative approval in accordance with the provisions of
204 article three, chapter twenty-nine-a of this code as the Tax

205 Commissioner considers necessary for the implementation of
206 this section.

207 (i) *Criminal penalties; restitution.* --

208 (1) *False or fraudulent claim for tax credit.* -- Any owner
209 who willfully files a fraudulent application for tax credit and
210 any person who knowingly assisted in the preparation or
211 filing of such fraudulent application for tax credit or who
212 knowingly supplied information upon which the fraudulent
213 application for tax credit was prepared or allowed is guilty of
214 a misdemeanor and, upon conviction thereof, shall be fined
215 not less than \$250 nor more than \$500, or imprisoned in jail
216 for not more than one year, or both fined and imprisoned.

217 (2) In addition to the criminal penalties provided above,
218 upon conviction of any of the above offenses, the court shall
219 order that the defendant make restitution unto this state for all
220 taxes not paid due to an improper tax credit, or continuation
221 of a tax credit, for the owner and interest thereon at the legal
222 rate until paid.