

**Senate Bill No. 625**

(By Senators Kessler (Mr. President), Boley, Edgell, Hall,  
Jenkins, Klempa, McCabe, Plymale, Yost, Browning and Foster)

[Introduced February 17, 2012; referred to the Committee on  
Economic Development; and then to the Committee on Finance.]

**FISCAL  
NOTE**

A BILL to amend and reenact §11-6F-2 of the Code of West Virginia,  
1931, as amended, relating to designating certain property as  
qualified capital addition to a manufacturing facility; and  
reducing the disincentive for capital investment.

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

That §11-6F-2 of the Code of West Virginia, 1931, as amended,  
be amended and reenacted to read as follows:

**ARTICLE 6F. SPECIAL METHOD FOR APPRAISING QUALIFIED CAPITAL  
ADDITIONS TO MANUFACTURING FACILITIES.**

**§11-6F-2. Definitions.**

As used in this article, the term:

(a) "Certified capital addition property" means all real  
property and personal property included within or to be included  
within a qualified capital addition to a manufacturing facility  
that has been certified by the State Tax Commissioner in accordance

1 with section four of this article: *Provided*, That airplanes and  
2 motor vehicles licensed by the Division of Motor Vehicles shall in  
3 no event constitute certified capital addition property.

4 (b) "Manufacturing" means any business activity classified as  
5 having a sector identifier, consisting of the first two digits of  
6 the six-digit North American Industry Classification System code  
7 number of thirty-one, thirty-two or thirty-three or the six digit  
8 code number 211112.

9 (c) "Manufacturing facility" means any factory, mill, chemical  
10 plant, refinery, warehouse, building or complex of buildings,  
11 including land on which it is located, and all machinery,  
12 equipment, improvements and other real property and personal  
13 property located at or within the facility used in connection with  
14 the operation of the facility in a manufacturing business.

15 (d) "Personal property" means all property specified in  
16 subdivision (q), section ten, article two, chapter two of this code  
17 and includes, but is not limited to, furniture, fixtures, machinery  
18 and equipment, pollution control equipment, computers and related  
19 data processing equipment, spare parts and supplies.

20 (e) "Qualified capital addition to a manufacturing facility"  
21 means either:

22 (1) All real property and personal property, the combined  
23 original cost of all of the property which exceeds ~~\$50~~ \$10 million  
24 to be constructed, located or installed at or within two miles of

1 a manufacturing facility owned or operated by the person making the  
2 capital addition that has a total original cost before the capital  
3 addition of at least ~~100~~ 20 million. If the capital addition is  
4 made in a steel, chemical or polymer alliance zone as designated  
5 from time-to-time by executive order of the Governor, then the  
6 person making the capital addition may for purposes of satisfying  
7 the requirements of this subsection join in a multiparty project  
8 with a person owning or operating a manufacturing facility that has  
9 a total original cost before the capital addition of at least ~~100~~  
10 20 million if the capital addition creates additional production  
11 capacity of existing or related products or feedstock or derivative  
12 products respecting the manufacturing facility, consists of a  
13 facility used to store, handle, process or produce raw materials  
14 for the manufacturing facility, consists of a facility used to  
15 store, handle or process natural gas to produce fuel for the  
16 generation of steam or electricity for the manufacturing facility  
17 or consists of a facility that generates steam or electricity for  
18 the manufacturing facility, including but not limited to a facility  
19 that converts coal to a gas or liquid for the manufacturing  
20 facility's use in heating, manufacturing or generation of  
21 electricity, ~~Beginning on and after July 1, 2011, when the new~~  
22 ~~capital addition is a facility that is or will be classified under~~  
23 ~~the North American Industry Classification System with a six digit~~  
24 ~~code number 211112,~~ or is a manufacturing facility that uses

1 product produced at a facility with code number 211112; ~~then~~  
2 ~~wherever the term "100 million" is used in this subsection, the~~  
3 ~~term "20 million" shall be substituted and where the term "50~~  
4 ~~million" is used, the term "10 million" shall be substituted. or~~

5 (2) (A) All real property and personal property, the combined  
6 original cost of which exceeds \$2 billion to be constructed,  
7 located or installed at a facility, or a combination of facilities  
8 by a single entity or combination of entities engaged in a unitary  
9 business, that:

10 (i) Is or will be classified under the North American Industry  
11 Classification System with a six digit code number 211112; or

12 (ii) Is a manufacturing facility that uses one or more  
13 products produced at a facility with code number 211112; or

14 (iii) Is a manufacturing facility that uses one or more  
15 products produced at a facility described in subparagraph (ii) of  
16 this subdivision.

17 (B) No preexisting investment made, or in place before the  
18 capital addition shall be required for property specified in  
19 paragraph (A) of this subdivision. The requirements set forth in  
20 subdivision (1) of this subsection do not apply to property  
21 specified in this subdivision relating to:

22 (i) Location or installation of investment at or within two  
23 miles of a manufacturing facility owned or operated by the person  
24 making the capital addition;

1        (ii) Total original cost of preexisting investment before the  
2 capital addition of at least \$100 million or \$20 million; or

3        (iii) Multiparty projects.

4        (f) "Real property" means all property specified in  
5 subdivision (p), section ten, article two, chapter two of this code  
6 and includes, but is not limited to, lands, buildings and  
7 improvements on the land such as sewers, fences, roads, paving and  
8 leasehold improvements: Provided, That for capital additions  
9 certified on or after July 1, 2011, the value of the land before  
10 any improvements shall be subtracted from the value of the capital  
11 addition and the unimproved land value shall not be given salvage  
12 value treatment.

NOTE: The purpose of this bill is to reduce the disincentive for new capital investment by reducing the original cost requirement for a capital improvement to \$20 million and to reduce the amount of required new investment to \$10 million.

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