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H. B. 2490

(By Delegate Rodighiero)

[Introduced January 28, 2015; referred to the

Committee on Small Business, Entrepreneurship and Economic Development then Finance.]

**FISCAL
NOTE**

A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section, designated §11-13Q-5a, relating to establishing a tax credit for new businesses that locate in the state; setting forth how the credit is determined; establishing the conditions that must be met to qualify for the credit; and defining terms.

Be it enacted by the Legislature of West Virginia:

That the Code of West Virginia, 1931, as amended, be amended by adding thereto a new section, designated §11-13Q-5a, to read as follows:

ARTICLE 13Q. ECONOMIC OPPORTUNITY TAX CREDIT.

§11-13Q-5a. Credit allowed for locating new businesses in this state.

(a) Credit allowed. -- A corporation that establishes a new business in this state and employs, on a full-time basis, in the state, at least fifteen people, who are domiciled in this state, is allowed credit under this article, the amount of which is determined as provided in subsection (b) of this section. The restrictions set forth in subsection (a), section nineteen of this article do not apply to

1 the credit for new businesses allowed under this section.

2 (b) Determination of credit. -- The amount of credit allowed by subsection (a) is determined,
3 at the election of the taxpayer:

4 (1) By multiplying the taxpayer's adjusted qualified investment by its new jobs percentage
5 (as determined under section nine of this article); or

6 (2) By multiplying the taxpayer's adjusted qualified investment by ten percent.

7 (c) Notwithstanding any other provision of this article to the contrary:

8 (1) New jobs created in this state by location of a new business may include jobs created in
9 this state within twelve months before or after the month in which the qualified investment in the
10 new business location is placed into service or use in this state by:

11 (A) Relocation or transfer of employees of the corporation or employees of a related
12 corporation or related person from an out-of-state location to the location of a new business in this
13 state, who: (i) Are or become employees of the corporation within twelve months before or after the
14 month in which the qualified investment in the new business is placed into service or use in this
15 state; and (ii) whose regular place of work is in this state; or

16 (B) New employees of the corporation whose regular place of work is in this state.

17 (2) Multiple year projects certified under section six of this article may be allowed for
18 locating new businesses under this section.

19 (d) Application of credit. -- The credit allowed by this section is applied in the manner
20 prescribed in section seven of this article. However, the amount of corporation net income taxes
21 against which the credit allowed by this section may be applied is the sum of the corporation net
22 income tax due on adjusted federal taxable income allocated to this state under section seven, article

1 twenty-four of this chapter, plus that portion of the corporation net income tax due on adjusted
2 federal taxable income apportioned to this state under section seven, article twenty-four of this
3 chapter, that is further apportioned to the qualified investment using the payroll factor provided in
4 subdivision (1), subsection (h), section seven of this article or an alternative means of apportionment
5 as prescribed by the commissioner under section seven of this article. For all other purposes, the
6 credit allowed by this section is treated as credit allowed by section four of this article.

7 (e) Definitions. -- For purposes of this section:

8 "Adjusted qualified investment" means the taxpayer's qualified investment in the new
9 business as determined under section eight of this article and rules of the commissioner.

10 "The corporation" means the new business that locates in the state.

NOTE: The purpose of this bill is to establishing a tax credit for new businesses that locate in the state. The bill sets forth how the credit is determined. The bill establishes the conditions that must be met to qualify for the credit. The bill defines terms.

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