

WEST VIRGINIA LEGISLATURE

2018 REGULAR SESSION

Introduced

Senate Bill 12

FISCAL
NOTE

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[Introduced January 10, 2018; Referred
to the Committee on Economic Development; and
then to the Committee on Finance]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new article,
 2 designated §11-28-1, §11-28-2 and §11-28-3, all relating to creating five-year tax credits
 3 for businesses locating on post-coal mine sites; defining terms; setting eligibility
 4 requirements for the tax credit; establishing amount of tax credit allowed; establishing how
 5 the credit may be applied; and providing rule-making authority.

Be it enacted by the Legislature of West Virginia:

ARTICLE 28. POST COAL MINE SITE BUSINESS CREDIT.

§11-28-1. Definitions.

1 For purposes of this article:

2 “Post coal mine site” means property that has remained undeveloped for business
 3 purposes, subsequent to coal mining operations on the property within the bonded area of the
 4 last issued coal mine permit.

5 “Principal place of business” means the physical location from which the entity’s direction,
 6 control and coordination of the operations of the business are primarily exercised, with
 7 consideration given, but not limited to:

8 (A) The physical location at which the primary executive and administrative headquarters
 9 of the entity is located; and

10 (B) From which the management of overall operations of the entity is directed.

§11-28-2. Eligibility for credit.

1 For those tax years beginning on or after January 1, 2019, a business entity will be allowed
 2 a credit against certain taxes imposed by this chapter, as described in §11-28-3 of this code, if
 3 the business entity meets the following requirements:

4 (1) The entity is a corporation, small business corporation, limited liability company,
 5 partnership or unincorporated business entity with a principal place of business in the state;

6 (2) The entity employs a minimum of ten full-time (thirty-two hours a week or more)
 7 employees; and

8 (3) The entity's principal place of business is located on a post-mine site within this state.

§11-28-3. Application of credit.

1 (a) Amount of credit. — For those tax years beginning on or after January 1, 2019, an
2 eligible business entity will be allowed a tax credit in the amount of fifty percent of that entity's
3 capital expenditures (as defined in Section 263 of the United States Internal Revenue Code of
4 1986, as amended) at the post coal mine site for the first five taxable years during which the
5 entity's principle place of business is located on the post coal mine site within this state: *Provided,*
6 That the dollar amount of the credit claimed by an eligible business entity may not exceed the
7 amount of fifty percent of the entity's state income tax for a single year.

8 (b) Application of annual credit allowance. — The credit created by this article is allowed
9 as a credit against the taxpayer's state tax liability applied as provided in subdivisions (1) and (2)
10 of this subsection, and in that order.

11 (1) Corporation net income taxes. — After application of subdivision (1) of this subsection,
12 any unused credit is next applied to reduce the taxes imposed by §11-24-1 *et seq.* of this code
13 for the taxable year.

14 (2) Personal income taxes. —

15 (A) If the person making the qualified investment is an electing small business corporation
16 (as defined in Section 1361 of the United States Internal Revenue Code of 1986, as amended),
17 a partnership or a limited liability company that is treated as a partnership for federal income tax
18 purposes, then any unused credit (after application of subdivisions (1) and (2) of this subsection)
19 is allowed as a credit against the taxes imposed by §11-21-1 *et seq.* of this code on the income
20 from business or other activity subject to tax under §11-23-1 *et seq.* of this code.

21 (B) Electing small business corporations, limited liability companies, partnerships and
22 other unincorporated organizations shall allocate the credit allowed by this article among its
23 members in the same manner as profits and losses are allocated for the taxable year.

24 (3) A credit is not allowed under this section against any employer withholding taxes
25 imposed by §11-21-1 et seq. of this code.

26 (c) Unused credit. — A carryback to a prior taxable year is not allowed for the amount of
27 any unused portion of any annual credit allowance. If the amount of the credit exceeds the
28 taxpayer's tax liability for the taxable year, the amount which exceeds the tax liability may be
29 carried over and applied as a credit against the tax liability of the taxpayer pursuant to §11-21-1
30 et seq. or §11-24-1 et seq. of this code to each of the next five taxable years following the year of
31 creation of the tax credit unless sooner used.

32 (d) Eligibility requirements. — Those businesses that benefit from other state economic
33 development programs or incentives that result in a reduction of their income tax liability due shall
34 not be eligible for this tax credit.

35 (e) Rule-making authority. — The State Tax Department shall propose rules for
36 promulgation for adoption by the Legislature in accordance with §29A-3-1 et seq. of this code in
37 regards to forms and regulations in regards to this tax credit by December 31, 2018.

The purpose of this bill is to create five-year tax credits for businesses locating on post coal mine sites. The bill defining terms. The bill sets eligibility requirements for the tax credit. The bill establishes amount of tax credit allowed. The bill establishes how the credit may be applied. The bill provides rule-making ability.

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