WEST virginia legislature

**FISCAL NOTE**

2021 regular session

Introduced

House Bill 3116

By Delegates Thompson, Evans, Hansen, Griffith, Young, Walker, Pushkin, Zukoff and Barach

[Introduced March 12, 2021; Referred to the Committee on Finance]

A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section, designated §11-21-31, relating to creating a refundable Earned Income Tax Credit against state personal income tax; providing a phase-in period for rate of credit; and limiting credit to full year residents.

Be it enacted by the Legislature of West Virginia:

ARTICLE 21. PERSONAL INCOME TAX.

§11-21-31. Refundable tax credit of earned income for certain low-income taxpayers.

(a) A resident may claim a refund in the amount, if any, by which the applicable percentage specified in subsection (b) of this section of the earned income credit allowable for the taxable year under §32 of the Internal Revenue Code exceeds the state personal income tax for the taxable year.

(b) The applicable percentage of the earned income credit allowable under §32 of the Internal Revenue Code to be used for purposes of determining the refund provided under this paragraph is:

(1) 25 percent for a taxable year beginning after December 31, 2021, but before January 1, 2023;

(2) 25.5 percent for a taxable year beginning after December 31, 2022, but before January 1, 2024;

(3) 26 percent for a taxable year beginning after December 31, 2023, but before January 1, 2025;

(4) 27 percent for a taxable year beginning after December 31, 2024, but before January 1, 2026; and

(5) 28 percent for a taxable year beginning after December 31, 2025.

(c) The refund shall only be available to taxpayers who were a resident of the state for the entire taxable year.

NOTE: The purpose of this bill is to provide a refundable Earned Income Tax Credit from state personal income tax for taxpayers who also qualify for the Earned Income Tax Credit on their federal income tax.

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