

WEST VIRGINIA LEGISLATURE

2022 REGULAR SESSION

Introduced

House Bill 4659

FISCAL
NOTE

BY DELEGATES HOWELL, CRISS, PINSON, MARTIN,
HOUSEHOLDER, HAMRICK, LINVILLE, PHILLIPS, ZATEZALO,
STORCH, AND WAMSLEY

[Introduced February 11, 2022; Referred to the Select
Committee on Tourism and Economic Diversification
then Finance]

1 A BILL to amend and reenact §11-6F-2 and §11-13S-4 of the Code of West Virginia, 1931, as
2 amended; and to amend said code by adding thereto a new article, designated §11-13LL-
3 1, §11-13LL-2, §11-13LL-3, §11-13LL-4, §11-13LL-5, §11-13LL-6, §11-13LL-7, §11-13LL-
4 8, §11-13LL-9, §11-13LL-10, §11-13LL-11, §11-13LL-12, §11-13LL-13, §11-13LL-14,
5 §11-13LL-15, §11-13LL-16, §11-13LL-17, all relating generally to taxation for the
6 manufacturing, sale, and use of heavy duty trucks and products associated therewith to
7 encourage economic growth; amending the definition of manufacturing for purposes of
8 special method for appraising qualified capital additions to manufacturing facilities for
9 property tax purposes; amending the formula for calculating the manufacturing investment
10 tax credit amount allowed for manufacturing investment to include heavy duty truck
11 manufacturing; increasing the amount of such allowable credit for said industries; creating
12 the West Virginia Heavy Duty Truck Excise Tax Elimination Act; providing for
13 administration and enforcement of the tax credit; making legislative findings; stating
14 legislative purpose; defining terms; specifying an amount of credit allowable based upon
15 the amount of federal excise tax paid, providing limitations based upon qualified
16 investment amount; providing conditions for qualification and use; defining in service or
17 use; providing for the application of the credit to the corporate net income tax and the
18 personal income tax, as appropriate; providing for methods of calculation of the qualified
19 investment; providing for carry over and forfeiture of unused tax credits; providing
20 limitations for credits being carried over; allowing transfer of qualified investment property
21 without forfeiture under certain circumstances; requiring identification of qualified
22 investment property and record keeping; providing penalties for failure to keep required
23 records; providing for interpretation and construction; requiring timely filing of application
24 for credit; specifying burden of proof; requiring periodic tax credit review and accountability
25 reports; authorizing rulemaking; making credit subject to West Virginia Tax Procedure and

26 Administration Act and West Virginia Tax Crimes and Penalties Act; and providing for
27 severability; providing effective dates; and providing for certain exemptions.

Be it enacted by the Legislature of West Virginia:

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

§11-6F-2. Definitions.

1 As used in this article, the term:

2 “Certified capital addition property” means all real property and personal property included
3 within or to be included within a qualified capital addition to a manufacturing facility that has been
4 certified by the State Tax Commissioner in accordance with §11-6F-4 of this code: *Provided*, That
5 airplanes and motor vehicles licensed by the Division of Motor Vehicles are not certified capital
6 addition property.

7 “Manufacturing” means any business activity classified as having a sector identifier,
8 consisting of the first two digits of the six-digit North American Industry Classification System code
9 number of 31, 32, or 33. For purposes of this article, manufacturing also includes the processing
10 of raw natural gas or oil to recover or extract liquid hydrocarbons, which activity is classified under
11 North American Industry Classification System code number 211130. This definition does not
12 mean or include any other processes or activities classified, categorized, grouped, or identified
13 under North American Industry Classification System code number 211130.

14 “Manufacturing facility” means any factory, mill, chemical plant, refinery, warehouse,
15 building or complex of buildings, including land on which it is located, and all machinery,
16 equipment, improvements, and other real property and personal property located at or within the
17 facility used in connection with the operation of the facility in a manufacturing business.

18 “Personal property” means all property specified in §2-2-10(q) of this code and includes,
19 but is not limited to, furniture, fixtures, machinery, and equipment, pollution control equipment,

20 computers, and related data processing equipment, spare parts, and supplies.

21 “Qualified capital addition to a manufacturing facility” means either:

22 (1) All real property and personal property, the combined original cost of which exceeds
23 \$50 million to be constructed, located, or installed at or within two miles of a manufacturing facility
24 owned or operated by the person making the capital addition that has a total original cost before
25 the capital addition of at least \$100 million. If the capital addition is made in a steel, chemical, or
26 polymer alliance zone as designated from time-to-time by executive order of the Governor, then
27 the person making the capital addition may, for purposes of satisfying the requirements of this
28 subsection, join in a multiparty project with a person owning or operating a manufacturing facility
29 that has a total original cost before the capital addition of at least \$100 million if the capital addition
30 creates additional production capacity of existing or related products or feedstock or derivative
31 products respecting the manufacturing facility, consists of a facility used to store, handle, process,
32 or produce raw materials for the manufacturing facility, consists of a facility used to store, handle,
33 or process natural gas to produce fuel for the generation of steam or electricity for the
34 manufacturing facility or consists of a facility that generates steam or electricity for the
35 manufacturing facility, including, but not limited to, a facility that converts coal to a gas or liquid
36 for the manufacturing facility’s use in heating, manufacturing or generation of electricity. When
37 the new capital addition is a facility that is or will be processing raw natural gas or oil to recover
38 or extract liquid hydrocarbons, or is a manufacturing facility that uses product produced at a facility
39 engaged in processing of raw natural gas or oil to recover or extract liquid hydrocarbons, then
40 wherever the term “100 million” is used in this subsection, the term “20 million” shall be substituted
41 and where the term “50 million” is used, the term “10 million” shall be substituted; and where the
42 term “50 million” is used, the term “10 million” shall be substituted; and that beginning on and after
43 July 1, 2021, when the new capital addition is a facility that is or may be classified under the North
44 American Industry Classification System with a six-digit North American Industry Classification
45 System code for a product produced at a facility with code numbers 332992 or 332994, as defined

46 on January 1, 2021, then wherever the term “100 million” is used in this subsection, the term “2
47 million” shall be substituted and where the term “50 million” is used, the term “1 million” shall be
48 substituted; or when the new capital addition is a facility that is or will be manufacturing heavy
49 duty trucks, then wherever the term “100 million” is used in this subsection, the term “20 million”
50 shall be substituted and where the term “50 million” is used, the term “10 million” shall be
51 substituted; and where the term “50 million” is used, the term “10 million” shall be substituted; and
52 that beginning on and after July 1, 2022, when the new capital addition is a facility that is or may
53 be classified under the North American Industry Classification System with a six-digit North
54 American Industry Classification System code for a product produced at a facility with code
55 numbers 336120, as defined on January 1, 2022, then wherever the term “100 million” is used in
56 this subsection, the term “2 million” shall be substituted and where the term “50 million” is used,
57 the term “1 million” shall be substituted; or

58 (2)(A) All real property and personal property, the combined original cost of which exceeds
59 \$2 billion to be constructed, located, or installed at a facility, or a combination of facilities by a
60 single entity or combination of entities engaged in a unitary business, that:

61 (i) Is or will be engaged in processing of raw natural gas or oil to recover or extract liquid
62 hydrocarbons; or

63 (ii) Is a manufacturing facility that uses one or more products produced at a facility
64 described in subparagraph (i) above; or

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

67 (B) All real property and personal property, the combined original cost of which exceeds
68 \$2 million to be constructed, located, or installed at a facility, or a combination of facilities by a
69 single entity or combination of entities engaged in a unitary business, that is or may be classified
70 under North American Industry Classification System with a six-digit code number 332992 or
71 332994 as defined on January 1, 2021.

72 (C) No preexisting investment made, or in place before the capital addition is required for
73 property specified in this subdivision. The requirements set forth in subdivision (1) of this
74 subsection do not apply to property specified in this subdivision relating to:

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

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

79 (iii) Multiparty projects.

80 “Real property” means all property specified in §2-2-10(p) of this code and includes, but
81 is not limited to, lands, buildings, and improvements on the land such as sewers, fences, roads,
82 paving, and leasehold improvements: *Provided*, That for capital additions certified on or after July
83 1, 2011, the value of the land before any improvements shall be subtracted from the value of the
84 capital addition and the unimproved land value shall not be given salvage value treatment.

ARTICLE 13S. MANUFACTURING INVESTMENT TAX CREDIT.

§11-13S-4. Amount of credit allowed for manufacturing investment.

1 (a) *Credit allowed.* — There is allowed to eligible taxpayers and to persons described in
2 subdivision (4), subsection (b) of this section a credit against the taxes imposed by §11-13A- 1 *et*
3 *seq.*, and §11-24-1-1 *et seq.* of this code: *Provided*, That a tax credit for any eligible taxpayer
4 operating a business activity classified as having a sector identifier, consisting of the six digit code
5 number 211112 such eligible taxpayer must comply with the provisions of subsection (e) of this
6 section for all construction related thereto in order to be eligible for any credit under this article.
7 The amount of credit shall be determined as hereinafter provided in this section.

8 (b) *Amount of credit allowable.* — The amount of allowable credit under this article is equal
9 to five percent of the qualified manufacturing investment (as determined in section five of this
10 article): *Provided*, That the amount of allowable credit under this article is equal to 50 percent of
11 the qualified manufacturing investment (as determined in §11-13S-5. of this code) for any eligible

12 taxpayer operating a business that is or may be classified as having a sector identifier, consisting
13 of the six-digit code number 332992 or 332994, as defined on January 1, 2021, as well as for
14 code number 336120 as defined on January 1, 2022. This credit shall reduce the severance tax,
15 imposed under §11-13A-1 *et seq.* of this code and the corporation net income tax imposed under
16 §11-24-1 *et seq.* of this code, in that order, subject to the following conditions and limitations:

17 (1) The amount of credit allowable is applied over a 10-year period, at the rate of one-
18 tenth thereof per taxable year, beginning with the taxable year in which the property purchased
19 for manufacturing investment is first placed in service or use in this state;

20 (2) *Severance tax.* — The credit is applied to reduce the severance tax imposed under
21 §11-13A-1 *et seq.* of this code (determined before application of the credit allowed by §11-12B-3
22 of this code and before any other allowable credits against tax and before application of the annual
23 exemption allowed by §11-13A-10 of this code). The amount of annual credit allowed may not
24 reduce the severance tax, imposed under §11-13A-1 *et seq.* of this code, below 50 percent of the
25 amount which would be imposed for such taxable year in the absence of this credit against tax:
26 Provided, That for tax years beginning on and after January 1, 2009, the amount of annual credit
27 allowed may not reduce the severance tax, imposed under §11-13A-1 *et seq.* of this code, below
28 40 percent of the amount which would be imposed for such taxable year in the absence of this
29 credit against tax. When in any taxable year the taxpayer is entitled to claim credit under this
30 article and §11-13D-1 *et seq.* of this code, the total amount of all credits allowable for the taxable
31 year may not reduce the amount of the severance tax, imposed under §11-13A-1 *et seq.* of this
32 code, below 50 percent of the amount which would be imposed for such taxable year (determined
33 before application of the credit allowed by §11-12B-3 of this code and before any other allowable
34 credits against tax and before application of the annual exemption allowed by §11-13A-10 of this
35 code): *Provided, however,* That when in any taxable year beginning on and after January 1, 2009,
36 the taxpayer is entitled to claim credit under this article and §11-13D-1 *et seq.* of this code, the
37 total amount of all credits allowable for the taxable year may not reduce the amount of the

38 severance tax imposed under §11-13A-1 *et seq.* of this code, below 40 percent of the amount
39 which would be imposed for such taxable year as determined before application of the credit
40 allowed by §11-12B-3 of this code and before any other allowable credits against tax and before
41 application of the annual exemption allowed by §11-13A-10 of this code;

42 (3) *Corporation net income tax.* —

43 After application of subdivision (2) of this subsection, any unused credit is next applied to
44 reduce the corporation net income tax imposed under §11-24-1 *et seq.* of this code (determined
45 before application of any other allowable credits against tax). The amount of annual credit allowed
46 will not reduce corporation net income tax, imposed under §11-24-1 *et seq.* of this code, below
47 50 percent of the amount which would be imposed for such taxable year in the absence of this
48 credit against tax: *Provided*, That for tax years beginning on and after January 1, 2009, the amount
49 of annual credit allowed will not reduce corporation net income tax, imposed under §11-24-1 *et*
50 *seq.* of this code, below 40 percent of the amount which would be imposed for such taxable year
51 in the absence of this credit against tax. When in any taxable year the taxpayer is entitled to claim
52 credit under this article and §11-13D-1 *et seq.* of this code, the total amount of all credits allowable
53 for the taxable year may not reduce the amount of the corporation net income tax, imposed under
54 §11-24-1 *et seq.* of this code, below 50 percent of the amount which would be imposed for the
55 taxable year (determined before application of any other allowable credits against tax): *Provided*,
56 *however*, That when in any taxable year beginning on and after January 1, 2009, the taxpayer is
57 entitled to claim credit under this article and §11-13D-1 *et seq.* of this code, the total amount of
58 all credits allowable for the taxable year may not reduce the amount of the corporation net income
59 tax, imposed under article §11-24-1 *et seq.* of this code, below 40 percent of the amount which
60 would be imposed for the taxable year as determined before application of any other allowable
61 credits against tax;

62 (4) *Pass-through entities.* —

63 (A) If the eligible taxpayer is a limited liability company, small business corporation or a

64 partnership, then any unused credit (after application of subdivisions (2) and (3) of this subsection)
65 is allowed as a credit against the taxes imposed by §11-24-1 *et seq.* of this code on owners of
66 the eligible taxpayer on the conduit income directly derived from the eligible taxpayer by its
67 owners. Only those portions of the tax imposed by §11-24-1 *et seq.* of this code that are imposed
68 on income directly derived by the owner from the eligible taxpayer are subject to offset by this
69 credit.

70 (B) The amount of annual credit allowed will not reduce corporation net income tax,
71 imposed under §11-24-1 *et seq.* of this code, below 50 percent of the amount which would be
72 imposed on the conduit income directly derived from the eligible taxpayer by each owner for such
73 taxable year in the absence of this credit against the taxes (determined before application of any
74 other allowable credits against tax): *Provided*, That for tax years beginning on and after January
75 1, 2009, the amount of annual credit allowed will not reduce corporation net income tax, imposed
76 under §11-24-1 *et seq.* of this code, below 40 percent of the amount which would be imposed on
77 the conduit income directly derived from the eligible taxpayer by each owner for such taxable year
78 in the absence of this credit against the taxes as determined before application of any other
79 allowable credits against tax.

80 (C) When in any taxable year the taxpayer is entitled to claim credit under this article and
81 §11-13D-1 *et seq.* of this code, the total amount of all credits allowable for the taxable year will
82 not reduce the corporation net income tax imposed on the conduit income directly derived from
83 the eligible taxpayer by each owner below 50 percent of the amount that would be imposed for
84 such taxable year on the conduit income (determined before application of any other allowable
85 credits against tax): *Provided*, That when in any taxable year beginning on and after January 1,
86 2009, the taxpayer is entitled to claim credit under this article and §11-13D-1 *et seq.* of this code,
87 the total amount of all credits allowable for the taxable year will not reduce the corporation net
88 income tax imposed on the conduit income directly derived from the eligible taxpayer by each
89 owner below 40 percent of the amount that would be imposed for such taxable year on the conduit

90 income as determined before application of any other allowable credits against tax;

91 (5) Small business corporations, limited liability companies, partnerships and other
92 unincorporated organizations shall allocate any unused credit after application of subdivisions (2)
93 and (3) of this subsection among their members in the same manner as profits and losses are
94 allocated for the taxable year; and

95 (6) No credit is allowed under this article against any tax imposed by §11-21-1 *et seq.* of
96 this code.

97 (c) No carryover to a subsequent taxable year or carryback to a prior taxable year is
98 allowed for the amount of any unused portion of any annual credit allowance. Any unused credit
99 is forfeited.

100 (d) *Application for credit required.* —

101 (1) *Application required.* — Notwithstanding any provision of this article to the contrary, no
102 credit is allowed or may be applied under this article for any qualified investment property placed
103 in service or use until the person claiming the credit makes written application to the Tax
104 Commissioner for allowance of credit as provided in this section. This application shall be in the
105 form prescribed by the Tax Commissioner and shall provide the number and type of jobs created,
106 if any, by the manufacturing investment, the average wage rates and benefits paid to employees
107 filling the new jobs and any other information the Tax Commissioner may require. This application
108 shall be filed with the Tax Commissioner no later than the last day for filing the annual return,
109 determined by including any authorized extension of time for filing the return, required under §11-
110 21-1 *et seq.* or §11-24-1-1 *et seq.* of this code for the taxable year in which the property to which
111 the credit relates is placed in service or use.

112 (2) *Failure to file.* — The failure to timely apply the application for credit under this section
113 results in forfeiture of 50 percent of the annual credit allowance otherwise allowable under this
114 article. This penalty applies annually until the application is filed.

115 (e) (1) Any person or entity undertaking any construction related to any business activity

116 included within North American Industrial Code six-digit code number 211112, the value of which
117 is an amount equal to or greater than \$500,000, shall hire at least 75 percent of employees for
118 said construction from the local labor market, to be rounded off, with at least two employees from
119 outside the local labor market permissible for each employer per project, “the local labor market”
120 being defined as every county in West Virginia and any county outside of West Virginia if any
121 portion of that county is within 50 miles of the border of West Virginia.

122 (2) Any person or entity unable to employ the minimum number of employees from the
123 local labor market shall inform the nearest office of the Bureau of Employment Programs’ division
124 of employment services of the number of qualified employees needed and provide a job
125 description of the positions to be filled.

126 (3) If, within three business days following the placing of a job order, the division is unable
127 to refer any qualified job applicants to the person or entity engaged in said construction or refers
128 less qualified job applicants than the number requested, then the division shall issue a waiver to
129 the person or entity engaged in said construction stating the unavailability of applicants and shall
130 permit the person or entity engaged in said construction to fill any positions covered by the waiver
131 from outside the local labor market. The waiver shall be either oral or in writing and shall be issued
132 within the prescribed three days. A waiver certificate shall be sent to the person or entity engaged
133 in said construction for its permanent project records.

ARTICLE 13LL. WEST VIRGINIA HEAVY-DUTY TRUCK EXCISE TAX ELIMINATION

ACT.

§11-13LL-1. Legislative finding and purpose.

1 The Legislature finds that the encouragement of manufacturing in this state is in the public
2 interest and promotes the general welfare of the people of this state. In order to encourage capital
3 investment in the manufacturing in this state and thereby increase economic opportunity for its
4 citizens there is hereby enacted the tax credit for the benefit of heavy-duty truck manufacturing.

5 The elimination of the federal excise tax on such heavy-duty truck manufacturing is in the best
6 interest to accomplish this.

§11-13LL-2. Definitions.

1 (a) General. — When used in this article, or in the administration of §11-13LL-1 et seq. of
2 this code, terms defined in subsection (b) have the meanings ascribed to them by this section,
3 unless a different meaning is clearly required by either the context in which the term is used, or
4 by specific definition in §11-13LL-1 et seq. of this code.

5 (b) Terms defined. —

6 (1) “Affiliated group” means any affiliated group within the meaning section 1504(a) of the
7 Internal Revenue Code, or any similar group defined under a similar provision of state, local, or
8 foreign law, except that section 1504 of Internal Revenue Code shall be applied by substituting
9 “more than 50 percent” for “at least 80 percent” each place it appears in that section.

10 (2) “Business” means heavy-duty truck manufacturing business activity, which is or may
11 be classified under the North American Industry Classification System with a six-digit code for a
12 product produced at a facility under code number 336120 as defined on January 1, 2022, which
13 is engaged in by any person in this state which is taxable under §11-21-1 et seq. or §11-24-1 et
14 seq. of this code.

15 (3) “Business expansion” means capital investment in a new or used heavy-duty truck
16 manufacturing facility in this state, which is or may be classified under the North American Industry
17 Classification System with a six-digit code for a product produced at a facility under code number
18 336120 as defined on January 1, 2022.

19 (4) “Commissioner” or “Tax Commissioner” are used interchangeably in this article and
20 mean the Tax Commissioner of the State of West Virginia, or his or her designee.

21 (5) “Controlled group of corporations” means a controlled group of corporations as defined
22 in section 1563(a) of the Internal Revenue Code.

23 (6) “Corporation” means any corporation, joint-stock company, association, or other entity

24 treated as a corporation for federal income tax purposes, and any business conducted by a trustee
25 or trustees wherein interest or ownership is evidenced by a certificate of interest or ownership or
26 similar written instrument.

27 (7) "Designee" in the phrase "or his or her designee," when used in reference to the Tax
28 Commissioner, means any officer or employee of the State Tax Department duly authorized by
29 the commissioner directly, or indirectly by one or more redelegations of authority, to perform the
30 functions mentioned or described in this article.

31 (8) "Eligible taxpayer" means any person who makes a qualified investment in a new or
32 expanded heavy duty truck manufacturing facility located in this state and who is subject to any
33 of the taxes imposed by §11-21-1 et seq. or §11-24-1 et seq. of this code.

34 (9) "Expanded facility" means any manufacturing facility, other than a new or replacement
35 business facility, resulting from the acquisition, construction, reconstruction, installation, or
36 erection of improvements or additions to existing property if the improvements or additions are
37 purchased on or after July 1, 2022, but only to the extent of the taxpayer's qualified investment in
38 the improvements or additions.

39 (10) "Heavy duty truck manufacturing" refers to a facility which is or may be classified
40 under the North American Industry Classification System with a six-digit North American Industry
41 Classification System code for a product produced at a facility with code number 336120 as
42 defined on January 1, 2022.

43 (11) "Heavy duty truck manufacturing business" means a business primarily engaged in
44 this state in heavy duty truck manufacturing which is or may be classified under the North
45 American Industry Classification System with a six-digit North American Industry Classification
46 System code for a product produced at a facility with code number 336120 as defined on January
47 1, 2022.

48 (12) "Heavy duty truck manufacturing facility" means any factory, mill, plant, warehouse,
49 building, or complex of buildings located within this state, including the land on which it is located,

50 and all machinery, equipment, and other real and personal property located at or within the facility,
51 used in connection with the operation of the facility, and all site preparation and start-up costs of
52 the taxpayer for the heavy duty truck manufacturing facility, which is or may be classified under
53 the North American Industry Classification System with a six-digit North American Industry
54 Classification System code for a product produced at a facility with code number 336120 as
55 defined on January 1, 2022, and which it capitalizes for federal income tax purposes in a business
56 that is taxable in this state.

57 (13) "Includes" and "including" when used in a definition contained in this article, may not
58 be considered to exclude other things otherwise within the meaning of the term defined.

59 (14) "Leased property" does not include property which the taxpayer is required to show
60 on its books and records as an asset under generally accepted principles of financial accounting.
61 If the taxpayer is prohibited from expensing the lease payments for federal income tax purposes,
62 the property shall be treated as purchased property under this section.

63 (15) "New manufacturing facility" means a business facility which satisfies all the
64 requirements of paragraphs (A), (B), (C), and (D) of this subsection:

65 (A) The facility is employed by the taxpayer in the conduct of a manufacturing activity the
66 net income of which is or would be taxable under §11-21-1 et seq. or §11-24-1 et seq. of this
67 code. The facility is not considered a new heavy duty truck manufacturing facility in the hands of
68 the taxpayer if the taxpayer's only activity with respect to the facility is to lease it to another person
69 or persons.

70 (B) The facility is purchased by, or leased to, the taxpayer on or after July 1, 2022.

71 (C) The facility was not purchased or leased by the taxpayer from a related person. The
72 commissioner may waive this requirement if the facility was acquired from a related party for its
73 fair market value and the acquisition was not tax motivated.

74 (D) The facility was not in service or use during the 90 days immediately prior to transfer
75 of the title to the facility, or prior to the commencement of the term of the lease of the facility.

76 (16) “New property” means:

77 (A) Property, the construction, reconstruction, or erection of which is completed on or after
78 July 1, 2022, and placed in service or use after that date; and

79 (B) Property leased or acquired by the taxpayer that is placed in service or use in this state
80 on or after July 1, 2022, if the original use of the property commences with the taxpayer and
81 commences after that date.

82 (17) “Original use” means the first use to which the property is put, whether or not the use
83 corresponds to the use of the property by the taxpayer.

84 (18) “Partnership” includes a syndicate, group, pool, joint venture, or other unincorporated
85 organization through or by means of which any business, financial operation, or venture is carried
86 on, which is treated as a partnership for federal income tax purposes, and which is not a trust or
87 estate, a corporation, or a sole proprietorship.

88 (19) “Partner” includes a member in such a syndicate, group, pool, joint venture, or other
89 organization.

90 (20) “Person” includes any natural person, corporation, or partnership.

91 (21) “Property purchased or leased for business expansion” —

92 (A) *Included property.* — Except as provided in paragraph (B) of this subdivision, the term
93 “property purchased or leased for business expansion” means real property and improvements
94 thereto, and tangible personal property, but only if the real or personal property was constructed,
95 purchased, or leased and placed in service or use by the taxpayer, for use as a component part
96 of a new or expanded heavy duty truck manufacturing facility as defined in this section, which is
97 located within the State of West Virginia. This term includes only:

98 (i) Real property and improvements thereto having a useful life of four or more years,
99 placed in service or use on or after July 1, 2022, by the taxpayer.

100 (ii) Real property and improvements thereto, acquired by written lease having a primary
101 term of 10 or more years and placed in service or use by the taxpayer on or after July 1, 2022.

102 (iii) Tangible personal property placed in service or use by the taxpayer on or after July 1,
103 2022, with respect to which depreciation, or amortization in lieu of depreciation, is allowable in
104 determining the personal or corporation net income tax liability of the business taxpayer under
105 §11-21-1 et seq. or §11-24-1 et seq. of this code, and which has a useful life, at the time the
106 property is placed in service or use in this state, of four or more years.

107 (iv) Tangible personal property acquired by written lease having a primary term of four
108 years or longer, that commenced and was executed by the parties thereto on or after July 1, 2022,
109 if used as a component part of a new or expanded heavy duty truck manufacturing business
110 facility, shall be included within this definition.

111 (v) Tangible personal property owned or leased, and used by the taxpayer at a business
112 location outside this state which is moved into the State of West Virginia on or after July 1, 2022,
113 for use as a component part of a new or expanded heavy duty truck manufacturing facility located
114 in this state: *Provided*, That if the property is owned, it must be depreciable or amortizable
115 personal property for income tax purposes, and have a useful life of four or more years remaining
116 at the time it is placed in service or use in this state, and if the property is leased, the primary term
117 of the lease remaining at the time the leased property is placed in service or use in this state,
118 must be four or more years.

119 (B) *Excluded property*. — The term property purchased or leased for business expansion
120 does not include:

121 (i) Repair costs, including materials used in the repair, unless for federal income tax
122 purposes the cost of the repair must be capitalized and not expensed.

123 (ii) Airplanes and helicopters.

124 (iii) Property, which is primarily used outside this state, with use being determined based
125 upon the amount of time the property is actually used both within and outside this state.

126 (iv) Property which is acquired incident to the purchase of the stock or assets of the seller,
127 unless for good cause shown, the Tax Commissioner consents to waiving this requirement.

128 (v) Purchased or leased property, the cost or consideration for which cannot be quantified
129 with any reasonable degree of accuracy at the time the property is placed in service or use:
130 Provided, That when the contract of purchase or lease specifies a minimum purchase price or
131 minimum annual rent the amount thereof shall be used to determine the qualified investment in
132 the property under §11-13LL-6 of this code if the property otherwise qualifies as property
133 purchased or leased for expansion of a heavy duty truck manufacturing facility.

134 (22) "Purchase" means any acquisition of property, but only if:

135 (A) The property is not acquired from a person whose relationship to the person acquiring
136 it would result in the disallowance of deductions under section 267 or 707 (b) of the United States
137 Internal Revenue Code.

138 (B) The property is not acquired by one component member of an affiliated or controlled
139 group from another component member of the same affiliated or controlled group, as applicable.
140 The Tax Commissioner may waive this requirement if the property was acquired from a related
141 party for its then fair market value; and

142 (C) The basis of the property for federal income tax purposes, in the hands of the person
143 acquiring it, is not determined:

144 (i) In whole or in part, by reference to the federal adjusted basis of the property in the
145 hands of the person from whom it was acquired; or

146 (ii) Under Section 1014(e) of the United States Internal Revenue Code.

147 (23) "Qualified activity" means any manufacturing business activity subject to any of the
148 taxes imposed by §11-21-1 et seq. or §11-24-1 et seq. of this code which is or may be classified
149 under the North American Industry Classification System with a six-digit North American Industry
150 Classification System code for a product produced at a facility with code number 336120 as
151 defined on January 1, 2022.

152 (24) "Related person" means:

153 (A) A corporation, partnership, association, or trust controlled by the taxpayer;

154 (B) An individual, corporation, partnership, association, or trust that is in control of the
155 taxpayer;

156 (C) A corporation, partnership, association, or trust controlled by an individual, corporation,
157 partnership, association, or trust that is in control of the taxpayer; or

158 (D) A member of the same affiliated or controlled group as the taxpayer.

159 For purposes of this subdivision, control, with respect to a corporation, means ownership,
160 directly or indirectly, of stock possessing 50 percent or more of the total combined voting power
161 of all classes of the stock of the corporation entitled to vote.

162 Control, with respect to a trust, means ownership, directly or indirectly, of 50 percent or
163 more of the beneficial interest in the principal or income of the trust. The ownership of stock in a
164 corporation, of a capital or profits interest in a partnership or association, or of a beneficial interest
165 in a trust is determined in accordance with the rules for constructive ownership of stock provided
166 in section 267(c) of the United States Internal Revenue Code, other than paragraph (3) of that
167 section.

168 (25) "Replacement manufacturing facility" means any property (other than an expanded
169 manufacturing facility) that replaces or supersedes any other property located within this state
170 that:

171 (A) The taxpayer or a related person used in or in connection with any heavy duty truck
172 manufacturing facility for more than two years during the period of five consecutive years ending
173 on the date the replacement or superseding property is placed in service by the taxpayer; or

174 (B) Is not used by the taxpayer or a related person in or in connection with any heavy duty
175 truck manufacturing facility for a continuous period of one year or more commencing with the date
176 the replacement or superseding property is placed in service by the taxpayer.

177 (26) "Taxpayer" means any person subject to any of the taxes imposed by §11-21-1 et
178 seq. or §11-24-1 et seq. of this code.

179 (27) "This code" means the Code of West Virginia, 1931, as amended.

180 (28) “This state” means the State of West Virginia.

181 (29) “United States Internal Revenue Code” or “I.R.C.” means the Internal Revenue Code
182 as defined in §11-21-1 et seq. or §11-24-1 et seq. of this code.

183 (30) “Used property” means property acquired after June 30, 2023, that is not “new
184 property”.

185 (31) “Federal excise tax” means all excise taxes paid to the government of the United
186 States under section 4071 of Title 26 of the Internal Revenue Code imposed upon heavy duty
187 truck manufacturers, producers, or importers.

§11-13LL-3. Amount of credit allowed.

1 (a) Credit allowed. — Notwithstanding any other provision of this code, eligible taxpayers
2 are allowed a credit against the portion of taxes imposed by this state that are attributable to and
3 the consequence of the taxpayer’s qualified investment in a new or expanded heavy duty truck
4 manufacturing facility in this state: *Provided*, That such qualified investment is equal to or greater
5 than \$2 million. The amount of this credit is determined and applied as provided in this article.

6 (b) Amount of credit. — The amount of credit allowable is 100 percent of amount of federal
7 excise tax paid in a tax year under section 4071, Title 26 of the Internal Revenue Code, which are
8 attributable to and the consequence of the taxpayer’s qualified investment. The product of this
9 calculation establishes the maximum amount of credit allowable under this article due to the
10 qualified investment.

11 (c) Application of credit over 10 years. — The amount of credit allowable shall be taken
12 over a 10-year period, beginning with the taxable year in which the taxpayer places the qualified
13 investment in service or use in this state, unless the taxpayer elected to delay the beginning of
14 the 10-year period until the next succeeding taxable year. This election shall be made in the
15 annual income tax return filed under this chapter for the taxable year in which qualified investment
16 is first placed into service or use by the taxpayer. Once made, the election cannot be revoked.
17 The annual credit allowance is taken in the manner prescribed in §11-13LL-4 of this code.

18 (d) Placed in service or use. — For purposes of the credit allowed by this section, property
19 is considered placed in service or use in the earlier of the following taxable years:

20 (1) The taxable year in which, under the taxpayer's depreciation practice, the period for
21 depreciation with respect to the property begins; or

22 (2) The taxable year in which the property is placed in a condition or state of readiness
23 and availability for a specifically assigned function.

§11-13LL-4. Application of annual credit allowance.

1 (a) The amount determined under §11-13LL-3 of this code is allowed as a credit against
2 100 percent of that portion of the taxpayer's state tax liability which is attributable to and the direct
3 result of the taxpayer's qualified investment and applied as provided in subsections (b) and (c),
4 both inclusive of this section, and in that order.

5 (b) Corporation net income taxes. —

6 (1) That portion of the allowable credit attributable to qualified investment in a heavy duty
7 truck manufacturing facility may be applied to reduce the taxes imposed by §11-24-1 et seq. of
8 this code for the taxable year as determined before application of allowable credits against tax.

9 (2) If the taxes due under §11-24-1 et seq. of this code, as determined before application
10 of allowable credits against tax, are not solely attributable to and the direct result of the taxpayer's
11 qualified investment in a heavy duty truck manufacturing business, the amount of the taxes that
12 is attributable are determined by multiplying the amount of taxes due under §11-24-1 et seq. of
13 this code for the taxable year, as determined before application of allowable credits against tax,
14 by a fraction, the numerator of which is all wages, salaries, and other compensation paid during
15 the taxable year to all employees of the taxpayer employed in this state whose positions are
16 directly attributable to the qualified investment. The denominator of the fraction is the wages,
17 salaries, and other compensation paid during the taxable year to all employees of the taxpayer
18 employed in this state.

19 (c) Personal income taxes. —

20 (1) If the person making the qualified investment in a heavy duty truck manufacturing
21 facility is an electing small business corporation, as defined in section 1361 of the United States
22 Internal Revenue Code, a partnership, a limited liability company that is treated as a partnership
23 for federal income tax purposes, or a sole proprietorship, then any unused credit is allowed as a
24 credit against the taxes imposed by §11-21-1 et seq. of this code on the income from heavy duty
25 truck manufacturing facility, or on income of a sole proprietor attributable to the manufacturing
26 facility.

27 (2) Electing small business corporations, limited liability companies treated as
28 partnerships for federal income tax purposes, partnerships, and other unincorporated
29 organizations shall allocate the credit allowed by this article among its members in the same
30 manner as profits and losses are allocated for the taxable year.

31 (3) If the amount of taxes due under §11-21-1 et seq. of this code, as determined before
32 application of allowable credits against tax, that is attributable to business, is not solely attributable
33 to and the direct result of the qualified investment of the electing small business corporation,
34 limited liability company treated as a partnership for federal income tax purposes, other
35 unincorporated organization, or sole proprietorship, the amount of the taxes that are so
36 attributable are determined by multiplying the amount of taxes due under §11-21-1 et seq. of this
37 code, as determined before application of allowable credits against tax that is attributable to
38 business by a fraction, the numerator of which is all wages, salaries, and other compensation paid
39 during the taxable year to all employees of the electing small business corporation, limited liability
40 company, partnership, other unincorporated organization, or sole proprietorship employed in this
41 state, whose positions are directly attributable to the qualified investment. The denominator of the
42 fraction is the wages, salaries, and other compensation paid during the taxable year to all
43 employees of the taxpayer.

44 (4) No credit is allowed under this section against any employer withholding taxes imposed
45 by §11-21-1 et seq. of this code.

46 (d) If the wages, salaries, and other compensation fraction formula provisions of
47 subsections (b) and (c) of this section, inclusive, do not fairly represent the taxes solely attributable
48 to and the direct result of qualified investment of the taxpayer the Tax Commissioner may require,
49 in respect to all or any part of the taxpayer's businesses or activities, if reasonable:

50 (1) Separate accounting or identification;

51 (2) Adjustment to the wages, salaries, and other compensation fraction formula to reflect
52 all components of the tax liability;

53 (3) The inclusion of one or more additional factors that will fairly represent the taxes solely
54 attributable to and the direct result of the qualified investment of the taxpayer and all other project
55 participants in the businesses or other activities subject to tax; or

56 (4) The employment of any other method to effectuate an equitable attribution of the taxes.
57 In order to effectuate the purposes of this subsection, the Tax Commissioner may propose for
58 promulgation rules, including emergency rules, in accordance with §29A-3-1 et seq. of this code.

59 (e) Unused credit. — If any credit remains after application of subsection (a) of this section,
60 the amount thereof is carried forward to each ensuing tax year until used or until the expiration of
61 the tenth taxable year subsequent to the end of the initial 10-year credit application period. If any
62 unused credit remains after the 20th year, the amount thereof is forfeited. No carryback to a prior
63 taxable year is allowed for the amount of any unused portion of any annual credit allowance.

§11-13LL-5. Qualified investment.

1 (a) General. — The qualified investment in property purchased or leased for a new, or
2 expansion of an existing, heavy duty truck manufacturing facility is the applicable percentage of
3 the cost of each property purchased or leased for the purpose of the new, or expansion of an
4 existing, manufacturing facility which is placed in service or use in this state by the taxpayer during
5 the taxable year.

6 (b) Cost. — For purposes of subsection (a) of this section, the cost of each property
7 purchased for a new, or expansion of an existing, manufacturing facility is determined under the

8 following rules:

9 (1) Trade-ins. — Cost does not include the value of property given in trade or exchange
10 for the property purchased for a new, or for expansion of an existing, manufacturing facility.

11 (2) Damaged, destroyed, or stolen property. — If property is damaged or destroyed by
12 fire, flood, storm, or other casualty, or is stolen, then the cost of replacement property does not
13 include any insurance proceeds received in compensation for the loss.

14 (3) Rental property. —

15 (A) The cost of real property acquired by written lease for a primary term of 10 years or
16 longer is 100 percent of the rent reserved for the primary term of the lease, not to exceed 20
17 years.

18 (B) The cost of tangible personal property acquired by written lease for a primary term of:

19 (i) Four years, or longer, is one third of the rent reserved for the primary term of the lease;

20 (ii) Six years, or longer, is two thirds of the rent reserved for the primary term of the lease;

21 or

22 (iii) Eight years, or longer, is 100 percent of the rent reserved for the primary term of the
23 lease, not to exceed 20 years: *Provided*, That in no event may rent reserved include rent for any
24 year subsequent to expiration of the book life of the equipment, determined using the straight-line
25 method of depreciation.

26 (4) Self-constructed property. — In the case of self-constructed property, the cost thereof
27 is the amount properly charged to the capital account for depreciation in accordance with federal
28 income tax law.

29 (5) Transferred property. — The cost of property used by the taxpayer out-of-state and
30 then brought into this state, is determined based on the remaining useful life of the property at the
31 time it is placed in service or use in this state, and the cost is the original cost of the property to
32 the taxpayer less straight line depreciation allowable for the tax years or portions thereof the
33 taxpayer used the property outside this state. In the case of leased tangible personal property,

34 cost is based on the period remaining in the primary term of the lease after the property is brought
35 into this state for use in a new or expanded business facility of the taxpayer, and is the rent
36 reserved for the remaining period of the primary term of the lease, not to exceed 20 years, or the
37 remaining useful life of the property, as determined as aforesaid, whichever is less.

§11-13LL-6. Forfeiture of unused tax credits; redetermination of credit allowed.

1 (a) *Disposition of property or cessation of use.* — If during any taxable year, property with
2 respect to which a tax credit has been allowed under §11-13LL-1 *et seq.* of this code is disposed
3 of or ceases to be used in a heavy duty truck manufacturing facility of the taxpayer in this state,
4 then the unused portion of the credit allowed for the property is forfeited for the taxable year and
5 all ensuing years, except when the property is damaged or destroyed by fire, flood, storm, or other
6 casualty, or is stolen.

7 (b) *Cessation of operation of heavy duty truck manufacturing facility.* — If during any
8 taxable year the taxpayer ceases operation of a heavy duty truck manufacturing facility in this
9 state for which credit was allowed under this article, then the unused portion of the allowed credit
10 is forfeited for the taxable year and for all ensuing years, except when the cessation is due to fire,
11 flood, storm, or other casualty.

§11-13LL-7. Transfer of qualified investment to successors.

1 (a) *Mere change in form of business.* — Property may not be treated as disposed of under
2 §11-13LL-8 of this code, by reason of a mere change in the form of conducting the business as
3 long as the property is retained in the successor's manufacturing facility in this state, and the
4 transferor business retains a controlling interest in the successor business. In this event, the
5 successor business is allowed to claim the amount of credit still available with respect to the
6 business facility or facilities transferred.

7 (b) *Transfer or sale to successor.* — Property is not treated as disposed of under §11-
8 13LL-10 of this code by reason of any transfer or sale to a successor business which continues
9 to operate the heavy duty truck facility in this state. Upon transfer or sale, the successor shall

10 acquire the amount of credit that remains available under this article for each subsequent taxable
11 year.

§11-13LL-8. Identification of investment credit property.

1 Every taxpayer who claims credit under §11-13LL-1 et seq. of this code shall maintain
2 sufficient records to establish the following facts for each item of qualified property:

- 3 (1) Its identity;
4 (2) Its actual or reasonably determined cost;
5 (3) Its straight-line depreciation life;
6 (4) The month and taxable year in which it was placed in service;
7 (5) The amount of credit taken;
8 (6) The date it was disposed of or otherwise ceased to be use as qualified property in the
9 heavy duty truck manufacturing facility of the taxpayer; and
10 (7) Amounts and dates of federal excise tax paid.

§11-13LL-9. Failure to keep records of investment credit property.

1 A taxpayer who does not keep the records required for identification of investment credit
2 property is subject to the following rules:

3 (1) A taxpayer is treated as having disposed of, during the taxable year, any investment
4 credit property which the taxpayer cannot establish was still on hand, in this state, at the end of
5 that year.

6 (2) If a taxpayer cannot establish when investment credit property reported for purposes
7 of claiming this credit returned during the taxable year was placed in service, the taxpayer is
8 treated as having placed it in service in the most recent prior year in which similar property was
9 placed in service, unless the taxpayer can establish that the property placed in service in the most
10 recent year is still on hand. In that event, the taxpayer will be treated as having placed the returned
11 property in service in the next most recent year.

§11-13LL-10. Interpretation and construction.

1 (a) No inference, implication, or presumption of legislative construction or intent may be
 2 drawn or made by reason of the location or grouping of any particular section, provision, or portion
 3 of §11-13LL-1 et seq. of this code; and no legal effect may be given to any descriptive matter or
 4 heading relating to any section, subsection, or paragraph of this article.

5 (b) The provisions of §11-13LL-1 et seq. of this code shall be reasonably construed in
 6 order to effectuate the legislative intent recited in §11-13LL-1 of this code.

§11-13LL-11. Burden of proof; application required; failure to make timely application.

1 (a) Burden of proof. — The burden of proof is on the taxpayer to establish by clear and
 2 convincing evidence that the taxpayer is entitled to the benefits allowed by §11-13LL-1 et seq. of
 3 this code.

4 (b) Application for credit required. —

5 (1) Application required. — Notwithstanding any provision of this article to the contrary, no
 6 credit is allowed or may be applied under §11-13LL-1 et seq. of this code for any qualified
 7 investment property placed in service or use until the person asserting a claim for the allowance
 8 of credit under this article makes written application to the commissioner for allowance of credit
 9 as provided in this subsection. An application for credit shall be filed, in the form prescribed by
 10 the Tax Commissioner, no later than the last day for filing the tax returns, determined by including
 11 any authorized extension of time for filing the return, required under §11-21-1 et seq. or §11-24-
 12 1 et seq. of this code for the taxable year in which the property to which the credit relates is placed
 13 in service or use and all information required by the form shall be provided.

14 (2) Failure to make timely application. — The failure to timely apply for the credit results
 15 in the forfeiture of 50 percent of the annual credit allowance otherwise allowable under §11-13LL-
 16 1 et seq. of this code. This penalty applies annually until the application is filed.

§11-13LL-12. Tax credit review and accountability.

1 (a) Beginning on February 1, 2027, and every fifth year thereafter, the Tax Commissioner
 2 shall submit to the Governor, the President of the Senate, and the Speaker of the House of

3 Delegates a tax credit review and accountability report evaluating the cost effectiveness of this
4 credit during the most recent five-year period for which information is available. The criteria to be
5 evaluated shall include, but not be limited to, for each year of the five-year period:

6 (1) The numbers of taxpayers claiming the credit;

7 (2) The moneys invested, and net number of new jobs created by all taxpayers claiming
8 the credit;

9 (3) The cost of the credit;

10 (4) The cost of the credit per new job created; and

11 (5) Comparison of employment trends for an industry and for taxpayers within the industry
12 that claim the credit.

13 (b) Taxpayers claiming the credit shall provide any information the Tax Commissioner may
14 require to prepare the report required by this section: *Provided*, That the information provided is
15 subject to the confidentiality and disclosure provisions of §11-10-5d of this code.

16 (c) On or before February 1, 2027, the Department of Commerce, in consultation with the
17 Tax Commissioner, the Department of Transportation, and the Department of Environmental
18 Protection shall submit to the Governor, the President of the Senate, and the Speaker of the
19 House of Delegates a report of the impact of all the tax credits and other economic incentives
20 provided in §11-13LL-1 *et seq.* of this code upon: (1) Economic development in this state,
21 including, but not limited to, the moneys invested and jobs created in this state; (2) the state's
22 infrastructure, including, but not limited to, the need for construction or maintenance of the roads
23 and highways of the state; (3) the natural resources of the state; and (4) upon public and private
24 property interests in the state.

§11-13LL-13. Rules.

1 The Tax Commissioner may promulgate such interpretive, legislative, and procedural
2 rules as the commissioner deems to be useful or necessary to carry out the purpose of §11-13LL-
3 1 *et seq.* of this code and to implement the intent of the Legislature. The Tax Commissioner may

4 promulgate emergency rules if they are filed in the West Virginia Register before January 1, 2023.

5 All rules shall be promulgated in accordance with §29A-3-1 et seq. of this code.

§11-13LL-14. General procedure and administration.

1 Each provision of the “West Virginia Tax Procedure and Administration Act” set forth in
2 §11-10-1 et seq. of this code applies to the tax credit allowed under §11-13LL-1 et seq. of this
3 code, except as otherwise expressly provided in this article, with like effect as if that act were
4 applicable only to the tax credit allowed by §11-13LL-1 et seq. of this code and were set forth in
5 extenso in this article.

§11-13LL-15. Crimes and penalties.

1 Each provision of the “West Virginia Tax Crimes and Penalties Act” set forth in §11-9-1 et
2 seq. of this code applies to the tax credit allowed by §11-13LL-1 et seq. of this code with like effect
3 as if that act were applicable only to the tax credit §11-13LL-1 et seq. of this code and were set
4 forth in extenso in this article.

§11-13LL-16. Severability.

1 (a) If any provision of §11-13LL-1 et seq. of this code, or the application thereof, is for any
2 reason adjudged by any court of competent jurisdiction to be invalid, the judgment may not affect,
3 impair, or invalidate the remainder of §11-13LL-1 et seq. of this code, but shall be confined in its
4 operation to the provision thereof directly involved in the controversy in which the judgment shall
5 have been rendered, and the applicability of the provision to other persons or circumstances may
6 not be affected thereby.

7 (b) If any provision of §11-13LL-1 et seq. of this code, or the application thereof, is made
8 invalid or inapplicable by reason of the repeal or any other invalidation of any statute therein
9 addressed or referred to, such invalidation or inapplicability may not affect, impair, or invalidate
10 the remainder of §11-13LL-1 et seq. of this code, but shall be confined in its operation to the
11 provision thereof directly involved with, pertaining to, addressing, or referring to the statute, and
12 the application of the provision with regard to other statutes or in other instances not affected by

13 any such repealed or invalid statute may not be abrogated or diminished in any way.

§11-13LL-17. Effective date.

1 The credit allowed by this article is allowable for qualified investment property placed in
2 service or use on or after July 1, 2022, subject to the rules contained in §11-13LL-1 et seq. of this
3 code and rules promulgated by the Tax Commissioner pursuant to §29A-3-1 et seq. of this code.

NOTE: The purpose of this bill is to create the West Virginia Heavy Duty Truck Excise Tax Elimination Act. The bill stimulates economic growth in manufacturing industries by amending the definition of manufacturing for purposes of special method for appraising qualified capital additions to manufacturing facilities for property tax purposes. The bill amends the formula for calculating the credit allowed for manufacturing investment to include a heavy duty truck manufacturing facility. The bill provides for its administration and enforcement of the tax credit. Finally, the bill exempts certain taxes.

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