

# WEST VIRGINIA LEGISLATURE

## 2023 REGULAR SESSION

Introduced

### House Bill 2526

FISCAL  
NOTE

By Delegates Hanshaw (Mr. Speaker) and Skaff

[By Request of the Executive]

[Introduced January 12, 2023; Referred to the  
Committee on Finance]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto three new  
 2 sections, designated §11-21-4g, §11-21-4h, and §11-21-4i, all relating to reducing the  
 3 personal income tax; providing for reduced graduated income tax rates; reducing the rate  
 4 of tax on composite returns; reducing the rate of withholding tax on nonresident income;  
 5 reducing the rate of withholding tax on the nonresident sale of real estate; reducing the rate  
 6 of withholding on gambling winnings; applying the rates retroactively to January 1, 2023;  
 7 applying new rates on January 1, 2024 and January 1, 2025; and generally providing  
 8 effective dates.

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

**ARTICLE 21. PERSONAL INCOME TAX**

**§11-21-4g Rate of tax — Taxable years beginning on and after January 1, 2023.**

1 (a) Rate of tax on individuals (except married individuals filing separate returns),  
 2 individuals filing joint returns, heads of households, and estates and trusts. — The tax imposed by  
 3 §11-21-3 of this code on the West Virginia taxable income of every individual (except married  
 4 individuals filing separate returns); every individual who is a head of a household in the  
 5 determination of his or her federal income tax for the taxable year; every husband and wife who file  
 6 a joint return under this article; every individual who is entitled to file his or her federal income tax  
 7 return for the taxable year as a surviving spouse; and every estate and trust shall be determined in  
 8 accordance with the following table:

<b><u>If the West Virginia taxable</u></b>	<b><u>The tax is:</u></b>
<b><u>income is:</u></b>	
<u>Not over \$10,000</u>	<u>2.1% of the taxable income</u>
<u>Over \$10,000 but not over \$25,000</u>	<u>\$210 plus 2.8% of excess over \$10,000</u>
<u>Over \$25,000 but not over \$40,000</u>	<u>\$630 plus 3.15% of excess over \$25,000</u>
<u>Over \$40,000 but not over \$60,000</u>	<u>\$1,102.50 plus 4.2% of excess over \$40,000</u>
<u>Over \$60,000</u>	<u>\$1,942.50 plus 4.55% of excess over</u>

16 \$60,000

17 (b) Rate of tax on married individuals filing separate returns. — In the case of husband and  
 18 wife filing separate returns under this article for the taxable year, the tax imposed by §11-21-3 of  
 19 this code on the West Virginia taxable income of each spouse shall be determined in accordance  
 20 with the following table:

<u><b>If the West Virginia taxable</b></u>	<u><b>The tax is:</b></u>
<u><b>income is:</b></u>	
<u>Not over \$5,000</u>	<u>2.1% of the taxable income</u>
<u>Over \$5,000 but not over \$12,500</u>	<u>\$105 plus 2.8% of excess over \$5,000</u>
<u>Over \$12,500 but not over \$20,000</u>	<u>\$315 plus 3.15% of excess over \$12,500</u>
<u>Over \$20,000 but not over \$30,000</u>	<u>\$551.25 plus 4.2% of excess over \$20,000</u>
<u>Over \$30,000</u>	<u>\$971.25 plus 4.55% of excess over \$30,000</u>

28 (c) Effect of rates on Nonresident Composite and Withholding Obligations —  
 29 Notwithstanding any provision of this article to the contrary, whenever the words "six and one-half  
 30 percent" appear in §11-21-51a, §11-21-71a, §11-21-71b, or §11-21-77, of this article, those words  
 31 shall mean 4.55%, with relation to a tax return of, or the tax rate imposed on income of individuals,  
 32 individuals filing joint returns, heads of households, and estates and trusts.

33 (d) Applicability of this section. — The provisions of this section shall be applicable in  
 34 determining the rates of tax imposed by this article and shall apply retroactively for all taxable  
 35 years beginning on and after January 1, 2023, and shall be in lieu of the rates of tax specified in  
 36 §11-21-4e of this code.

**§11-21-4h Rate of tax — Taxable years beginning on and after January 1, 2024.**

1 (a) Rate of tax on individuals (except married individuals filing separate returns),  
 2 individuals filing joint returns, heads of households, and estates and trusts. — The tax imposed by  
 3 §11-21-3 of this code on the West Virginia taxable income of every individual (except married  
 4 individuals filing separate returns); every individual who is a head of a household in the

5 determination of his or her federal income tax for the taxable year; every husband and wife who file  
 6 a joint return under this article; every individual who is entitled to file his or her federal income tax  
 7 return for the taxable year as a surviving spouse; and every estate and trust shall be determined in  
 8 accordance with the following table:

9 **If the West Virginia taxable**

<b><u>income is:</u></b>	<b><u>The tax is:</u></b>
10 <u>Not over \$10,000</u>	<u>1.8% of the taxable income</u>
11 <u>Over \$10,000 but not over \$25,000</u>	<u>\$180 plus 2.4% of excess over \$10,000</u>
12 <u>Over \$25,000 but not over \$40,000</u>	<u>\$540 plus 2.7% of excess over \$25,000</u>
13 <u>Over \$40,000 but not over \$60,000</u>	<u>\$945 plus 3.6% of excess over \$40,000</u>
14 <u>Over \$60,000</u>	<u>\$1665 plus 3.9% of excess over \$60,000</u>

15  
 16 (b) Rate of tax on married individuals filing separate returns. — In the case of husband and  
 17 wife filing separate returns under this article for the taxable year, the tax imposed by §11-21-3 of  
 18 this code on the West Virginia taxable income of each spouse shall be determined in accordance  
 19 with the following table:

20 **If the West Virginia taxable**

<b><u>income is:</u></b>	<b><u>The tax is:</u></b>
21 <u>Not over \$5,000</u>	<u>1.8% of the taxable income</u>
22 <u>Over \$5,000 but not over \$12,500</u>	<u>\$90 plus 2.4% of excess over \$5,000</u>
23 <u>Over \$12,500 but not over \$20,000</u>	<u>\$270 plus 2.7% of excess over \$12,500</u>
24 <u>Over \$20,000 but not over \$30,000</u>	<u>\$472.50 plus 3.6% of excess over \$20,000</u>
25 <u>Over \$30,000</u>	<u>\$832.50 plus 3.9% of excess over \$30,000</u>

26  
 27 (c) Effect of rates on Nonresident Composite and Withholding Obligations —  
 28 Notwithstanding any provision of this article to the contrary, whenever the words "six and one-half  
 29 percent" appear in §11-21-51a, §11-21-71a, §11-21-71b, or §11-21-77, of this article, those words  
 30 shall mean 3.9%, with relation to a tax return of, or the tax rate imposed on income of individuals,

31 individuals filing joint returns, heads of households, and estates and trusts.

32 (d) Applicability of this section. — The provisions of this section shall be applicable in  
33 determining the rates of tax imposed by this article and shall apply for all taxable years beginning  
34 on and after January 1, 2024, and shall be in lieu of the rates of tax specified in §11-21-4g of this  
35 code.

**§11-21-4i Rate of tax — Taxable years beginning on and after January 1, 2025.**

1 (a) Rate of tax on individuals (except married individuals filing separate returns),  
2 individuals filing joint returns, heads of households, and estates and trusts. — The tax imposed by  
3 §11-21-3 of this code on the West Virginia taxable income of every individual (except married  
4 individuals filing separate returns); every individual who is a head of a household in the  
5 determination of his or her federal income tax for the taxable year; every husband and wife who file  
6 a joint return under this article; every individual who is entitled to file his or her federal income tax  
7 return for the taxable year as a surviving spouse; and every estate and trust shall be determined in  
8 accordance with the following table:

9 **If the West Virginia taxable**

10 <b><u>income is:</u></b>	<b><u>The tax is:</u></b>
11 <u>Not over \$10,000</u>	<u>1.5% of the taxable income</u>
12 <u>Over \$10,000 but not over \$25,000</u>	<u>\$150 plus 2.0% of excess over \$10,000</u>
13 <u>Over \$25,000 but not over \$40,000</u>	<u>\$450 plus 2.25% of excess over \$25,000</u>
14 <u>Over \$40,000 but not over \$60,000</u>	<u>\$787.50 plus 3.0% of excess over \$40,000</u>
15 <u>Over \$60,000</u>	<u>\$1387.50 plus 3.25% of excess over \$60,000</u>

16 (b) Rate of tax on married individuals filing separate returns. — In the case of husband and  
17 wife filing separate returns under this article for the taxable year, the tax imposed by §11-21-3 of  
18 this code on the West Virginia taxable income of each spouse shall be determined in accordance  
19 with the following table:

20 **If the West Virginia taxable**

21	<b><u>income is:</u></b>	<b><u>The tax is:</u></b>
22	<u>Not over \$5,000</u>	<u>1.5% of the taxable income</u>
23	<u>Over \$5,000 but not over \$12,500</u>	<u>\$75 plus 2.0% of excess over \$5,000</u>
24	<u>Over \$12,500 but not over \$20,000</u>	<u>\$225 plus 2.25% of excess over \$12,500</u>
25	<u>Over \$20,000 but not over \$30,000</u>	<u>\$393.75 plus 3.0% of excess over \$20,000</u>
26	<u>Over \$30,000</u>	<u>\$693.75 plus 3.25% of excess over \$30,000</u>

27 (c) Effect of rates on Nonresident Composite and Withholding Obligations –  
 28 Notwithstanding any provision of this article to the contrary, whenever the words "six and one-half  
 29 percent" appear in §11-21-51a, §11-21-71a, §11-21-71b, or §11-21-77, of this article, those words  
 30 shall mean 3.25%, with relation to a tax return of, or the tax rate imposed on income of individuals,  
 31 individuals filing joint returns, heads of households, and estates and trusts.

32 (d) Applicability of this section. — The provisions of this section shall be applicable in  
 33 determining the rates of tax imposed by this article and shall apply for all taxable years beginning  
 34 on and after January 1, 2025, and shall be in lieu of the rates of tax specified in §11-21-4h of this  
 35 code.

NOTE: The purpose of this bill is to reduce the personal income tax rates by 50% of the current rates over the course of three years.

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