

WEST VIRGINIA NATURAL GAS LIQUIDS PROPERTY TAX ADJUSTMENT CREDIT

TAX CREDIT REVIEW AND ACCOUNTABILITY REPORT

July 1, 2024

Submitted by:

West Virginia State Tax Division
Matthew R. Irby
State Tax Commissioner

WEST VIRGINIA NATURAL GAS LIQUIDS PROPERTY TAX ADJUSTMENT CREDIT

As enacted in 2020, the West Virginia Natural Gas Liquids Property Tax Adjustment Act requires an annual report to be submitted to the Legislature. Specifically, Section §11-13HH-8 of the West Virginia Code states the following:

“The Tax Commissioner shall provide to the Joint Committee on Government and Finance by July 1, 2022, and on July 1, of each year thereafter, a report detailing the amount of the credit claimed pursuant to this article. The report is to include the amount of credit claimed against the personal income tax and the amount of credit claimed against the corporate net income tax.”

A taxpayer that stores or transports natural gas liquids may be eligible to claim a credit against the Corporation Net Income Tax or the Personal Income Tax for ad valorem property tax paid on the value of natural gas liquids inventory and equipment during the Personal Income Tax or Corporation Income Tax year, as applicable. Per W. Va. Code §11-13HH-4(b), the amount of the credit is equivalent to “the amount of the West Virginia ad valorem property tax paid on the value of inventory and equipment of the eligible taxpayer during the personal income tax year and corporate net income tax year, as applicable.” Natural gas liquids inventory and equipment is limited to equipment in West Virginia that is used in the transport and storage of natural gas liquids by a natural gas liquids transporter or natural gas liquids storer.

The West Virginia Natural Gas Liquids Property Tax Adjustment Tax Credit was first effective for tax years beginning on or after July 1, 2020. No tax credits will be available after July 1, 2030, and all accrued but unused credit is forfeited on that date. The credit can be taken against Personal Income Tax or Corporation Net Income Tax, but not both. The credit shall be applied after application of all other taxable credits allowed for the taxable year. Unused credit may not be carried back but may be carried forward for up to three subsequent taxable years.

As of June 17, 2024, State Tax Department records indicate that no claims have been received. Therefore, there is insufficient information available to evaluate the cost effectiveness of this tax credit during the most recent yearly period for which information is available.