

COMMITTEE SUBSTITUTE

FOR

Senate Bill No. 344

(By Senators Prezioso, D. Facemire, Unger, Foster, Jenkins,
McCabe, Stollings, Plymale and Klempa)

[Originating in the Committee on Finance;
reported February 18, 2011.]

A BILL to amend and reenact §11-6F-2 and §11-6F-3 of the Code of West Virginia, 1931, as amended, all relating to reducing the required original cost of manufacturing facilities; and reducing the required cost of the capital addition when determining eligibility for the special method for appraising such property; and excluding unimproved real property from the measure of the certified capital addition property.

Be it enacted by the Legislature of West Virginia:

That §11-6F-2 and §11-6F-3 of the Code of West Virginia, 1931, as amended, be amended and reenacted, all to read as follows:

**ARTICLE 6F. SPECIAL METHOD FOR APPRAISING QUALIFIED
CAPITAL ADDITIONS TO MANUFACTURING FACIL-
ITIES.**

§11-6F-2. Definitions.

1 As used in this article, the term:

2 (a) “Certified capital addition property” means all real
3 property and personal property included within or to be
4 included within a qualified capital addition to a manufactur-
5 ing facility that has been certified by the State Tax Commis-
6 sioner in accordance with section four of this article: *Pro-*
7 *vided*, That airplanes and motor vehicles licensed by the
8 Division of Motor Vehicles shall in no event constitute
9 certified capital addition property.

10 (b) “Manufacturing” means any business activity classified
11 as having a sector identifier, consisting of the first two digits
12 of the six-digit North American Industry Classification
13 System code number of thirty-one, thirty-two or thirty-three
14 or the six digit code number 211112.

15 ~~(b)~~ (c) “Manufacturing facility” means any factory, mill,
16 chemical plant, refinery, warehouse, building or complex of
17 buildings, including land on which it is located, and all
18 machinery, equipment, improvements and other real prop-

19 erty and personal property located at or within the facility
20 used in connection with the operation of the facility in a
21 manufacturing business.

22 (c) ~~(d)~~ “Personal property” means all property specified in
23 subdivision (q), section ten, article two, chapter two of this
24 code and includes, but is not limited to, furniture, fixtures,
25 machinery and equipment, pollution control equipment,
26 computers and related data processing equipment, spare
27 parts and supplies.

28 ~~(d)~~ (e) “Qualified capital addition to a manufacturing
29 facility” means all real property and personal property, the
30 combined original cost of all of the property which exceeds
31 \$50 million to be constructed, located or installed at or
32 within two miles of a manufacturing facility owned or
33 operated by the person making the capital addition that has
34 a total original cost before the capital addition of at least
35 \$100 million. ~~Provided, That~~ If the capital addition is made
36 in a steel, chemical or polymer alliance zone as designated
37 from time-to-time by executive order of the Governor, then
38 the person making the capital addition may for purposes of
39 satisfying the requirements of this subsection join in a
40 multiparty project with a person owning or operating a

41 manufacturing facility that has a total original cost before
42 the capital addition of at least \$100 million if the capital
43 addition creates additional production capacity of existing
44 or related products or feedstock or derivative products
45 respecting the manufacturing facility, consists of a facility
46 used to store, handle, process or produce raw materials for
47 the manufacturing facility, consists of a facility used to store,
48 handle or process natural gas to produce fuel for the genera-
49 tion of steam or electricity for the manufacturing facility or
50 consists of a facility that generates steam or electricity for
51 the manufacturing facility. Beginning July 1, 2011, wherever
52 the number "100" is used in this subsection, the number "20"
53 shall be substituted and where the number "50" is used, the
54 number "10" shall be substituted.

55 (e) (f) "Real property" means all property specified in
56 subdivision (p), section ten, article two, chapter two of this
57 code and includes, but is not limited to, lands, buildings and
58 improvements on the land such as sewers, fences, roads,
59 paving and leasehold improvements.

§11-6F-3. Tax treatment of certified capital addition property.

1 Notwithstanding any other provisions of law, the value of
2 certified capital addition property, for purposes of ad

3 valorem property taxation under this chapter, ~~shall be~~ is its
4 salvage value, which for purposes of this article is five
5 percent of the certified capital addition property's original
6 cost. For capital additions certified on or after July 1, 2011,
7 the value of the land before any improvements shall be
8 subtracted from the value of the capital addition and the
9 unimproved land value shall not be given salvage value
10 treatment.