

WEST VIRGINIA LEGISLATURE

2017 REGULAR SESSION

Engrossed

Committee Substitute

for

Committee Substitute

for

Senate Bill 38

BY SENATORS STOLLINGS, OJEDA, JEFFRIES AND BEACH

[Originating in the Committee on Finance; reported on

March 25, 2017]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new article,
2 designated §11-28-1, §11-28-2 and §11-28-3, all relating to creating five-year tax credits
3 for businesses locating on post coal mine sites; defining terms; setting eligibility
4 requirements for the tax credit; establishing amount of tax credit allowed; establishing how
5 credit may be applied; and providing rule-making ability.

Be it enacted by the Legislature of West Virginia:

1 That the Code of West Virginia, 1931, as amended, be amended by adding thereto a new
2 article, designated §11-28-1, §11-28-2 and §11-28-3, all to read as follows:

ARTICLE 28. POST COAL MINE SITE BUSINESS CREDIT.

§11-28-1. Definitions.

1 (a) "Post coal mine site" means property that has remained undeveloped for business
2 purposes, subsequent to coal mining operations on the property within the bonded area of the
3 last issued coal mine permit.

4 (b) "Principal place of business" means the physical location from which the entity's
5 direction, control and coordination of the operations of the business are primarily exercised, with
6 consideration given, but not limited to:

7 (1) The physical location at which the primary executive and administrative headquarters
8 of the entity is located; and

9 (2) From which the management of overall operations of the entity is directed.

§11-28-2. Eligibility for credit.

1 For those tax years beginning on or after January 1, 2018, a business entity will be allowed
2 a credit against certain taxes imposed by this chapter, as described in section three of this article,
3 if the business entity meets the following requirements:

4 (1) The entity is a corporation, small business corporation, limited liability company,
5 partnership or unincorporated business entity with a principal place of business in the state;

6 (2) The entity employs a minimum of ten full-time (thirty-two hours a week or more)
7 employees; and

8 (3) The entity's principal place of business is located on a post-mine site within this state.

§11-28-3. Application of credit.

1 (a) Amount of credit. — For those tax years beginning on or after January 1, 2018, an
2 eligible business entity will be allowed a tax credit in the amount of fifty percent of that entity's
3 capital expenditures (as defined in Section 263 of the United States Internal Revenue Code of
4 1986, as amended) at the post coal mine site for the first five taxable years during which the
5 entity's principle place of business is located on the post coal mine site within this state: *Provided,*
6 That the dollar amount of the credit claimed by an eligible business entity may not exceed the
7 amount of fifty percent of the entity's state income tax for a single year.

8 (b) Application of annual credit allowance. — The credit created by this article is allowed
9 as a credit against the taxpayer's state tax liability applied as provided in subdivisions (1) and (2)
10 of this subsection, and in that order.

11 (1) Corporation net income taxes. — Any credit is first applied to reduce the taxes imposed
12 by article twenty-four of this chapter for the taxable year.

13 (2) Personal income taxes. — After application of subdivision (1) of this subsection, any
14 unused credit is next applied as follows:

15 (A) If the person making the qualified investment is an electing small business corporation
16 (as defined in Section 1361 of the United States Internal Revenue Code of 1986, as amended),
17 a partnership or a limited liability company that is treated as a partnership for federal income tax
18 purposes, then any unused credit (after application of subdivision (1) of this subsection) is allowed
19 as a credit against the taxes imposed by article twenty-one of this chapter on the income from
20 business or other activity subject to tax under article twenty-three of this chapter.

21 (B) Electing small business corporations, limited liability companies, partnerships and
22 other unincorporated organizations shall allocate the credit allowed by this article among its
23 members in the same manner as profits and losses are allocated for the taxable year.

24 (3) A credit is not allowed under this section against any employer withholding taxes
25 imposed by article twenty-one of this chapter.

26 (c) Unused credit. — A carryback to a prior taxable year is not allowed for the amount of
27 any unused portion of any annual credit allowance. If the amount of the credit exceeds the
28 taxpayer's tax liability for the taxable year, the amount which exceeds the tax liability may be
29 carried over and applied as a credit against the tax liability of the taxpayer pursuant to article
30 twenty-one or twenty-four of this chapter to each of the next five taxable years following the year
31 of creation of the tax credit unless sooner used.

32 (d) Eligibility requirements. — Those businesses that benefit from other state economic
33 development programs or incentives that result in a reduction of their income tax liability due shall
34 not be eligible for this tax credit.

35 (e) Rule-making authority. — The State Tax Department shall propose rules for
36 promulgation for adoption by the Legislature in accordance with the provisions of article three,
37 chapter twenty-nine-a of this code in regards to forms and regulations in regard to this tax credit
38 by December 31, 2017.