WEST VIRGINIA LEGISLATURE

**FISCAL NOTE**

2023 REGULAR SESSION

Introduced

House Bill 3333

By Delegates Storch, Criss, Hardy, Capito, Kelly, Barnhart, Riley, Reynolds, Westfall, Willis, and Fluharty

[Introduced February 08, 2023; Referred to the Committee on Finance]

A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new article, designated §11-13MM-1, §11-13MM-2, and §11-13MM-3; all relating to creating a tax credit for taxes paid for a royalty interest.

Be it enacted by the Legislature of West Virginia:

ARTICLE 13MM. ROYALTY INTEREST AD VALOREM TAX CREDIT

§11-13MM-1. Amount of credit.

Any taxpayer who is assessed a tax pursuant to §11-1C-10 of this code for a royalty interest on or after July 1, 2023, and subsequently pays such a tax, shall be allowed a credit against the taxes imposed in §11-21-1 *et seq.* of this code in an amount equal to the tax paid for the royalty interest.

§11-13MM-2. Restrictions.

To receive the Royalty Interest Ad Valorem Tax Credit, the taxpayer must:

(1) Be a legal resident of West Virginia: *Provided,* That this residency requirement does not apply to corporations.

(2) Have paid the tax for their Royalty Interest.

§11-13MM-3. Carryover credit allowed; Tax Commissioner to promulgate rules.

(1) If the amount of the credit exceeds the taxpayer's liability for the taxable year, the amount which exceeds the tax liability may be carried over and applied as a credit against the tax liability of the taxpayer pursuant to the provisions of §11-21-1 *et seq.* of this code to each of the next taxable years unless sooner used.

(2) The State Tax Commissioner shall promulgate legislative rules pursuant to the provisions of chapter twenty-nine-a of this code regarding the applicability, method of claiming of the credit, recapture of the credit and documentation necessary to claim the credit allowed by this article.

NOTE: The purpose of this bill is to create a tax credit for taxes paid for a royalty interest.

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