



Larry Pack
Secretary of Revenue

Matthew Irby
State Tax Commissioner

STATE TAX DEPARTMENT

December 27, 2024

The Honorable Jim Justice
Governor
Building 1
State Capitol Complex
1900 Kanawha Blvd, East
Charleston, WV 25305

The Honorable Craig Blair
Senate President and Co-Chairperson
Joint Committee on Government and Finance
Building 1, Room 229M
State Capitol Complex
1900 Kanawha Blvd, East
Charleston, WV 25305

The Honorable Roger Hanshaw
Speaker of the House of Delegates and Co-Chairperson
Joint Committee on Government and Finance
Building 1, Room 228M
State Capitol Complex
1900 Kanawha Blvd, East
Charleston, WV 25305

Gentlemen:

West Virginia Code §11-6F-4 requires the State Tax Commissioner to annually report to the Governor and the Joint Committee on Government and Finance the status of the special method for appraising, for ad valorem property tax purposes, qualified capital additions to manufacturing facilities.

If after review of the attached information you should have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Matthew Irby".

Matthew Irby
State Tax Commissioner

Attachment

cc: Larry Pack, Cabinet Secretary, Department of Revenue
Joint Committee on Government and Finance
Legislative Librarian

STATE TAX DEPARTMENT
REPORT TO GOVERNOR AND JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR TAX YEAR 2025
SEPTEMBER 2025

This report is submitted to the Governor and the Joint Committee on Government and Finance in accordance with provisions of West Virginia Code § 11-6F-4 on the status of the Special Method for Appraising Qualified Capital Additions to Manufacturing Facilities for ad valorem property tax purposes.

Tax Year 2025 Status

Number of Applications Filed:	14
Number of Applications Certified:	14
Number of Applications Denied:	0
Number of Applications Pending:	0
Number of Applications Expired:	3

Structure of the Valuation Method

The value of a certified capital addition which exceeds \$50 million added to an existing manufacturing facility with an original cost valuation of \$100 million or more first placed into operation for tax years beginning on or after July 1, 1997, shall be deemed to be appraised at five percent of its original cost. Beginning on and after July 1, 2011, when the new capital addition is a facility that is or will be classified under the North American Industry Classification System with a six digit code number 211112, or is a manufacturing facility that uses product produced at a facility with code number 211112, then wherever the term "100 million" is used in this subsection, the term "20 million" shall be substituted and where the term "50 million" is used, the term "10 million" shall be substituted. For capital additions certified on or after July 1, 2011, the value of the land before any improvements shall be subtracted from the value of the capital addition and the unimproved land value shall not be given salvage value treatment.

Legislative Rule Title 110, Series 6F, Property Tax Valuation of Certain Manufacturing Property, explains and clarifies the special tax valuation provisions set forth in West Virginia Code § 11-6F et. seq.

Benefits and Costs of the Valuation Method

Under this special method of valuation, qualified tangible personal property is assessed at 5% of its original cost for a period of 10 years, unless the property is an ethane cracker plant or other facility described in W. Va. Code § 11-6F-2(e)(2), in which case the salvage value treatment of the property is for a period of 25 years, as provided in W. Va. Code § 11-6F-4.

This special valuation method for certified capital addition property was first enacted in 1997 to encourage manufacturing companies with large existing facilities within the State to undertake major expansions within the State. In 2011, the law amended to encourage the location in this State of one or more ethane cracker facilities costing more than \$2 billion and to encourage the development of downstream manufacturing facilities.

The purpose of this program is to help preserve and expand the existing tax base and preserve and create jobs at manufacturing facilities in this State.

There are currently 14 projects qualified to receive this special method of valuing certified capital addition property. For Tax Year 2025, property taxes foregone were \$36 million.