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OFFICE WEST VIRGINIA
SECRETARY OF STATE

WEST VIRGINIA LEGISLATURE

Second Extraordinary Session, 2006

ENROLLED

Senate Bill No. 2010

(BY SENATORS TOMBLIN, MR. PRESIDENT, AND SPROUSE,
BY REQUEST OF THE EXECUTIVE)

[Passed November 14, 2006; in effect ninety days from passage.]

SB 2010

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AN ACT to amend the Code of West Virginia, 1931, as amended, by adding thereto four new sections, designated §11-21-22, §11-21-22a, §11-21-22b and §11-21-22c, all relating to personal income tax generally; enacting a low-income family tax credit; defining terms; establishing dates upon which credit becomes available and amounts of credit; and providing for administration of credit.

Be it enacted by the Legislature of West Virginia:

That the Code of West Virginia, 1931, as amended, be amended by adding thereto four new sections, designated

§11-21-22, §11-21-22a, §11-21-22b and §11-21-22c, all to read as follows:

ARTICLE 21. PERSONAL INCOME TAX.

§11-21-22. Low-income family tax credit.

1 In order to eliminate West Virginia personal income
2 tax on families with incomes below the federal poverty
3 guidelines and to reduce the West Virginia personal
4 income tax on families with incomes that are
5 immediately above the federal poverty guidelines, there
6 is hereby created a nonrefundable tax credit, to be
7 known as the low-income family tax credit, against the
8 West Virginia personal income tax. The low-income
9 family tax credit is based upon family size and the
10 federal poverty guidelines and reduces the tax imposed
11 by the provisions of this article on families with
12 modified federal adjusted gross income below or near
13 the federal poverty guidelines.

§11-21-22a. Definitions.

1 When used in this section and sections twenty-two,
2 twenty-two-b and twenty-two-c of this article, the
3 following terms shall have the meaning ascribed herein,
4 unless a different meaning is clearly provided by the
5 context in which the term is used.

6 (a) "Federal poverty guidelines" means the U. S.
7 Department of Health and Human Services poverty
8 guidelines updated periodically in the Federal Register
9 under the authority of 42 U. S. C. §9902(c) and
10 available each year on the thirtieth day of June.

11 (b) "Family size" means the total number of
12 exemptions that may be legally claimed on the West
13 Virginia resident personal income tax return for the
14 taxable year for which the tax credit is claimed:
15 *Provided*, That family size shall not include the

16 additional exemption that may be claimed by a
17 surviving spouse pursuant to subsection (c), section
18 sixteen of this chapter: *Provided, however,* That if the
19 total number of exemptions that may be legally claimed
20 on the West Virginia resident personal income tax
21 return for the taxable year for which the tax credit is
22 claimed exceeds eight, the family size shall be deemed
23 eight.

24 (c) "Indexed tax credit tables" means the two tables
25 annually developed and published by the Tax
26 Commissioner pursuant to the requirements of section
27 twenty-two-b of this article.

28 (d) "Modified federal adjusted gross income" means
29 the federal adjusted gross income plus any applicable
30 increasing West Virginia modifications plus any tax
31 exempt interest income reported on the federal tax
32 return.

33 (e) "Qualified taxpayer" means a taxpayer:

34 (1) Who files the West Virginia personal income tax
35 return required by this article;

36 (2) Who files as an individual, as a head of household,
37 as a husband and wife who file a joint return, as an
38 individual entitled to file as a surviving spouse, or as a
39 husband and wife who file separate returns; and

40 (3) Whose modified federal adjusted gross income
41 does not exceed:

42 (A) The federal poverty guidelines amount for the
43 family size of the taxpayer plus two thousand seven
44 hundred dollars for those taxpayers who file as an
45 individual, as a head of household, as a husband and
46 wife who file a joint return, or as an individual entitled
47 to file as a surviving spouse; or

48 (B) Fifty percent of the federal poverty guidelines
49 amount for the family size of the taxpayer plus one
50 thousand three hundred fifty dollars for those
51 taxpayers who are husband and wife and who file
52 separate returns.

53 (f) "Tax credit" means the low-income family tax
54 credit authorized by this article.

§11-21-22b. Amount of credit.

1 (a) For each taxable year beginning on or after the
2 first day of January, two thousand seven, the tax credit
3 authorized by section twenty-two of this article may be
4 used by every qualified taxpayer and shall be
5 calculated in accordance with subsections (b) and (c) of
6 this section: *Provided*, That for the taxable year
7 beginning on the first day of January, two thousand
8 seven, the qualified taxpayer shall be allowed to claim
9 only fifty percent of the amount of the tax credit.

10 (b) Qualified taxpayers who file as an individual, as a
11 head of household, as a husband and wife who file a
12 joint return, or as an individual entitled to file as a
13 surviving spouse shall be entitled to a tax credit based
14 on the following:

15 (1) If modified federal adjusted gross income is at or
16 below the federal poverty guidelines based on family
17 size, the credit shall be an amount equal to the amount
18 of tax owed under this article by the qualified taxpayer;

19 (2) If modified federal adjusted gross income is
20 greater than the federal poverty guidelines but does not
21 exceed three hundred dollars above the federal poverty
22 guidelines based on family size, the amount of credit
23 allowable shall be ninety percent of the amount of tax
24 owed under this article by the qualified taxpayer;

25 (3) If modified federal adjusted gross income is
26 greater than three hundred dollars above the federal
27 poverty guidelines but does not exceed six hundred
28 dollars above the federal poverty guidelines based on
29 family size, the amount of credit allowable shall be
30 eighty percent of the amount of tax owed under this
31 article by the qualified taxpayer;

32 (4) If modified federal adjusted gross income is
33 greater than six hundred dollars above the federal
34 poverty guidelines but does not exceed nine hundred
35 dollars above the federal poverty guidelines based on
36 family size, the amount of credit allowable shall be
37 seventy percent of the amount of tax owed under this
38 article by the qualified taxpayer;

39 (5) If modified federal adjusted gross income is
40 greater than nine hundred dollars above the federal
41 poverty guidelines but does not exceed one thousand
42 two hundred dollars above the federal poverty
43 guidelines based on family size, the amount of credit
44 allowable shall be sixty percent of the amount of tax
45 owed under this article by the qualified taxpayer;

46 (6) If modified federal adjusted gross income is
47 greater than one thousand two hundred dollars above
48 the federal poverty guidelines but does not exceed one
49 thousand five hundred dollars above the federal
50 poverty guidelines based on family size, the amount of
51 credit allowable shall be fifty percent of the amount of
52 tax owed under this article by the qualified taxpayer;

53 (7) If modified federal adjusted gross income is
54 greater than one thousand five hundred dollars above
55 the federal poverty guidelines but does not exceed one
56 thousand eight hundred dollars above the federal
57 poverty guidelines based on family size, the amount of
58 credit allowable shall be forty percent of the amount of
59 tax owed under this article by the qualified taxpayer;

129 (7) If modified federal adjusted gross income is
130 greater than seven hundred fifty dollars above fifty
131 percent of the federal poverty guidelines but does not
132 exceed nine hundred dollars above fifty percent of the
133 federal poverty guidelines based on family size, the
134 amount of credit allowable shall be forty percent of the
135 amount of tax owed under this article by the qualified
136 taxpayer;

137 (8) If modified federal adjusted gross income is
138 greater than nine hundred dollars above fifty percent of
139 the federal poverty guidelines but does not exceed one
140 thousand fifty dollars above fifty percent of the federal
141 poverty guidelines based on family size, the amount of
142 credit allowable shall be thirty percent of the amount of
143 tax owed under this article by the qualified taxpayer;

144 (9) If modified federal adjusted gross income is
145 greater than one thousand fifty dollars above fifty
146 percent of the federal poverty guidelines but does not
147 exceed one thousand two hundred dollars above fifty
148 percent of the federal poverty guidelines based on
149 family size, the amount of credit allowable shall be
150 twenty percent of the amount of tax owed under this
151 article by the qualified taxpayer; or

152 (10) If modified federal adjusted gross income is
153 greater than one thousand two hundred dollars above
154 fifty percent of the federal poverty guidelines but does
155 not exceed one thousand three hundred fifty dollars
156 above fifty percent of the federal poverty guidelines
157 based on family size, the amount of credit shall be ten
158 percent of the amount of tax owed under this article by
159 the qualified taxpayer.

160 (d) The Tax Commissioner shall develop and publish
161 on an annual basis two indexed tax credit tables. One
162 tax table shall be for qualified taxpayers who file as an
163 individual, as a head of household, as a husband and
164 wife who file a joint return, or as an individual entitled

165 to file as a surviving spouse and one tax table shall be
166 for qualified taxpayers who are husband and wife and
167 who file separate returns. The indexed tax credit tables
168 shall be based on subsections (b) and (c) of this section.

§11-21-22c. Administration.

1 The Tax Commissioner may propose legislative rules
2 for promulgation in accordance with article three,
3 chapter twenty-nine-a of this code for the
4 administration of the provisions of sections twenty-two,
5 twenty-two-a and twenty-two-b of this article, file
6 administrative notices in the State Register in
7 accordance with section three, article two, chapter
8 twenty-nine-a of this code, and develop and publish
9 any instructions, any or all of which as may be
10 determined to be necessary to provide to taxpayers
11 guidance and assistance when claiming this tax credit.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Randy White
.....
Chairman Senate Committee

[Signature]
.....
Chairman House Committee

Originated in the Senate.

In effect ninety days from passage.

Carroll Edgley
.....
Clerk of the Senate

[Signature]
.....
Clerk of the House of Delegates

Carl Roy Tomblin
.....
President of the Senate

[Signature]
.....
Speaker House of Delegates

The within *is approved* this
the *30th* Day of *November*, 2006.

[Signature]
.....
Governor

PRESENTED TO THE
GOVERNOR

NOV 29 2006

Time 10:30am