

1 COMMITTEE SUBSTITUTE

2 FOR

3 **Senate Bill No. 344**

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

6 _____
7 [Originating in the Committee on Finance;
8 reported February 18, 2011.]
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12 A BILL to amend and reenact §11-6F-2 and §11-6F-3 of the Code of
13 West Virginia, 1931, as amended, all relating to reducing the
14 required original cost of manufacturing facilities and
15 reducing the required cost of the capital addition when
16 determining eligibility for the special method for appraising
17 such property; and excluding unimproved real property from the
18 measure of the certified capital addition property.

19 *Be it enacted by the Legislature of West Virginia:*

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

22 **ARTICLE 6F. SPECIAL METHOD FOR APPRAISING QUALIFIED CAPITAL**
23 **ADDITIONS TO MANUFACTURING FACILITIES.**

24 **§11-6F-2. Definitions.**

25 As used in this article, the term:

1 (a) "Certified capital addition property" means all real
2 property and personal property included within or to be included
3 within a qualified capital addition to a manufacturing facility
4 that has been certified by the State Tax Commissioner in accordance
5 with section four of this article: *Provided*, That airplanes and
6 motor vehicles licensed by the Division of Motor Vehicles shall in
7 no event constitute certified capital addition property.

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

13 ~~(b)~~ **(c)** "Manufacturing facility" means any factory, mill,
14 chemical plant, refinery, warehouse, building or complex of
15 buildings, including land on which it is located, and all
16 machinery, equipment, improvements and other real property and
17 personal property located at or within the facility used in
18 connection with the operation of the facility in a manufacturing
19 business.

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

25 ~~(d)~~ **(e)** "Qualified capital addition to a manufacturing
26 facility" means all real property and personal property, the

1 combined original cost of all of the property which exceeds \$50
2 million to be constructed, located or installed at or within two
3 miles of a manufacturing facility owned or operated by the person
4 making the capital addition that has a total original cost before
5 the capital addition of at least \$100 million. ~~Provided, That~~ If
6 the capital addition is made in a steel, chemical or polymer
7 alliance zone as designated from time-to-time by executive order of
8 the Governor, then the person making the capital addition may for
9 purposes of satisfying the requirements of this subsection join in
10 a multiparty project with a person owning or operating a
11 manufacturing facility that has a total original cost before the
12 capital addition of at least \$100 million if the capital addition
13 creates additional production capacity of existing or related
14 products or feedstock or derivative products respecting the
15 manufacturing facility, consists of a facility used to store,
16 handle, process or produce raw materials for the manufacturing
17 facility, consists of a facility used to store, handle or process
18 natural gas to produce fuel for the generation of steam or
19 electricity for the manufacturing facility or consists of a
20 facility that generates steam or electricity for the manufacturing
21 facility. Beginning July 1, 2011, wherever the number "100" is used
22 in this subsection, the number "20" shall be substituted and where
23 the number "50" is used, the number "10" shall be substituted.

24 ~~(e)~~ (f) "Real property" means all property specified in
25 subdivision (p), section ten, article two, chapter two of this code
26 and includes, but is not limited to, lands, buildings and

1 improvements on the land such as sewers, fences, roads, paving and
2 leasehold improvements.

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

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