

H. B. 2114

(BY DELEGATE(S) MR. SPEAKER, (MR.
ARMSTEAD) AND MILEY)

[BY REQUEST OF THE EXECUTIVE]

[Introduced January 20, 2015; referred to the
Committee on Finance.]

A BILL to amend and reenact §11-21-9 of the Code of West Virginia, 1931, as amended, relating to updating the meaning of federal adjusted gross income and certain other terms used in the West Virginia Personal Income Tax Act; and specifying effective dates.

Be it enacted by the Legislature of West Virginia:

That §11-21-9 of the Code of West Virginia, 1931, as amended, be amended and reenacted to read as follows:

ARTICLE 21. WEST VIRGINIA PERSONAL INCOME TAX.**§11-21-9. Meaning of terms.**

1 (a) Any term used in this article has the same meaning as
2 when used in a comparable context in the laws of the United
3 States relating to income taxes, unless a different meaning is
4 clearly required. Any reference in this article to the laws of the
5 United States means the provisions of the Internal Revenue Code
6 of 1986, as amended, and any other provisions of the laws of the
7 United States that relate to the determination of income for
8 federal income tax purposes. All amendments made to the laws
9 of the United States after December 31, ~~2012~~ 2013, but prior to
10 January 1, ~~2014~~ 2015, shall be given effect in determining the
11 taxes imposed by this article to the same extent those changes
12 are allowed for federal income tax purposes, whether the
13 changes are retroactive or prospective, but no amendment to the
14 laws of the United States made on or after January 1, ~~2014~~ 2015,
15 may be given any effect.

16 (b) *Medical savings accounts.* — The term “taxable trust”
17 does not include a medical savings account established pursuant
18 to section twenty, article fifteen, chapter thirty-three of this code

19 or section fifteen, article sixteen of that chapter. Employer
20 contributions to a medical savings account established pursuant
21 to those sections are not wages for purposes of withholding
22 under section seventy-one of this article.

23 (c) *Surtax.* — The term “surtax” means the twenty percent
24 additional tax imposed on taxable withdrawals from a medical
25 savings account under section twenty, article fifteen, chapter
26 thirty-three of this code and the twenty percent additional tax
27 imposed on taxable withdrawals from a medical savings account
28 under section fifteen, article sixteen of that chapter which are
29 collected by the Tax Commissioner as tax collected under this
30 article.

31 (d) *Effective date.* — The amendments to this section
32 enacted in the year ~~2014~~ 2015 are retroactive to the extent
33 allowable under federal income tax law. With respect to taxable
34 years that began prior to January 1, ~~2015~~ 2016, the law in effect
35 for each of those years shall be fully preserved as to that year,
36 except as provided in this section.

37 (e) For purposes of the refundable credit allowed to a low
38 income senior citizen for property tax paid on his or her

39 homestead in this state, the term “laws of the United States” as
40 used in subsection (a) of this section means and includes the
41 term “low income” as defined in subsection (b), section twenty-
42 one of this article and as reflected in the poverty guidelines
43 updated periodically in the federal register by the U.S.
44 Department of Health and Human Services under the authority
45 of 42 U.S.C. § 9902(2).

NOTE: The purpose of this bill is to update the meaning of federal adjusted gross income and certain other terms used in the West Virginia Personal Income Tax Act; and specifying effective dates.

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