WEST VIRGINIA LEGISLATURE

2024 SECOND EXTRAORDINARY SESSION

Introduced

Senate Bill 2025

By Senators Blair (Mr. President) and Woelfel

(By Request of the Executive)

[Introduced September 30, 2024]

A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section, designated §11-21-4i, relating to personal income tax; providing for reduced graduated income tax rates; reducing the rate of tax on certain composite returns; reducing the rate of withholding tax on nonresident income; reducing the rate of withholding tax on the nonresident sale of real estate; reducing the rate of withholding on lottery winnings; applying reduced rates beginning January 1, 2025; providing for contingent additional future reductions in the personal income tax rates when certain criteria have been met; and providing effective dates.

Be it enacted by the Legislature of West Virginia:

Article 21. personal income tax.

§11-21-4i. Rate of tax — Beginning January 1, 2025.

(a) *Rate of tax on individuals (except married individuals filing separate returns), individuals filing joint returns, heads of households, and estates and trusts. —* Beginning January 1, 2025, the tax imposed by W. Va. Code §11-21-3 on the West Virginia taxable income of every individual (except married individuals filing separate returns); every individual who is a head of a household in the determination of his or her federal income tax for the taxable year; every husband and wife who file a joint return under this article; every individual who is entitled to file his or her federal income tax return for the taxable year as a surviving spouse; and every estate and trust (except non-grantor trusts administered by licensed private trust companies created pursuant to the provisions of W. Va. Code §31I-1-1 *et seq*. shall be determined in accordance with the following table:

If the West Virginia taxable

income is: The tax is:

Not over $10,000 2.16% of the taxable income

Over $10,000 but not over $25,000 $216 plus 2.87% of excess over $10,000

Over $25,000 but not over $40,000 $646.50 plus 3.23% of excess over $25,000

Over $40,000 but not over $60,000 $1,131 plus 4.3% of excess over $40,000

Over $60,000 $1,991 plus 4.67% of excess over $60,000

(b) *Rate of tax on married individuals filing separate returns*. — In the case of husband and wife filing separate returns under this article for the taxable year, the tax imposed by W. Va. Code §11-21-3 on the West Virginia taxable income of each spouse shall be determined in accordance with the following table:

If the West Virginia taxable

income is: The tax is:

Not over $5,000 2.16% of the taxable income

Over $5,000 but not over $12,500 $108 plus 2.87% of excess over $5,000

Over $12,500 but not over $20,000 $323.25 plus 3.23% of excess over $12,500

Over $20,000 but not over $30,000 $565.50 plus 4.3% of excess over $20,000

Over $30,000 $995.50 plus 4.67% of excess over $30,000

(c) Effect of rates on Nonresident Composite and Withholding Obligations — Notwithstanding any provision of this article to the contrary, for taxable years beginning on and after the retroactive date specific in W. Va. Code §11-21-4g(d), whenever the words "six and one-half percent" appear in W. Va. Code §11-21-51a, §11-21-71a, §11-21-71b, or §11-21-77, with relation to a tax return of, or the tax rate imposed on income of individuals, individuals filing joint returns, heads of households, and estates and trusts (except non-grantor trusts administered by licensed private trust companies created pursuant to the provisions of W. Va. Code §31I-1-1 *et seq*., the stated percentage shall be changed to 4.67%.

(d) *Applicability of this section*. — Beginning January 1 2025, the reduction of tax, and the corresponding rates of tax issued by the Tax Commissioner pursuant to the provisions of W. Va. Code §11-21-4h are further reduced by five percent. The provisions of this section shall be applicable in determining the rates of tax imposed by this article beginning January 1, 2025: *Provided*, That the tax rates specified in this section shall continue to be adjusted in accordance with W. Va. Code §11-21-4h and may be superseded by any rates determined by that section.

NOTE: The purpose of this bill is to authorize up to a 5% additional reduction of the personal income tax rate beginning January 1, 2025.

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