

WEST VIRGINIA LEGISLATURE

2026 REGULAR SESSION

Introduced

House Bill 4479

**FISCAL
NOTE**

By Delegates G. Howell, Canterbury, Cooper, Criss,
Ward, Dittman, Hillenbrand, Hott, Campbell, Toney,
and J. Cannon

[Introduced January 16, 2026; referred to the
Committee on Finance]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding a new article,
2 designated §5B-12-1, §5B-12-2, §5B-12-3, §5B-12-4, §5B-12-5, §5B-12-6, §5B-12-7, and
3 §5B-12-8, relating to in-state production of value added forest products; providing a
4 purpose; providing definitions; establishing how tax credits are applied; clarifying eligibility
5 and compliance standards; clarifying rulemaking authority; and creating civil penalties.

Be it enacted by the Legislature of West Virginia:

**ARTICLE 12. IN-STATE PROCESSING INCENTIVE FOR NON-ROUNDWOOD
FOREST PRODUCTS.**

§5B-12-1. Purpose.

1 The purpose of this article is to encourage the in-state production of value-added forest
2 products by providing tax credits to manufacturers that materially transform West Virginia
3 harvested roundwood into qualified non-roundwood products. The credit may be applied to
4 corporate net income tax or to personal income tax for owners of pass-through entities.

§5B-12-2. Definitions.

1 As used in this article:

2 "Expansion" means a measurable increase in annual production capacity or a new
3 production line that processes West Virginia sourced wood into qualified non-roundwood
4 products.

5 "Green ton" means one ton of freshly harvested wood with natural moisture content.

6 "Ineligible activities" include debarking, sorting, cutting to length, trimming stems, bundling,
7 loading, unloading, exporting raw logs or stems, and chipping solely to create transport length.

8 "Interim conversion factor" means 1MBF (Doyle) which is equivalent to seven green tons of
9 mixed Appalachian hardwood logs.

10 "Minimum transformation standard" means processing that alters the cross-sectional
11 geometry of the wood or alters the fiber structure. Simple cutting, trimming, debarking, handling,

sorting, or preparing logs or stems for transport do not meet this standard.

"Non-roundwood product" means a wood product whose cross-sectional geometry or fiber structure has been materially transformed. Qualifying products include veneer, composites, laminated veneer lumber, laminated strand lumber, cross laminated timber, oriented strand board, medium density fiberboard, high density fiberboard, wood pellets, wood briquettes, industrial wood chips for fiber manufacturing, and similar products.

"Pass-through entity" means a business entity that is not subject to the corporate net income tax and whose income is taxed under the West Virginia personal income tax, including but not limited to partnerships, limited liability companies taxed as partnerships, S corporations, and sole proprietorships.

"West Virginia sourced feedstock" means roundwood harvested within the State of West Virginia.

§5B-12-3. Standard incentive schedule and application of tax credit.

(a) Incentives provided under this article are tax credits applied either:

(1) Against the taxpayer's corporate net income tax liability; or

(2) Against the taxpayer's personal income tax liability if the taxpayer is a pass-through entity or the owner of a pass-through entity.

(b) The credit is available only for qualified non-roundwood products manufactured in West Virginia using West Virginia sourced feedstock.

(c) Standard incentive schedule:

(1) Tier 1: 0 to 140,000 green tons at \$3 per ton.

(2) Tier 2: 140,001 to 700,000 green tons at \$2 per ton.

(3) Tier 3: 700,001 green tons and above at \$1.25 per ton.

(d) Annual cap: \$1.25 million per facility per calendar year.

(e) Pro-rating: Payments shall be prorated to the manufacturer only on the West Virginia-origin share of feedstock (e.g. 80 percent West Virginia wood shall equal 80 percent of calculated

14 credit).

15 (f) The credit shall be applied to the applicable tax liability for the taxable year in which the
16 qualified activity occurred. The credit may not reduce tax liability below zero unless refundability is
17 authorized in a future act.

§5B-12-4. Temporary enhanced rate for new facilities and expansions; application of tax credit.

1 (a) A manufacturer that begins new operations or completes a qualifying expansion may
2 elect a temporary enhanced tax credit for five calendar years.

3 (b) Enhanced incentive schedule:

4 (1) Enhanced Tier 1: 0 to 50,000 green tons at \$6 per ton.

5 (2) Enhanced Tier 2: 50,001 to 250,000 green tons at \$4 per ton.

6 (3) Enhanced Tier 3: 250,001 green tons and above at \$2.50 per ton.

7 (c) Enhanced annual cap: \$2.5 million per facility per calendar year.

8 (d) For an expansion, the enhanced credit applies only to the increase in annual green tons
9 consumed above the facility's five-year production average preceding the expansion.

10 (e) All credits under the enhanced schedule shall be prorated according to the percentage
11 of total wood purchased that is sourced from West Virginia.

12 (f) Credits under the enhanced schedule shall be applied either to the taxpayer's corporate
13 net income tax liability or to the taxpayer's personal income tax liability if the taxpayer is a pass-
14 through entity or the owner of a pass-through entity.

15 (g) After the five-year enhanced period, the facility shall revert to the standard incentive
16 schedule in §5B-12-3 of this code.

17 (h) A facility may not claim more than one enhanced expansion credit at a time. An
18 expansion begun during an active five-year enhanced period is not eligible. After the five-year
19 period ends, a new expansion may qualify.

§5B-12-5. Eligibility and claims.

1 (a) A manufacturer must produce a qualified non-roundwood product within West Virginia
2 using West Virginia harvested forest products.

3 (b) A manufacturer shall self-report quarterly and submit scale tickets, tonnage
4 summaries, and related documentation as required by the Division of Economic Development.

5 (c) The Division of Economic Development may conduct random audits.

§5B-12-6. Guardrails and compliance.

1 (a) Only material transformations which meet the minimum standard qualify for the credit.

2 (b) No credit may be issued for ineligible activities.

3 (c) The Division of Economic Development shall promulgate rules to carry out the adoption
4 documentation and verification requirements pursuant to §5B-2-2 of this code.

§5B-12-7. Rulemaking authority.

1 The Division of Economic Development shall promulgate rules to carry out the
2 implementation of this article pursuant to §5B-2-2 of this code.

§5B-12-8. Penalties for falsification, misrepresentation, and improper claims.

1 (a) A manufacturer that knowingly falsifies records, submits inaccurate scale tickets or
2 tonnage summaries, misrepresents the percentage of West Virginia sourced wood, or submits
3 claims for ineligible timber or ineligible activities is subject to the penalties in this section.

4 (b) Any tax credit improperly received shall be repaid at 200 percent of the credit issued
5 and interest shall be paid at market rate from the date the improper credit was issued until
6 repayment is made in full.

7 (c) The Division of Economic Development may assess a civil penalty, suspend eligibility
8 for future credits, or permanently bar a manufacturer from participating if the violation is
9 intentional.

10 (d) The Attorney General may bring a civil action to recover repayment, penalties, and
11 interest.

12 (e) Nothing in this section prevents criminal prosecution where fraud is involved.

NOTE: The purpose of this bill is to provide tax credits to encourage in-state production of value-added forest products.

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