

WEST VIRGINIA LEGISLATURE

2026 REGULAR SESSION

Introduced

House Bill 5177

**FISCAL
NOTE**

By Delegates G. Howell, Masters, Burkhammer,
Jennings, Fehrenbacher, Hillenbrand, Heckert,
Green, Canterbury, Campbell, and Hite

[Introduced February 04, 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 §11-15C-1, §11-15C-2, §11-15C-3, §11-15C-4, §11-15C-5, §11-15C-6, §11-
 3 15C-7, §11-15C-8, §11-15C-9, and §11-15C-10, relating to creating a state sales tax
 4 rebate for qualifying materials used in the construction of modest homes of 1,600 square
 5 feet or less, to limit the rebate to the state six percent sales tax, to permit voluntary
 6 municipal participation, to establish fixed material quantity limits, to require in state
 7 purchasing and affidavits, and to grant rule making and inspection authority to the State
 8 Tax Department.

Be it enacted by the Legislature of West Virginia:

ARTICLE 15C. REBATE FOR QUALIFIED BUILDING MATERIAL AND INSPECTION

COSTS.

§11-15C-1. Legislative findings.

1 The Legislature finds that West Virginia faces a shortage of modest housing and that the
 2 state consumers sales and service tax increases construction costs. The Legislature further finds
 3 that a narrowly tailored rebate of the state portion of the sales tax tied to defined material
 4 quantities, in state purchases, and inspections will promote housing construction while protecting
 5 the tax base and supporting West Virginia suppliers.

§11-15C-2. Definitions.

1 For purposes of this article:
 2 (a) "Eligible modest dwelling" means a newly constructed detached single family residence
 3 located in West Virginia that meets all of the following requirements:
 4 (1) Heated living space of 1,600 square feet or less above grade
 5 (2) A basement is optional -- If constructed, the basement shall be unfinished and excluded
 6 from heated living space;
 7 (3) A lot size of not less than 0.5 acre and not more than 1.0 acre;

(4) Standard stock windows and doors only – custom sizes are excluded; and

(5) Constructed for retail sale and sold to an end purchaser.

(b) "Builder" means a person or entity licensed to do business in West Virginia that constructs an eligible modest dwelling for retail sale.

(c) "In state supplier" means a seller with a physical place of business located in West Virginia that collects and remits West Virginia sales tax.

(d) "Eligible materials" means only those materials listed in §11-15C-6 of this code, purchased within the stated quantity limits and incorporated into the eligible modest dwelling.

§11-15C-3. State sales tax rebate created.

(a) A builder may apply for a rebate equal to the state six percent consumers sales and service tax paid on eligible materials.

(b) The rebate applies only to the state portion of the tax. Municipal sales taxes are excluded unless a municipality voluntarily participates under §11-15C-4 of this code.

(c) The rebate may be claimed only after the dwelling is sold, inspected, and all documentation is approved.

§11-15C-4. Voluntary municipal participation.

(a) A municipality that imposes a municipal sales tax may elect to participate in this program by ordinance.

(b) A participating municipality may authorize a rebate of all or part of its municipal sales tax on eligible materials.

(c) The State Tax Department shall administer any municipal rebate authorized under this section.

§11-15C-5. Purchase and documentation requirements.

(a) All eligible materials must be purchased from an in state supplier.

(b) Itemized receipts showing West Virginia sales tax paid are required.

(c) Records must be retained for 60 months from the date the rebate is issued.

4 (d) Materials purchased from out of state suppliers are not eligible.

§11-15C-6. Eligible materials and quantities.

1 (a) Sheathing and framing:

2 (1) OSB or plywood, four feet by 8 feet sheets;

3 (A) Roof sheathing: 76 sheets;

4 (B) Wall sheathing: 43 sheets;

5 (C) Subfloor, three-quarter inch T and G if used: 55 sheets; and

6 (D) Total maximum: 174 sheets.

7 (2) Dimensional lumber, two inches by four-inches, eight feet equivalent, up to a maximum
8 of 475 pieces.

9 (3) Roof trusses, stock trusses: Up to a maximum of 35 trusses whether roof trusses, stock
10 trusses, or a combination of the two.

11 (b) Roofing:

12 (1) Up to a maximum of 22 squares of Asphalt shingles or 24 square metal roofing panels;

13 (2) Up to a maximum of three rolls of roofing underlayment;

14 (3) Up to a maximum of two rolls at 36-inches width of ice and water shield; and

15 (4) Up to a maximum of 23 pieces of 10-foot lengths of Drip edge.

16 (c) Exterior finish:

17 (1) Siding: up to a maximum of 14 squares;

18 (2) Housewrap: up to a maximum of two rolls;

19 (3) Soffit: up to a maximum of 350 square feet; and

20 (4) Fascia and exterior trim, 10 foot lengths: up to a maximum of 31 pieces

21 (d) Foundation, if constructed: If a basement or foundation is constructed, the following
22 quantities apply.

23 (1) Concrete masonry units, 8 inches by 8 inches by 16 inches: up to a maximum 1,700
24 blocks;

- 25 (2) Mortar, Type S, 80-pound bags: up to a maximum 130 bags;
- 26 (3) Reinforcing bar, No. 4, one-half inch diameter, 20 feet lengths: up to a maximum 40
- 27 sticks; and
- 28 (4) Anchor bolts, on-half inch by 10 inches: up to a maximum 30 units;
- 29 Basement finishing materials are not eligible.
- 30 (e) Drywall and finishes:
- 31 (1) Drywall, four feet by 12 feet sheets: up to a maximum of 135 sheets;
- 32 (2) Joint compound, four and one-half gallon buckets: up to a maximum of 30 buckets;
- 33 (3) Drywall tape, 500 feet rolls: up to a maximum of 12 rolls; and
- 34 (4) Corner bead, 10-foot lengths: up to a maximum of 31 pieces.
- 35 (f) Flooring: Finished flooring materials, up to a maximum of 1,760 square feet
- 36 (g) Paint and sealants:
- 37 (1) Interior paint, one-gallon cans: up to a maximum of 36 gallons;
- 38 (2) Primer, one-gallon cans: up to a maximum of 14 gallons;
- 39 (3) Interior caulk, 10.1 ounce tubes: up to a maximum of 50 tubes; and
- 40 (4) Exterior sealant, 10.1 ounce tubes: up to a maximum of 20 tubes.
- 41 (h) Electrical and communications:
- 42 (1) Breaker panel, 200 amp, 40 space: 1 unit;
- 43 (2) Standard receptacles including USB receptacles: up to a maximum of 42 units;
- 44 (3) GFCI receptacles: up to a maximum of six units;
- 45 (4) Switches: up to a maximum of 22 units;
- 46 (5) Light fixtures, interior and exterior combined: up to a maximum of 16 fixtures; and
- 47 (6) NM cable:
- 48 (A) Up to a maximum of 2,800 feet of 12-2;
- 49 (B) Up to a maximum of 1,500 feet of 14-2;
- 50 (C) Up to a maximum of 250 feet of 12-3 or 10-3; and

- 51 (D) Up to a maximum of 500 feet of Internet cable, Cat 6.
- 52 (i) Plumbing
- 53 (1) PEX pipe
- 54 (A) Up to a maximum of 300 feet of one-half inch; and
- 55 (B) Up to a maximum of 80 feet of three-quarter inch.
- 56 (2) DWV pipe
- 57 (A) Up to a maximum of 60 feet of three-inch pipe;
- 58 (B) Up to a maximum of 85 feet of two-inch pipe;
- 59 (C) Up to a maximum of 40 feet of one and one-half inch pipe; and
- 60 (3) Up to a maximum of 115 fittings DWV fittings.
- 61 (j) One of each of the following fixtures and appliances: toilet; tub shower unit; bathroom
- 62 sink; kitchen sink; stove or range; dishwasher; refrigerator; furnace, air handler, or heat pump; and
- 63 water heater.
- 64 (k) Windows and doors:
- 65 (1) Standard stock size windows: up to a maximum of 11 units, including up to two picture
- 66 windows, stock size 60 inches by 72 inches;
- 67 (2) Exterior doors, pre-hung stock, 36 inches by 80 inches: up to a maximum of three units;
- 68 and
- 69 (3) Interior doors, stock sizes: up to a maximum of nine units.
- 70 (l) Insulation:
- 71 (1) Walls may have up to a maximum of 10 batt bundles or 36 cellulose bags;
- 72 (2) Attics may have up to a maximum of 27 batt bundles or 50 cellulose bags.

§11-15C-7. Subcontractors and affidavits.

- 1 Concrete, masonry, electrical, plumbing, and drywall work may be subcontracted. Any
- 2 subcontractor supplying eligible materials shall submit an affidavit attesting that the materials were
- 3 purchased from in state suppliers and incorporated into the eligible modest dwelling.

§11-15C-8.**Penalties.**

- 1 Any builder or subcontractor who knowingly submits false documentation:
- 2 (1) Shall repay the full rebate;
- 3 (2) Shall pay a civil penalty equal to 200 percent of the rebate;
- 4 (3) May be barred from participation for 36 months; and
- 5 (4) Is guilty of a misdemeanor and may be fined \$1,000 to \$10,000 per violation.

§11-15C-9. Rule making and administration.

- 1 The State Tax Commissioner shall propose legislative rules to administer this article,
- 2 including:
- 3 (a) Creating application forms and affidavits;
- 4 (b) Establishing documentation standards;
- 5 (c) Conducting or contracting inspections of completed homes;
- 6 (d) Audit procedures and enforcement actions; and
- 7 (e) Appeals and corrective action procedures.

§11-15C-10. Effective date.

- 1 This article shall take effect on July 1, 2026.

NOTE: The purpose of this bill is to create a state sales tax rebate for qualifying materials used in the construction of modest homes of 1,600 square feet or less, to limit the rebate to the state six percent sales tax, to permit voluntary municipal participation, to establish fixed material quantity limits.

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