

# **WEST VIRGINIA LEGISLATURE**

## **2026 REGULAR SESSION**

**Introduced**

**Senate Bill 492**

**FISCAL  
NOTE**

By Senator Takubo

[Introduced January 19, 2026; referred

to the Committee on Finance]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding a new section,  
2 designated §11-21-12o, relating to establishing an additional modification reducing federal  
3 adjusted gross income relating to taxes on tips and overtime; phasing out the reducing  
4 modification for taxpayers with modified adjusted gross incomes over a certain threshold;  
5 and providing that nonresidents are only eligible for a reducing modification attributable to  
6 services performed in the state.

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

**ARTICLE 21. PERSONAL INCOME TAX.**

**§11-21-12o. Additional modification reducing federal adjusted gross income relating to**

**taxes on tips and overtime.**

1 (a) In addition to amounts authorized to be subtracted from federal gross income pursuant  
2 to §11-21-12 of this code, a modification reducing federal adjusted gross income is hereby  
3 authorized for taxable years beginning on or after January 1, 2026, and before January 1, 2029, in  
4 an amount equal to the sum of the following deductions allowed on the taxpayer's federal income  
5 tax return for the same tax year for the following:

6 (1) Qualified tips under 26 U.S.C. § 224 of the Internal Revenue Code; and

7 (2) Qualified overtime compensation under 26 U.S.C. § 225 of the Internal Revenue Code.

8 (b) For a nonresident, only qualified tips and overtime compensation that are attributable to  
9 services performed in this state may be eligible for the reducing modification.

10 (c) In addition to amounts authorized to be subtracted from federal gross income pursuant  
11 to §11-21-12 of this code, a modification reducing federal adjusted gross income is hereby  
12 authorized for taxable years beginning on or after January 1, 2029, for the following:

13 (1) Qualified tips in accordance with the provisions of W.Va. C.S.R. §42-8-12 *et seq.* up to  
14 \$25,000 annually.

15 (A) The reducing modification phases out for taxpayers with modified adjusted gross  
16 incomes over \$150,000.

17        (B) The reducing modification is available regardless of the type of return form filed.

18        (2) Qualified overtime compensation paid by an employer in accordance with the

19        provisions of §21-5C-3 of this code up to \$12,500 annually.

20        (A) The reducing modification phases out for taxpayers with modified adjusted gross

21        incomes over \$150,000.

22        (B) The reducing modification is available regardless of the type of return form filed.

23        (d) For a nonresident, only qualified tips and overtime compensation that are attributable to

24        services performed in this state may be eligible for the reducing modification.

NOTE: The purpose of this bill is to establish an additional modification reducing federal adjusted gross income relating to taxes on tips and overtime.

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