

WEST VIRGINIA LEGISLATURE

2026 REGULAR SESSION

Committee Substitute

for

Senate Bill 939

By Senator Jeffries

[Reported January 14, 2026, from the Committee on

Enter Committee]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding a new article,
2 designated §11-13NN-1, §11-13NN-2, §11-13NN-3, §11-13NN-4, §11-13NN-5, §11-13NN-
3 6, §11-13NN-7, §11-13NN-8, §11-13NN-9, §11-13NN-10, §11-13NN-11, §11-13NN-12,
4 §11-13NN-13, and §11-13NN-14, all relating to taxation; creating West Virginia Reshoring
5 Manufacturing Act; providing legislative findings; defining terms; creating the reshoring tax
6 credit; providing for the amount of the credit; establishing requirements for credit; providing
7 eligibility and certification requirements; ; providing for application of credit against state
8 taxes; providing for application, use, forfeiture, and accountability of the credit; providing
9 for limited carryforward and carryback; providing for rulemaking; establishing burden of
10 proof for tax credit; providing for sunset of Act unless reauthorized by Legislature;
11 eliminating new credits after sunset; preserving credits earned prior to sunset; and
12 providing an effective date.

Be it enacted by the Legislature of West Virginia:

ARTICLE 13NN. WEST VIRGINIA RESHORING MANUFACTURING ACT.

§11-13NN-1. Short title.

1 This article may be cited as the "West Virginia Reshoring Manufacturing Act".

§11-13NN-2. Legislative purpose, findings, and intent.

1 (a) Purpose. — The purpose of this article is to encourage West Virginia businesses to
2 replace foreign-manufactured goods with goods manufactured in West Virginia through
3 performance-based, time-limited tax incentives that support sustained in-state production,
4 workforce expansion, and long-term economic growth.

5 (b) Findings. — The Legislature finds that:

6 (1) According to United States Census Bureau foreign trade statistics, businesses
7 operating in West Virginia imported approximately \$4.8 billion in foreign manufactured goods
8 during calendar year 2024;

9 (2) The \$4.8 billion figure reflects only goods formally recorded as imports and does not
10 include foreign-manufactured products purchased by West Virginia businesses through domestic
11 distributors, wholesalers, resellers, or other domestic supply channels;

12 (3) Continued reliance on imported goods exports economic value, employment
13 opportunity, industrial capacity, and taxable activity from this state.

14 (4) A portion of the imported goods purchased by West Virginia businesses could be
15 competitively manufactured in this state and such state-based manufacturing would increase
16 opportunity for qualified West Virginia manufacturers and will support sustained in-state
17 production, workforce expansion, and long-term economic growth.

18 (c) Intent. — Based on the foregoing, it is the intent of the Legislature to incentivize
19 replacement of imported goods with goods manufactured in West Virginia.

§11-13NN-3. Definitions.

1 (a) "Baseline import value" means the average annual import transaction value of
2 substantially similar goods imported by the eligible taxpayer during the taxable year immediately
3 preceding the taxable year in which reshoring activity occurs;

4 (b) "Division" means Division of Economic Development;

5 (c) "Eligible taxpayer" means any person, corporation, partnership, limited liability
6 company, or other business entity subject to taxation under this chapter that purchases goods for
7 resale, distribution, or use in business operations in West Virginia;

8 (d) "Import transaction value" means the transaction value declared to United States
9 Customs and Border Protection at the time the imported goods were entered for consumption
10 pursuant to 19 U.S.C. § 1401a, as reflected on Customs Form 7501 or successor documentation;

11 (e) "Imported goods" means tangible personal property manufactured outside the United
12 States and entered for consumption under federal customs law;

13 (f) "Qualified West Virginia manufacturer" means a business entity that maintains a
14 physical manufacturing facility in West Virginia and manufactures tangible personal property

15 within the state with such manufacturing constituting the primary production of the reshored
16 product(s) at the in-state facility;

17 (g) "Reshoring activity" means the documented replacement of imported goods with
18 similar goods manufactured by a qualified West Virginia manufacturer;

19 (h) "Reshoring activity verification report" means a report prepared by an independent
20 certified public accountant, utilizing agreed-upon procedures, as that term is used under
21 applicable professional auditing standards, prescribed by the division in accordance with generally
22 accepted auditing standards in the United States. The certified public accountant will render a
23 report as to the qualification of the credits, consistent with guidelines to be determined by the
24 division and approved by the Tax Commissioner;

25 (i) "Substantially similar goods" means goods that share the same or comparable
26 Harmonized Tariff Schedule classification at the six-digit level and are commercially
27 interchangeable in use, function, and material composition;

28 (j) "Verified continued reshored activity value" means the annual dollar value of repeat
29 purchases of West Virginia-manufactured goods that previously replaced imported goods, as
30 certified pursuant to this article; and

31 (k) "Verified initial reshoring value" means the lesser of:

32 (1) The baseline import value of substantially similar goods; or

33 (2) The annual dollar value of purchases from a qualified West Virginia manufacturer
34 replacing those imported goods, as certified pursuant to this article.

§11-13NN-4. Creation of the reshoring tax credit.

1 (a) An eligible taxpayer may apply for, and the Tax Commissioner shall allow a
2 nonrefundable tax credit in an amount equal to the percentage specified in §11-13NN-5 of this
3 code of:

4 (1) Verified initial reshoring value; and

5 (2) Verified continued reshored activity value.

6 (b) Expenditures utilized by an eligible taxpayer for purposes of calculating the tax credit
7 authorized by this article shall in no event be utilized by the eligible taxpayer for the purpose of
8 calculating or qualifying investment for claiming the economic opportunity tax credit authorized by
9 §11-13Q-1 et seq. of this code or the manufacturing investment tax credit authorized by §11-13S-1
10 et seq. of this code.

§11-13NN-5. Amount of credit allowed; limitation of the credits.

1 (a) Base allowance. — The amount of credit allowed to every eligible taxpayer, except as
2 provided in subsection (b) of this section, is 25 percent of verified initial reshoring value.

3 (b) Repeat allowance for continued reshored activity purchases. — The amount of credit
4 allowed to every eligible taxpayer for continued reshored activity purchases is:

- 5 (1) Twenty percent of verified continued reshored activity value in the second taxable year;
6 (2) Fifteen percent of verified continued reshored activity value in the third taxable year;
7 (3) Ten percent of verified continued reshored activity value in the fourth taxable year; and
8 (4) Five percent of verified continued reshored activity value in the fifth taxable year.

9 (c) Annual limitation. — The total tax credit authorized for any eligible taxpayer, including
10 any carry over or carry back, may not exceed \$1 million within a taxable year.

11 (d) Application of the credits. — The tax credit allowed under this section shall be applied to
12 the eligible taxpayer's state tax liability as provided in §11-13NN-7 of this code.

§11-13NN-6. Requirements for credit.

1 (a) The division shall determine the eligibility of the taxpayer, the qualification of the
2 reshoring activity, whether involving initial reshoring or continued reshored activity or both, and the
3 qualification of the West Virginia manufacturer. The division shall report this information to the Tax
4 Commissioner in a manner and at times the division and the Tax Commissioner shall agree upon.
5 In order for any eligible taxpayer to claim a tax credit under this article, it shall comply with the
6 following requirements:

7 (1) Apply to the division for the reshoring tax credit on forms and in the manner the division
8 may prescribe;

9 (2) Submit information required by the division to demonstrate conformity with the
10 requirements of this section and shall agree in writing:

11 (A) To pay all obligations the eligible taxpayer has incurred in West Virginia; and

12 (B) To delay filing of a claim for the tax credit authorized by this article until the division
13 delivers written notification to the Tax Commissioner that the eligible taxpayer has fulfilled all
14 requirements for the credit.

15 (b) Upon completion of the reshoring activity, whether involving initial reshoring activity or
16 continued reshored activity or both, and prior to applying for the reshoring tax credit:

17 (1) An eligible taxpayer shall have filed all required West Virginia tax reports and returns
18 and paid any balance of West Virginia tax due on those returns; and

19 (2) All claims for the tax credit shall be filed with a reshoring activity verification report.

20 (c) If the requirements of this section have been complied with, the division shall approve
21 the reshoring activity tax credit and issue a document granting the appropriate tax credit to the
22 eligible taxpayer and shall report this information to the Tax Commissioner.

23 (d) Valuation certification. — The reshoring activity verification report required by this
24 section shall:

25 (1) Confirm the import transaction value using official customs entry documentation;

26 (2) Establish the baseline import value based on the immediately preceding taxable year;

27 (3) Confirm that purchases from the qualified West Virginia manufacturer are commercially
28 comparable to the replaced imports; and

29 (4) Certify that the claimed verified initial reshoring value does not exceed the documented
30 baseline import value.

§11-13NN-7. Application of credit to state taxes.

1 (a) Credit allowed. — Beginning in the taxable year that verified initial reshoring activity or
2 verified continued reshored activity occurs, eligible taxpayers and owners of eligible taxpayers are
3 permitted a credit, as described in §11-13NN-5 of this code, against the taxes imposed by §11-24-
4 1 et seq. and §11-21-1 et seq. of this code, in that order, as specified in this section.

5 (b) Corporation net income taxes. — After application of subsection (a) of this section, any
6 unused credit is next applied to reduce the taxes imposed by §11-24-1 et seq. of this code for the
7 taxable year, determined before application of allowable credits against tax.

8 (c) Personal income tax. —

9 (1) If the eligible taxpayer is an electing small business corporation (as defined in Section
10 1361 of the United States Internal Revenue Code of 1986, as amended), a partnership, a limited
11 liability company that is treated as a partnership for federal income tax purposes or a sole
12 proprietorship, then any unused credit, after application of subsections (a) and (b) of this
13 subsection, is allowed as a credit against the taxes imposed by §11-21-1 et seq. of this code on the
14 income from business or other activity subject to tax under §11-23-1 et seq. of this code or on
15 income of a sole proprietor attributable to the business.

16 (2) Electing small business corporations, limited liability companies, partnerships, and
17 other unincorporated organizations shall allocate the credit allowed by this article among its
18 members in the same manner as profits and losses are allocated for the taxable year.

§11-13NN-8. Uses of credit; unused credit; limited carry forward and carry back; expiration
and forfeiture of credit.

1 (a) No credit is allowed under this section against any employer withholding taxes imposed
2 by §11-21-1 et seq. or §11-24-1 et seq. of this code.

3 (b) If the tax credit allowed under this article in any taxable year exceeds the sum of the
4 taxes enumerated in §11-13NN-7(b) and §11-13NN-7(c) of this code for that taxable year, the
5 excess may be applied against those taxes, in the order and manner stated in §11-13NN-7 of this
6 code, for one succeeding taxable year. Thereafter, any remaining tax credit is forfeited.

7 (c) No carryback is allowed to a prior taxable year that does not have qualified reshoring
8 activity for the amount of any unused portion of any annual credit allowance.

§11-13NN-9. Legislative rules.

1 (a) The Tax Commissioner and the division shall propose rules for legislative approval in
2 accordance with the provisions of §29A-3-1 et seq. of this code to implement this article.

3 (b) The Tax Commissioner and division shall promulgate emergency rules pursuant to the
4 provisions of §29A-3-15 of this code to implement this article.

§11-13NN-10. Burden of proof.

1 The burden of proof is on the eligible taxpayer claiming the credit allowed by this article to
2 establish by clear and convincing evidence that the eligible taxpayer or credit transferee is entitled
3 to the amount of credit asserted for the taxable year.

§11-13NN-11. Sunset.

1 This article shall expire on December 31, 2031, unless reauthorized by the Legislature.

§11-13NN-12. Elimination of reshoring tax credits after sunset.

1 No credit may be earned or certified under this article for reshoring activity occurring after
2 December 31, 2031.

§11-13NN-13. Preservation of credits earned prior to sunset.

1 Any credit earned and certified under this article prior to the sunset date shall remain valid
2 and may be claimed in accordance with this article.

§11-13NN-14. Effective date.

1 This article shall take effect July 1, 2026, and shall apply to taxable years 2026 through
2 2031.