

WEST VIRGINIA LEGISLATURE

2026 REGULAR SESSION

Introduced

House Bill 4963

**FISCAL
NOTE**

By Delegates Hall, Holstein, Shamblin, Cooper,

Chiarelli, Heckert, and Amos

[Introduced January 29, 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.