WEST VIRGINIA LEGISLATURE

2026 REGULAR SESSION

Introduced

Senate Bill 508

FISCAL NOTE

By Senator Chapman

[Introduced January 19, 2026; referred

to the Committee on Finance]

A BILL to amend the Code of West Virginia, 1931, as amended, by adding a new section, designated §11-13NN-1, relating to providing a tax credit for businesses in this state to cover up to 50 percent of the costs of the purchase of products that are produced or manufactured in West Virginia; and establishing limits.

Be it enacted by the Legislature of West Virginia:

ARTICLE 13NN. TAX CREDIT FOR PRODUCTS MANUFACTURED IN WEST VIRGINIA.

§11-13NN-1. Tax Credit for the Purchase of Products That Are Produced or Manufactured in West Virginia.

(a) *Credit allowed.* – A business operating in this state is allowed a tax credit of up to 50 percent of the costs of the purchase of products that are produced or manufactured in West Virginia. An eligible employer must maintain its corporate headquarters in West Virginia and the tax credit is available for the taxable year in which the investment was made. Additionally, a company shall provide proof of purchase of such West Virginia manufactured products upon request.

(b) No more than $100,000 of the tax credits allowed under subsection (a) of this section may be allowed.

(c) *Business franchise tax.* –- The tax credit is applied to reduce the taxes imposed upon the eligible taxpayer by article twenty-three of this chapter for the taxable year as determined after application of the credits against tax provided in section seventeen of that article, but after application of any other allowable credits against tax.

(d) *Corporation net income taxes.* -- After application of subsection (c) of this section, any unused tax credit is next applied to reduce the taxes imposed upon the eligible taxpayer by article twenty-four of this chapter for the taxable year as determined before application of allowable credits against tax.

(e) If the eligible taxpayer is a limited liability company, an electing small business corporation, as defined in section 1361 of the United States Internal Revenue Code of 1986, or a partnership, any unused tax credit remaining after application of subsections (c) and (d) of this section is allowed as a tax credit against the taxes imposed by article twenty-four of this chapter on owners of the eligible taxpayer.

(1) Electing small business corporations, as defined in subsection (e) of this section, limited liability companies, and partnerships shall allocate the tax credit allowed by this article among their members in the same manner as profits and losses are allocated for the taxable year.

(2) No tax credit is allowed under this article against any withholding tax imposed by, or payable under, article twenty-one of this chapter.

(f) If the eligible taxpayer is a limited liability company, an electing small business corporation, as identified in subsection (e) of this section, or a partnership, any unused tax credit remaining after application of subsections (c), (d) and (e) of this section is allowed as a tax credit against the taxes imposed by article twenty-one of this chapter on owners of the eligible taxpayer.

(1) Electing small business corporations, as defined in subsection (e) of this section, limited liability companies, and partnerships shall allocate the tax credit allowed by this article among their members in the same manner as profits and losses are allocated for the taxable year.

(2) No tax credit is allowed under this article against any withholding tax imposed by, or payable under, article twenty-one of this chapter.

(g) The total amount of tax credit that may be used in any taxable year by any eligible taxpayer in combination with the owners of the eligible taxpayer under subsections (e) and (f) of this section may not exceed $10,000.

(h) *Unused credit carry forward*. -- If the tax credit allowed under this article in any taxable year exceeds the sum of the taxes enumerated in subsections (c), (d), (e) and (f) of this section for that taxable year, the eligible taxpayer and owners of eligible taxpayers described in subsections (e) and (f) of this section may apply the excess as a tax credit against those taxes, in the order and manner stated in this section, for succeeding taxable years until the earlier of the following:

(1) The full amount of the excess tax credit is used; or

(2) The expiration of the fourth taxable year after the taxable year in which the investment was made. The tax credit remaining thereafter is forfeited.

NOTE: The purpose of this bill is to create a tax credit for businesses to cover up to 50 percent of the costs of the purchase of products that are produced or manufactured in West Virginia.

These sections have been completely rewritten; therefore, they have been completely underscored.