

WEST VIRGINIA LEGISLATURE

2026 REGULAR SESSION

Introduced

Senate Bill 624

**FISCAL
NOTE**

By Senator Tarr

[Introduced January 27, 2026; referred

to the Committee on Finance]

1 A BILL to amend and reenact §11-21-12I and §11-24-6b of the Code of West Virginia, 1931, as
2 amended, relating to extending the sunset date for modification to personal and corporate
3 income tax for qualified opportunity zone businesses.

Be it enacted by the Legislature of West Virginia:

ARTICLE 21. PERSONAL INCOME TAX.

§11-21-12I. Decreasing modification reducing federal adjusted gross income for the net

income of Qualified Opportunity Zone Businesses; effective date.

1 (a) *General.* — In addition to the amounts authorized to be subtracted from federal
2 adjusted gross income pursuant to §11-21-12(c) of this code, a modification reducing federal
3 adjusted gross income is hereby authorized for taxable years beginning on and after January 1,
4 2019:

5 (1) For individuals: in an amount equal to and limited to that portion of net income included
6 in federal adjusted gross income by a taxpayer in the taxable year that is directly derived from a
7 qualified opportunity zone business located in a qualified opportunity zone which is located in
8 West Virginia;

9 (2) For partners or members of limited liability companies that are treated as partnerships
10 for federal income tax purposes, and other pass-through entities: in an amount equal to and limited
11 to that portion of the distributive share of the partner or member that is attributable to the flow
12 through income directly derived from the qualified opportunity zone business located in West
13 Virginia. A similar rule applies to shareholders in corporations taxed under subchapter S of the
14 Internal Revenue Code.

15 (b) *Eligibility.* — To be entitled to modification provided for in subsection (a) of this section,
16 the qualified opportunity zone business must be a newly registered business in West Virginia
17 registered on or after January 1, 2019, and before January 1, 2024 the date qualified opportunity
18 zones are no longer afforded federal tax relief as established by P.L. No. 115-97 as amended by
19 P.L. No. 119-21. Limited liability companies that are treated as corporations for purposes of the

20 federal income tax and West Virginia corporation net income tax and which otherwise qualify in
21 accordance with the requirements and limitations of this section may qualify for the modification
22 authorized under this section.

23 (c) *Duration.* — The modification provided for in subsection (a) of this section shall apply
24 with respect to a taxpayer for a 10-year period beginning with the first full taxable year during
25 which the qualified opportunity zone business first qualifies as a qualified opportunity zone
26 business, or the first year in which the qualified opportunity zone business reports net income:
27 *Provided*, That the qualified opportunity zone business first qualifies as such on or after January 1,
28 2019.

29 (d) The following definitions apply to this section:

30 (1) "Internal Revenue Code" means the Internal Revenue Code of the United States as
31 defined in §11-21-9 or §11-24-3 of this code.

32 (2) "Newly registered business" means a business that is formed on or after January 1,
33 2019, and before January 1, 2024, the date qualified opportunity zones are no longer afforded
34 federal tax relief as established by P.L. No. 115-97 as amended by P.L. No. 119-21, that is first
35 required to obtain a business registration certificate under §11-12-1 *et seq.* of this code from the
36 Tax Commissioner on or after January 1, 2019 and before January 1, 2024, and which is not the
37 reorganization of a business that existed prior to January 1, 2019.

38 (3) "Reorganization of an existing business" includes, but is not limited to, a change in the
39 name of a business, a change in the form of doing business such as, but not limited to, a
40 proprietorship that reorganizes as a partnership or other business entity, a subsidiary that
41 becomes a stand-alone business entity, a division of an existing business that becomes a
42 separate business and any other similar type of business reorganization. For purposes of this
43 definition any entity or organization that is determined by the Tax Commissioner to be an alter ego,
44 nominee or instrumentality of an existing or previously existing business, as determined in

45 accordance with the criteria specified in §11-12-5 of this code is a business resulting from
46 reorganization of an existing business.

47 (4) "Qualified Opportunity Zone Business" means Qualified Opportunity Zone Business as
48 that term is defined in Section §1400Z-2 of the Internal Revenue Code.

49 (5) "Qualified Opportunity Zone" means Qualified Opportunity Zone as that term is defined
50 in Section 1400Z-1 of the Internal Revenue Code.

51 (e) *Rules.* — The Tax Commissioner may propose legislative rules, or promulgate
52 interpretive or procedural rules, as the commissioner deems necessary to carry out the provisions
53 of this section and to provide guidelines and requirements to ensure uniform administrative
54 practices statewide to effect the intent of this section. All rules shall be promulgated in accordance
55 with the provisions of §29A-3-1 *et seq.* of this code.

56 (f) *Effective date; expiration of modification, preservation of entitlement.* — The
57 modification authorized by this section becomes effective and is authorized for taxable years
58 beginning on and after January 1, 2019: *Provided*, That unless sooner terminated by law, the
59 modification authorized by this section will terminate for taxable years beginning on and after
60 January 1, 2024 the date qualified opportunity zones are no longer afforded federal tax relief as
61 established by P.L. No. 115-97 as amended by P.L. No. 119-21, and no new entitlement to the
62 modification is authorized thereafter; *Provided however*, That those taxpayers shall retain that
63 entitlement for the remainder of the 10-year application period over which the original entitlement
64 applies, if the Taxpayer otherwise remains in compliance with the requirements of this section.

ARTICLE 24. CORPORATION NET INCOME TAX.

§11-24-6b. Decreasing modification reducing federal taxable income for the income of

Qualified Opportunity Zone Businesses; effective date.

1 (a) *General.* — In addition to the amounts authorized to be subtracted from federal taxable
2 income pursuant to §11-24-6(c) of this code, there shall be subtracted from federal taxable
3 income, an amount equal to net income included in federal taxable income by a corporate

4 taxpayer in a taxable year that is ordinary income derived from a qualified opportunity zone
5 business located in a qualified opportunity zone located in West Virginia.

6 (b) *Eligibility.* — To be entitled to modification provided for in subsection (a), the qualified
7 opportunity zone business must be a newly registered business in West Virginia registered on or
8 after January 1, 2019, and before ~~January 1, 2024~~ the date qualified opportunity zones are no
9 longer afforded federal tax relief as established by P.L. No. 115-97 as amended by P.L. No. 119-21.
10 Limited liability companies that are treated as corporations for purposes of the federal income tax
11 and West Virginia corporation net income tax and which otherwise qualify in accordance with the
12 requirements and limitations of this section may qualify for the modification authorized under this
13 section.

14 (c) *Duration.* — The modification provided for in subsection (a) of this section shall apply
15 with respect to a taxpayer during the 10-year period beginning with the first full taxable year during
16 which the qualified opportunity zone business first qualifies as a qualified opportunity zone
17 business, or the first year in which the qualified opportunity zone business reports net income:
18 *Provided*, That the qualified opportunity zone business first qualifies as such on or after January 1,
19 2019.

20 (d) The following definitions apply to this section:

21 (1) "Newly registered business" means a business that is formed on or after January 1,
22 2019, and before ~~January 1, 2024~~ the date qualified opportunity zones are no longer afforded
23 federal tax relief as established by P.L. No. 115-97 as amended by P.L. No. 119-21, that is first
24 required to obtain a business registration certificate under §11-12-1 *et seq.* of this code from the
25 Tax Commissioner on or after January 1, 2019 and before January 1, 2024, and which is not the
26 reorganization of a business that existed prior to January 1, 2019.

27 (2) "Reorganization of an existing business" includes, but is not limited to, a change in the
28 name of a business, a change in the form of doing business such as, but not limited to, a
29 proprietorship that reorganizes as a partnership or other business entity, a subsidiary that

30 becomes a stand-alone business entity, a division of an existing business that becomes a
31 separate business and any other similar type of business reorganization. For purposes of this
32 definition any entity or organization that is determined by the Tax Commissioner to be an alter ego,
33 nominee or instrumentality of an existing or previously existing business, as determined in
34 accordance with the criteria specified in §11-12-5 of this code is a business resulting from
35 reorganization of an existing business.

36 (3) "Qualified Opportunity Zone Business" means Qualified Opportunity Zone Business as
37 that term is defined in Section 1400Z-2 of the Internal Revenue Code.

38 (4) "Qualified Opportunity Zone" means Qualified Opportunity Zone as that term is defined
39 in Section 1400Z-1 of the Internal Revenue Code.

40 (e) *Rules.* — The Tax Commissioner may propose legislative rules, or promulgate
41 interpretive or procedural rules, as the commissioner deems necessary to carry out the provisions
42 of this section and to provide guidelines and requirements to ensure uniform administrative
43 practices statewide to effect the intent of this section. All rules shall be promulgated in accordance
44 with the provisions of §29A-3-1 *et seq.* of this code.

45 (f) *Effective date; expiration of modification, preservation of entitlement.* — The
46 modification authorized by this section becomes effective and is authorized for taxable years
47 beginning on and after January 1, 2019: *Provided*, That unless sooner terminated by law, the
48 modification authorized by this section will terminate for taxable years beginning on and after
49 January 1, 2024 the date qualified opportunity zones are no longer afforded federal tax relief as
50 established by P.L. No. 115-97 as amended by P.L. No. 119-21, and no new entitlement to the
51 modification is authorized thereafter; *Provided however*, That those taxpayers shall retain that
52 entitlement for the remainder of the 10-year application period over which the original entitlement
53 applies, if the Taxpayer otherwise remains in compliance with the requirements of this section.

NOTE: The purpose of this bill is to extend the sunset date for modification to personal and

corporate income tax for qualified opportunity zone businesses.

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