

WEST VIRGINIA'S  
**DEVELOPMENT  
ASSISTANCE**







# The West Virginia Difference

**West Virginia's** highest priority is meeting your company's needs. Part of the service includes providing aggressive development assistance in the form of tax credits and financing programs. This development assistance can reduce startup and operating costs and provide for enhanced productivity. West Virginia is a prime location for global businesses. Learn more at [www.westvirginia.gov](http://www.westvirginia.gov) or contact one of our business managers at (304) 558-2234.

## BUSINESS ASSISTANCE

### Aircraft Valuation

Aircraft owned or leased by commercial airlines, charter carriers, private carriers and private companies are valued for property tax purposes at the lower of fair market salvage value or 5% of the original cost of the property.

### Aircraft Valuation , Special Aircraft Property

All aircraft owned or leased by commercial airlines or private carriers, or any parts, materials or items used in the construction, maintenance or repair of aircraft which are, or are intended to become, affixed to or a part of an aircraft or of an aircraft's engine or of any other component of an aircraft will be valued at "salvage value" or 5% of original costs, whichever is the lesser amount.

### Corporate Headquarters Credit

Companies that relocate their corporate headquarters to West Virginia are eligible for tax credits if 15 new jobs (including relocated employees) are created within the first year. The credit can offset up to 100% of the tax liability for business and occupation tax, corporate net income tax, and personal income tax on certain pass-through income, for a period of up to 13 years.

### The Freeport Amendment

The Freeport Amendment exempts property from the West Virginia ad valorem property tax in two ways. First, manufactured products produced in West Virginia and stored in the state for a short time before moving into interstate commerce are exempt from property tax. Second, goods transported into West Virginia from outside of the state, which are held for a short time in a warehouse and then shipped to a destination outside of West Virginia, are exempt from the property tax. The exemption does not apply to inventories of raw materials or goods in process.

### Economic Opportunity Credit

For qualified companies that create at least 20 new jobs within specified time limits (10 jobs in the case of qualified small businesses) as a result of their business expansion projects, the State's Economic Opportunity Tax Credit can offset up to 80% of the corporate net income tax and personal income tax (on flow through income only) attributable to qualified investment. If a qualified company that creates the requisite number of jobs pays an annual median wage higher than the statewide average non-farm payroll wage, then the qualified company can offset up to 100% of the corporate net income tax and personal income tax (on flow through income only) attributable to qualified investment.

For qualified businesses creating less than 20 new jobs within specified time limits, or for a qualified small business creating less than 10 new jobs, a \$3,000 credit is allowed per new full-time job for five years, providing the new job pays at least \$35,700 per year and the employee has employer-provided health insurance benefits. The \$35,700 figure is adjusted annually for cost of living.

Qualified businesses include only those engaged in the activities of manufacturing, information processing, warehousing, non-retail goods distribution, qualified research and development, the relocation of a corporate headquarters, or destination-oriented recreation and tourism.

### Five for Twenty-Five Program — \$2 Billion Primary (Fractionating) Plants, Secondary Plants & Tertiary Plants

For 25 years, qualified plants receive a special property tax valuation of 5% of the cost of the qualified property (also referred to as salvage value) instead of fair market value. For capital additions certified on or after July 1, 2011, the value of the land before any improvements is subtracted from the value of the capital addition, and the unimproved land value is not given salvage value treatment.

## **Five for Ten Program — Fractionating Plants and Secondary Plants**

Special property tax valuation applies for 10 years to real property (excluding the value of unimproved land) and personal property of facilities that are or will be classified under the North American Industry Classification System (NAICS) with the six digit code number 211112 (natural gas liquid extraction “fractionating” plants) and to manufacturing facilities that use products produced at a facility with a 211112 NAICS code. The special property tax valuation applies to qualified capital additions of more than \$10 million made to pre-existing manufacturing facilities that have a value in place before the capital addition of more than \$20 million. The special property tax valuation is 5% of the cost of the qualified property instead of fair market value. For capital additions certified on or after July 1, 2011, the value of the land before any improvements is subtracted from the value of the capital addition, and the unimproved land value is not given salvage value treatment.

In the absence of a pre-existing manufacturing facility owned or operated by the person making the capital addition, multiple party projects may be established to meet the \$20 million pre-existing investment requirement.

## **Five for Ten Program — Manufacturing Facilities**

Investments greater than \$50M in a manufacturing facility having \$100M or more of preexisting investment in place prior to the new investment are valued at 5% of cost of the new investment for property tax purposes. For capital additions certified on or after July 1, 2011, the value of the land before any improvements is subtracted from the value of the capital addition, and the unimproved land value is not given salvage value treatment.

## **High Technology Valuation Act (Data Centers)**

Tangible personal property, including servers, directly used in a high-technology business or in an Internet advertising business, is valued for property tax purposes at 5% of the original cost of the property. In addition, sales tax is eliminated from all purchases of prewritten computer software, computers, computer hardware, servers, building materials and tangible personal property for direct use in a high-technology business or internet advertising business.

## **High-Tech Manufacturing Credit**

Businesses that manufacture certain computers and peripheral equipment, electronic components or semi-conductors and which create at least 20 new jobs within one year after placement of qualified investment into service, can receive a tax credit to offset 100% of the corporate net income tax, and personal income tax on certain pass through income for 20 consecutive years.

## **Lodging Exemptions**

For lodging stays more than 30 consecutive days per person at the same facility, there is an exemption from the state consumers' sales and service tax (6%).

## **Manufacturing Inventory Credit**

Offsets the corporate net income tax in the amount of property tax paid on raw materials, goods in process and finished goods manufacturing inventory.

## **Manufacturing Investment Credit**

A tax credit is allowed against up to 60% of corporate net income tax and based on qualified investment in eligible manufacturing property, with no new job creation required.

## **Manufacturing Sales Tax Exemption**

Purchases of materials and equipment for direct use in manufacturing are exempt from the 6% state sales and use tax and 1% municipal sales tax, including building materials and process equipment purchased for construction of a manufacturing facility.

## **Research and Development Sales Tax Exemption**

Purchases of tangible personal property and services directly used in research and development are exempt from the consumer sales tax.

## **Sales Tax Exemption for Certain E-Commerce Businesses**

Some computer-related sales of tangible personal property and services are exempt from the consumer sales and services tax.

## **Sales Tax Exemption for Certain Warehouse and Distribution Centers**

Purchases of certain tangible personal property in qualified warehouse and distribution centers may be exempt from the consumer sales and service tax.

## **West Virginia Film Industry Investment Act**

Up to 31% of direct-production and post-production expenditures can be converted to transferable tax credits to offset state taxes. Also, purchases and rentals of tangible personal property and purchases of services (excluding gasoline or special fuel, food or beverages) directly used in the activity of manufacturing a motion picture, TV program, music video or commercial are exempt from the consumer sales and service tax and use tax.





# We are here to help

The West Virginia Development Office is here to help your company find its edge in West Virginia. With offices in West Virginia, Europe and Japan, we can help with:

- Location Support Services
- Workforce Development
- Financial Support



**WEST  
VIRGINIA**  
DEVELOPMENT OFFICE

## FINANCIAL ASSISTANCE

### Direct Loan Programs

The West Virginia Economic Development Authority can provide up to 45% in financing fixed assets by providing low-interest, direct loans to expanding state businesses and firms locating in West Virginia. Loan term is generally 15 years for real estate intensive projects and five to 10 years for equipment projects. Loan proceeds may be used for the acquisition of land, buildings and equipment. Working capital loans and the refinancing of existing debt are not eligible.

### Indirect Loans

The West Virginia Economic Development Authority provides a loan insurance program through participating commercial banks to assist firms that cannot obtain conventional bank financing. This program insures up to 80% of a bank loan for a maximum loan term of four years. Loan proceeds may be used for any business purpose except the refinancing of existing debt.

### Industrial Revenue Bonds (IRBs)

This program provides for customized financing through federal tax-exempt industrial revenue bonds. Of the state's bond allocation, \$59,757,600 is reserved for small manufacturing projects; \$17,073,600 for qualifying projects in Enterprise Communities, and \$93,904,800 for exempt facility projects.

### Tax Increment Financing (TIF)

Allows increases in property tax based on the improvement associated with qualified economic development and public improvement projects to assist with their long-term financing.

### The Tourism Matching Advertising Partnership Program

In order to extend advertising resources for the promotion of tourism through partnerships, this program provides reimbursable matching funds for direct advertising. Business applicants and their partners must provide a minimum of 50% of the total cost for programs at the \$10,000 + level. For programs not exceeding \$7,500, business applicants must provide 25% of the total cost.

### West Virginia Infrastructure and Jobs Development Council

The fund can be used for financial assistance to private companies, public utilities, and county development authorities for infrastructure improvements to support economic development projects.

### West Virginia Jobs Investment Trust

West Virginia Jobs Investment Trust (JIT) is a public venture capital fund created to develop, promote and expand West Virginia's economy. The program makes investment funds available to eligible businesses, thus stimulating economic growth and providing or retaining jobs within the state.



## TRAINING ASSISTANCE

### Governor's Guaranteed Work Force Program

This flexible, customized training program under the West Virginia Development Office, offers assistance to eligible companies and businesses by providing funding that directly supports the transfer of knowledge and skills. Companies must create a minimum of 10 net new jobs within a 12-month period.

### West Virginia Advance Program

This flexible program offers customized job training awards to new and existing businesses. The program offers development and delivery of training services that will support a company's startup and ongoing employee development initiatives through a local Community and Technical College.

### Workforce Innovation & Opportunity Act (WIOA)

The WIOA was created to provide flexibility for state and local areas to collaborate across systems in an effort to better address the employment and skills needs of current employees, job seekers and employers.

WIOA aligns training with needed skills and matches employers with qualified workers. It provides incumbent worker training and promotes work-based training—increasing on-the-job training reimbursement rates to 75%. On-the-Job Training (OJT) provides opportunities for participants to “learn as they earn.” The employer also benefits by being reimbursed for part of the participant's wages during the training period, while having the services of a full-time employee.