

WEST VIRGINIA'S  
**DEVELOPMENT  
ASSISTANCE**



# Business Assistance

**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.

## 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 five percent of the original cost of the property.

## Commercial Patent Incentives Credit

The Commercial Patent Incentives Tax Credit can offset up to 100 percent of the corporation net income tax, or in the case of individual taxpayers, the personal income tax. The credit is based on a percentage of royalties, license fees and other considerations for developers of a patent or a percentage of net profit attributable to a patent used in a manufacturing process or product when that patent has been developed in conjunction with an agreement with Marshall University or West Virginia University.

## 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 percent 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.



## 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 percent 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 percent 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 \$32,000 per year and the employee has employer-provided health insurance benefits. The \$32,000 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.

## 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.

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

For 25 years, qualified plants receive a special property tax valuation of five percent of the cost of the qualified property instead of fair market value.

## 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 percent of the cost of the qualified property instead of fair market value.

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.

## 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 percent of the business and occupation tax, corporate net income tax, and personal income tax on certain pass through income for 20 consecutive years.

## 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 five percent 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.

## Lodging Exemptions

For lodging stays in excess of 30 consecutive days per person at the same facility, there is an exemption from the state consumers sales and service tax (six percent) and exemption from the local hotel/motel tax (tax rate varies per region.)

## 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 percent 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 six percent state sales and use 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.

## Tax Increment Financing

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 percent of the total cost for programs at the \$10,000 + level. For programs not exceeding \$7,500, business applicants must provide 25 percent of the total cost.

## West Virginia Film Industry Investment Act

Up to 31 percent 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 Department of Commerce's 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

A Division of the  
West Virginia  
Department of Commerce

# Financial Assistance

## Direct Loan Programs

The West Virginia Economic Development Authority can provide up to 45 percent 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 percent 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

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.

## 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.

## Workforce Innovation & Opportunity Act

The Workforce Innovation and Opportunity Act (WIOA) was created to provide state and local areas the flexibility to collaborate across systems in an effort to better address the employment and skills needs of current employees, jobseekers, 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 percent. 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.

## 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.



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