WEST VIRGINIA CODE: §11-13LL-5

§11-13LL-5. Qualified manufacturing investment.

(a) *General*. — The qualified manufacturing investment is the applicable percentage of the cost of property purchased for manufacturing investment, which is placed in service or use in this state, by the eligible taxpayer during the taxable year.

(b) Applicable percentage.

(1) For the purposes of subsection (a) of this section, the applicable percentage for any property is determined under the following table:

If useful life is: The applicable percentage is:

Less than 4 years: zero percent

4 years or more: 100 percent

(2) The useful life of any property for purposes of this section may be determined at the election of the taxpayer under any one of the following methods:

(A) Depreciation life or useful life, as determined pursuant to such methods as the Tax Commissioner may require as of the date the property is first placed in service or use in this state by the taxpayer;

(B) Depreciation life or useful life, as determined pursuant to the depreciation methods used by the taxpayer for federal income tax purposes; or

(C) Depreciation life or useful life, as determined pursuant to the modified accelerated cost recovery system, as in effect under the United States Internal Revenue Code as of October 1, 2021.

(3) The election of method under this section shall be made on the application for credit filed with the Tax Commissioner for the project. The election of a method, once made, may not be changed during the life of the tax credit authorized under this article except by written approval of the Tax Commissioner.

(c) *Placed in service or use*. — For purposes of the credit allowed by this article, property is considered placed in service or use in the earlier of the following taxable years:

(1) The taxable year in which, under the taxpayer's depreciation practice, the period for depreciation with respect to the property begins federal income tax purposes; or

(2) The taxable year in which the property is placed in a condition or state of readiness and

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availability for a specifically assigned function.

Notwithstanding the foregoing, eligible certificate holder may begin claiming credits pursuant to this article upon certification.

(d) *Cost*. — For purposes of this section, the cost of property purchased for manufacturing investment, is determined under the following rules:

(1) *Trade-ins*. — Cost will not include the value of property given in trade or exchange for property purchased for manufacturing investment;

(2) Damaged, destroyed or stolen property. – If property is damaged or destroyed by fire, flood, storm or other casualty, or is stolen, then the cost of replacement property will not include any insurance proceeds received in compensation for the loss;

(3) *Rental property*. -– The cost of property acquired by lease for a term of 10 years or longer is 100 percent of the rent reserved for the primary term of the lease, not to exceed 20 years;

(4) *Property purchased for multiple use*. — The cost of property purchased for multiple business use including use as a component part of a new or expanded or revitalized industrial facility, together with some other business or activity not eligible for credit under this article, is apportioned between the businesses and occupations. The amount apportioned to the new or expanded or revitalized industrial facility is considered as a qualified investment, subject to the conditions and limitations of this section; and

(5) *Self-constructed property*. – In the case of self-constructed property, the cost thereof shall be the amount properly charged to the capital account for purposes of depreciation.

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