WEST VIRGINIA CODE: §5E-1-7

§5E-1-7. Minimum standards of qualified West Virginia capital companies.

The following requirements apply to all qualified companies:

(a) A qualified company shall be a certified West Virginia capital company.

(b) A qualified company shall have a reasonably accessible business office located within the State of West Virginia, which office has a listed telephone number and is open to the public during normal business hours.

(c) A qualified company which is not a small business investment company shall maintain all of its capital base, except that which has been invested to meet the purposes of this article, in bank accounts and financial institutions which are located in the State of West Virginia or in any other interest bearing instruments with a maturity of less than one year which are obtained from and managed by a West Virginia corporation.

(d) A qualified company shall have a capital base of at least $1 million, but not greater than $4 million, which must be raised after July 1, 1986. If the amount of the investment in a qualified company in any fiscal year exceeds $4 million, the amount in excess of $4 million is not eligible for tax credits under this article.

(e) No more than twenty-five percent of each separate capital base of a qualified company which is not a small business investment company shall be in the form of full recourse, interest bearing demand notes, backed by an irrevocable letter of credit or bond from a reputable source, as determined by the authority.

(f) A qualified company's stated purpose shall be to encourage and assist in the creation, development or expansion of West Virginia businesses.

(g) A qualified company which is not a small business investment company, seeking to establish a separate capital base or increase its capital base, shall establish an escrow account located in West Virginia, into which funds invested in the qualified company shall be deposited and held for the period of time between their receipt by the qualified company and the designation as qualified of a separate capital base or an increase to capital base. A small business investment company qualified company, seeking to establish a separate capital base or increase its capital base, shall submit small business administration capital certificates totaling the amount of the separate capital base or increased capital base. The funds may not be invested by the qualified company until the designation by the authority. In the case of companies which are not small business investment companies, where the authority does not designate as qualified a separate capital base or an increase to capital base, the funds shall be returned to the investors, if requested by the investors.

WV Legislature

(h) A qualified company, when soliciting funds for its capital base, shall disclose that no tax credit for the investor's investment will be available until the authority designates as qualified a capital base or an increase to capital base and issues to the qualified company notice of such qualification and a certificate of tax credit.

WV Legislature