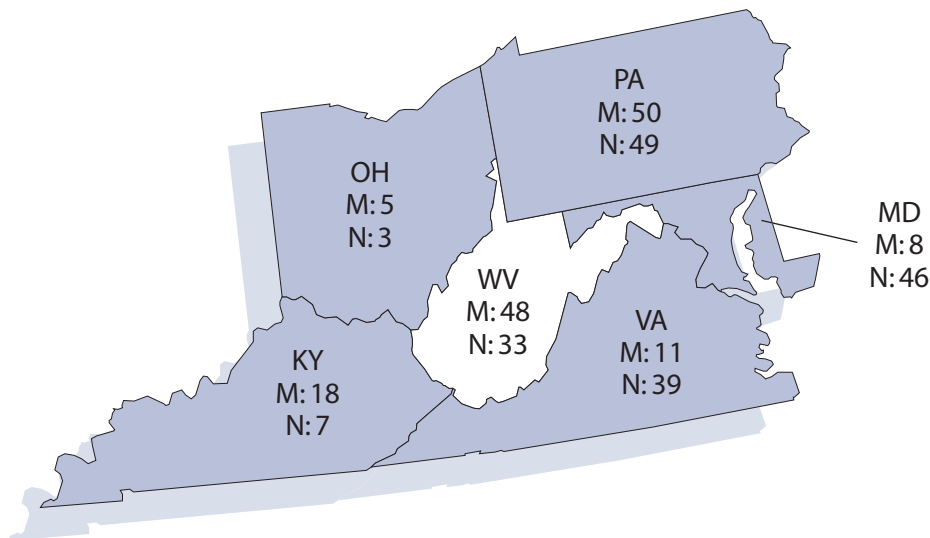


West Virginia

M = Rank for mature firms
N = Rank for new firms



West Virginia ranks 48th overall for mature operations and 33th overall for newly established operations. Specifically:

- Every mature firm type in West Virginia has an above-average total effective tax rate (TETR). The state ranks 36th for distribution centers with a tax burden that is 12 percent above the national average. This operation faces one of the highest income tax costs in the nation because of the state's 8.5 percent income tax rate and its throw-out rule on apportionment. However, the state's costs for property taxes and unemployment insurance (UI) taxes are about average.
- West Virginia ranks 49th for both labor-intensive and capital-intensive mature manufacturing, where the total tax costs are 54 and 88 percent above the national average, respectively. The main factor is that the state has one of the highest income tax burdens in the nation: sixth-highest for labor-intensive manufacturing and the highest for capital-intensive manufacturing. This is partly because the state disallows the manufacturing deduction. Additionally, the state is one of only two states with both a gross receipts tax and capital tax on manufacturing.
- For new operations, West Virginia ranks 11th for capital-intensive manufacturing with a total tax cost that is 44 percent below the national average. The main driver is that the state has the sixth-lowest property tax burden, largely because of a generous property tax abatement. The state also has an above-average investment tax credit, that offsets an otherwise high income tax burden. For similar reasons, the state ranks 16th for labor-intensive manufacturing.
- By contrast, West Virginia ranks 50th for new call centers, which have a TETR of 40.5 percent, 63 percent above the national average. The main factor is that the state has the fourth-highest income tax burden, and unlike many states, offers no offsetting income tax credits. Additionally, the state is one of only four with both a gross receipts tax and capital tax on call centers.

West Virginia

Corporate income tax

Main tax rate	8.500%
Applies to income over	–
Specific adjustments:	
- s.199 deduction disallowed	
- Throw-out rule applies to sales of goods	

Apportionment	Property	Payroll	Sales
Standard factors	25.0%	25.0%	50.0%
Optional alternative	n/a	n/a	n/a
Throwback applies to tangible property sales			Yes
Interstate services income apportionment			IPA

Sales and property tax

Metro areas examined		Sales tax	Property tax			
		Main rate ^a	Land	Buildings	Equipment	Inventory
Tier 1	Charleston	6.000%	1.764%	1.764%	1.764%	1.764%
Tier 2	Parkersburg	6.000%	1.751%	1.751%	1.751%	1.751%
a. Manufacturing machinery is exempt from sales tax						

Other taxes

Unemployment insurance		State capital tax		Gross receipts tax			Local income tax
Rate	Max. pay			Mfg.	Services	Retail	
2.70%	\$12,000	0.340%	Tier 1	0.300%	1.000%	0.500%	n/a
			Tier 2	0.200%	0.900%	0.400%	n/a

Incentives for newly established operations

Type	Incentive value	MC	ML	CC	DC	CO	RD	RT
Investment	2% of eligible capital investment x 10 years	✓	✓		✓	✓	✓	
Job creation	n/a							
Withholdings	n/a							
R&D	10% of incremental or 3% of actual WV R&D expenses						✓	
Property tax	95% abatement x 10 years	✓	✓					

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store

Results

	Newly established operations								Mature operations									
	Tier 2 operations				Tier 1 operations				AVG	Tier 2 operations				Tier 1 operations				AVG
	MC	ML	CC	DC	CO	RD	RT	MC		ML	CC	DC	CO	RD	RT			
TETR	6.4%	10.3%	40.5%	43.7%	21.5%	21.6%	39.7%		23.9%	17.9%	28.5%	34.2%	20.8%	17.5%	20.7%			
Index	56.3	87.9	162.6	120.8	132.9	146.8	122.0	118.5	188.0	154.0	135.9	111.7	132.7	136.3	122.5	140.2		
Rank	11	16	50	36	44	46	41	33	49	49	47	36	45	45	42	48		

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