

**WEST VIRGINIA STATE TAX DEPARTMENT**  
**Administrative Notice 2002-17**

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**SUBJECT: BUSINESS INVESTMENT AND JOBS EXPANSION TAX CREDIT -- Small Business Investment and Jobs Expansion Tax Credit (Small Business Credit) - Notice of Inflation Adjustments for Tax Years Beginning in 2002**

A "**small business**" may claim the small business investment and jobs expansion tax credit allowed under W. Va. Code § 11-13C-7a, when its qualified investment in real or tangible personal property purchased or leased for business expansion in this State, as defined in W. Va. Code § 11-13C-6, results in such small business hiring new employees to fill at least ten (10) "**new jobs**" it created in this State as a direct result of the purchase or lease of such qualified investment property.

The law defined "**small business**," as of March 10, 1990, to mean a "business which has an annual payroll [as defined in subsection 11-13C-14(e)(6)(A)] of one million seven hundred thousand dollars or less, and annual gross receipts [as defined in subsection 11-13C-14(e)(6)(B)] of not more than five million five hundred thousand dollars[.]" W. Va. Code § 11-13C-14(e)(6) (emphasis added).

"**New job**" was defined by incorporating the definition of "**new job**" in subsection 11-13C-3(b) (14), with the additional requirement that the median compensation of such new jobs cannot be less than eleven thousand dollars per year. W. Va. Code § 11-13C-7a(c).

Dollar amounts stated in these definitions of "**small business**" and "**new job**" are subject to annual adjustment for inflation. This adjustment is determined by the Tax Commissioner using the methodology described in subsection 11-13C-7a(1) through (4). The 2002 inflation adjustment factor is based on the percentage by which the Consumer Price Index (CPI) for calendar year 2001 exceeds the CPI for calendar year 1987. For this purpose, the CPI for any calendar year is the average of the Federal Consumer Price Index for the twelve-month period ending on August 31st of such calendar year. W. Va. Code § 11-13C-7a(A)(2). The CPI for 2001 is 175.875 and the CPI for 1987 is 111.9833333333. Based on these figures, the inflation adjustment factor, for purposes of W. Va. Code § 11-13C-7a, for tax years beginning in calendar year 2002, is 1.5705462122.

Accordingly, for tax years beginning during calendar year 2002:

"**Small business**" means a business which has an annual payroll of two million, three hundred fifty-five thousand eight hundred dollars (\$2,355,800) or less, and annual gross receipts of not more than seven million, eight hundred fifty-two thousand, seven hundred dollars (\$7,852,700); and

"**New job**" means a "new job" as defined in W. Va. Code §§ 11-13C-3(b)(14): **Provided**, That the annualized median compensation of such new jobs shall not be less than seventeen thousand, two hundred fifty dollars (\$17,250) per year.

A summary of the applicable inflation-adjusted Small Business Credit criteria, by calendar year, for tax years beginning in such years, follows:

**CRITERIA**

<b>YEAR</b>	<b>PAYROLL</b>	<b>GROSS SALES</b>	<b>MEDIAN COMPENSATION</b>
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1987	\$1,500,000	\$5,000,000	\$11,000
1988	\$1,500,000	\$5,000,000	\$11,000
1989	\$1,562,050	\$5,206,850	\$11,450
1990	\$1,700,000*	\$5,500,000*	\$12,000
1991	\$1,716,300	\$5,721,050	\$12,550
1992	\$1,806,950	\$6,023,200	\$13,250
1993	\$1,862,200	\$6,207,350	\$13,650
1994	\$1,919,100	\$6,397,150	\$14,050
1995	\$1,969,150	\$6,563,800	\$14,400
1996	\$2,025,150	\$6,750,600	\$14,850
1997	\$2,081,100	\$6,937,000	\$15,250
1998	\$2,137,800	\$7,126,050	\$15,650
1999	\$2,174,050	\$7,246,950	\$15,900
2000	\$2,212,000	\$7,373,450	\$16,200
2001	\$2,280,800	\$7,602,650	\$16,700
2002	\$2,355,800	\$7,852,700	\$17,250

\*Amounts established by 1990 W. Va. Acts 176.

**Notice of this determination will be filed in the West Virginia Register.**

Issued: March 18, 2002

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State Tax Commissioner

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