



**STATE OF WEST VIRGINIA
Department of Revenue
State Tax Department**

Earl Ray Tomblin
Governor

Mark W. Matkovich
State Tax Commissioner

ADMINISTRATIVE NOTICE 2016-26

**ECONOMIC OPPORTUNITY TAX CREDIT
CREDIT AVAILABLE FOR TAXPAYERS WHO DO NOT
SATISFY THE NEW JOBS PERCENTAGE REQUIREMENT -
NOTICE OF INFLATION ADJUSTMENT FOR TAX YEARS
BEGINNING IN 2017**

W. Va. Code §11-13Q-22 provides;

...a taxpayer engaged in one or more of the industries or business activities specified in section nineteen [§11-13Q-19] of this article which does not satisfy the new jobs percentage requirement prescribed in subsection (c), section nine of this article [§11-13Q-9] or, if the taxpayer is a small business as defined in section ten of this article [§11-13Q-10], does not create at least ten new jobs within twelve months after placing qualified investment into service as required by section ten of this article, but which otherwise fulfills the requirements prescribed in this article, is permitted to claim a credit against the taxes specified in section seven of this article [§11-13Q-7] in the order so specified that are attributable to and the consequence of the taxpayer's business operations in this state which result in the creation of net new jobs. Credit under this section is allowed in the amount of \$3,000 per year, per new job created and filled by a new employee, as those terms are defined in section three [§11-13Q-3] of this article for a period of five consecutive years beginning in the tax year when the new employee is first hired. In no case may the number of new employees determined for purposes of this section exceed the total net increase in the taxpayer's employment in this state. Credit under this section allowed beginning in the tax year when the new employee is first hired: Provided, That each new job:

1. Pays at least \$32,000 annually. Beginning January 1, 2010, and on January 1 of each year thereafter, the commissioner shall prescribe an amount that shall apply in lieu of the \$32,000 amount during that calendar year. This amount is prescribed by increasing the \$32,000 figure by the cost-of-living adjustment for that calendar year;
2. Provides health insurance and may offer benefits including child care, retirement or other benefits; and
3. Is a full-time, permanent position, as those terms are defined in section three of this article [§11-13Q-3].

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The minimum annual pay of the new job is subject to annual adjustment for inflation. This adjustment is determined by the State Tax Commissioner using the methodology described in subsection 11-13Q-22(b)(1) through (4). The 2017 inflation adjustment factor is based on the percentage by which the Consumer Price Index (CPI) for calendar year 2016 exceeds the CPI for calendar year 2009. 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 § 11-13Q-22(b)(2)). The CPI for 2016 is 238.653 and the CPI for 2009 is 214.002. Based on these figures, the inflation adjustment factor, for purposes of W. Va. Code § 11-13Q-22, for tax years beginning in calendar year 2017, is 1.111905122.

Accordingly, for tax years beginning during calendar year 2017; the required minimum compensation of new jobs for purposes of the Economic Opportunity Tax Credit allowed for Taxpayers which do not satisfy the new jobs percentage is thirty five thousand, seven hundred dollars (\$35,700).

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

CRITERIA

Constraints Year	Minimum Compensation
2009	\$32,000
2010	\$32,000
2011	\$32,450
2012	\$33,250
2013	\$34,100
2014	\$34,650
2015	\$35,200
2016	\$35,400
2017	\$35,700

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

Issued: November 14, 2016



Mark W. Matkovich
Tax Commissioner