



WEST VIRGINIA

Economic Development

WestVirginia.gov

Better United In Long-term Development

BUILD WV Act

[\(WV Code §5B-2L\)](#)

- Provides tax incentives to encourage the development of achievable housing in designated areas of West Virginia
- Allows for BUILD WV Districts to be certified by the Secretaries of Commerce, Economic Development, and Tourism
- Approved BUILD WV projects may locate within any certified BUILD WV District

How does an area become a certified BUILD WV District?

- A certified BUILD WV district may be designated upon the agreement, in writing by the Secretaries of Commerce, Economic Development, and Tourism
- A complete list of criteria can be found in [§5B-2L-14](#) and is considered when determining an area for a designation. For example:
 - . The housing and employment needs within the certified district
 - . Whether the certified district will have a significant and positive economic impact on the state
 - . Whether there is evidence that designating the certified district will result in one or more certified projects
 - . Any other relevant and reasonable criteria determined by the designating officials

Becoming a Certified BUILD WV District continued...

- A party may submit documentation for the Secretaries' review to facilitate a determination of a proposed district.
- It is recommended that at least one of the following documents be provided at that time:
 - A completed housing study/housing needs assessment
 - A letter from a company within the proposed district indicating workforce housing needs
 - A letter from a housing developer with a defined project that would be constructed within the proposed district
 - Multiple Listing Service (MLS) data from the proposed district
 - Other documents and data may be considered on a case-by-case basis

BUILD WV Tax Incentives

- The BUILD WV Act provides for the following incentives for approved BUILD WV projects:
 - **Sales Tax Exemption** - Purchases of building materials, tangible personal property, and services by a construction contractor or subcontractor directly used in the construction of a certified BUILD WV project are exempt from consumer sales and service tax.
 - **Property Value Adjustment Credit (PVAC)** - PVAC credit can be taken against personal or corporate income tax of the eligible taxpayer, beginning in the tax year in which construction of the project property is completed. This credit can be taken, at a rate of 1/10th of the approved PVAC amount for up to 10 years, a portion of which is refundable, up to \$100,000 per project.
 - **B&O Tax Exemption** - A municipality that imposes a B&O tax, may authorize by ordinance, a B&O tax exemption for gross income from rents, royalties, fees, or other remuneration derived by a lessor or landlord from the furnishing, leasing, or renting of any certified BUILD WV project property to a lessee or occupant.

A proposed BUILD WV project must submit an application and be approved prior to the project's completion in order to qualify for the incentives.

BUILD WV Project Eligibility Requirements

- Projects eligible for the BUILD WV Act will meet the following criteria:
 - . Be located in a certified BUILD WV District
 - . Generate approved costs in excess of \$3,000,000 OR include at least six residential units or houses
 - . Create a significant and positive economic impact on the state
 - . Will improve opportunity in the area where the project will be located for the successful establishment or expansion of other commercial businesses
 - . Entire list of approval considerations can be read under [§5B-2L-16](#).

Excluded Projects

- Projects cannot be:
 - Any property or space that is used as a residential timeshare, commercial timeshare or any similar arrangement
 - Any property used as an industrial, manufacturing, warehouse/distribution, call center etc. operation. Airports are also excluded.
 - Any property primarily used for business activities or operations

BUILD WV Application Process

- Review project with the WV Department of Economic Development (WVDED) to obtain a project application
- Submit a draft application for review
- Formally apply and submit with non-refundable \$5,000 application fee
- Decision determined within 60 days
- Enter into an agreement with the WVDED
- Within 3 months of project's completion, submit a certified costs report from a 3rd party accountant for WVDED's review.
- Property Value Adjustment Credit may be taken annually, in the amount of 1/10th of the total approved credit, beginning in the tax year in which the project's construction was completed.

BUILD WV

Better United In
Long-Term Development

PROJECT APPLICATION CHECKLIST

ABOUT THE PROGRAM

The BUILD WV Housing Development Tax Credit was an initiative of Governor Jim Justice in the 2022 Legislative Session. It was passed by the West Virginia Legislature with overwhelming support and signed into law on April 1, 2022. It aims to assist West Virginia's growing communities in attracting much-needed housing development projects. The credit offers a State Sales and Use Tax exemption for building materials and a 10-year property value adjustment refundable tax credit to offset building costs. West Virginia is one of the fastest growing in-bound states, and our demand for new, residential properties has never been higher.

The West Virginia Department of Economic Development (WVDED) oversees the program and reviews all applications. Contact Meghan Smith of WVDED with any questions at 304-993-3564 or Meghan.E.Smith@wv.gov.

APPLICATION CHECKLIST

- Prior to completing this application, please read the Build WV Act, in [West Virginia Code §5B-2L](#).
- Complete the application questionnaire on the pages that follow.
- Attach letters or affidavits of good standing from (1) [the Department of Tax and Revenue](#); (2) [Workforce West Virginia](#); and (3) [the Secretary of State](#).
- Attach an Executive Summary, which summarizes the proposed project and describes how it addresses both economic problems and the immediate future needs of the area in which it will locate.
- Attach a written statement describing the business, developer, and/or builder's track record and ability to carry out the project.
- Attach an economic impact summary, describing the anticipated employment, revenues and expenses generated by the project.
- Attach any available parcel maps, renderings, or conceptual site plans.
- Attach the resume and two professional references for any owners in excess of 20%.
- Include a check (made out to "WVDED") with your application to cover the non-refundable fee in the amount of \$5,000. Applications will not be considered complete until the fee has been paid.
- Upon completion of the application, please either mail or e-mail a copy, including required supplemental materials, to the WVDED at the address below.

West Virginia Department of Economic Development
ATTN: Meghan Smith
1900 Kanawha Boulevard East, Building 3, Suite 600, Charleston, West Virginia 25305
Meghan.E.Smith@wv.gov

Within sixty (60) days of the application and fee submissions, the WVDED will review and notify the applicant of whether the application was approved or denied as a certified BUILD WV project. The WVDED's decision is final.

BUILD WV Project Example

Example: Good Homes LLC, a housing developer, intends to invest \$5 million into a housing development, located within a certified BUILD WV District, that will create 30 new residential units.

- **ASSUMPTIONS:** Avg. Statewide Class 3 Property Tax Rate = 2.21%, assume 50% of project costs are taxable materials, 10 year incentive program period is 2023-2032.
- As an approved BUILD WV project, Good Homes LLC benefit from:
 - Sales Tax Exemption on Building Materials = \$150,000 (one time)
 - Property Value Adjustment Credit = May take up to \$66,300/year against income tax. Up to \$663,000 over ten years.
- **The projected value of the BUILD WV incentives is approximately \$813,000 over the course of 10 years.**

For questions and program assistance, contact:

Meghan Smith

Manager, Business Development

WV Department of Economic Development

meghan.e.smith@wv.gov

304-993-3564



**West Virginia Department of
Economic Development**

State Capitol Complex

1900 Kanawha Boulevard East

Building 3, Suite 600

Charleston, WV 25305

#YESWV

westvirginia.gov

Calculating the Property Value Adjustment Credit

The amount of total property value adjustment credit allowed is the final product of the mathematical steps specified in paragraphs (A), (B) and (C).

- A. Approved costs, as certified by the Department of Economic Development, multiplied by 60 percent.
- B. The product of the multiplication in paragraph (A), multiplied by the statewide average class III property tax rate of this WV for the tax year in which construction of project property is completed, as certified by the Department of Economic Development.
- C. The product of the multiplication set forth in paragraph (B), multiplied by 10.

Claiming the Sales Tax Exemption as an approved BUILD WV Project

- Complete the [Streamlined Sales Tax Certificate of Exemption](#) form on the [WV State Tax Department's website](#)
- If Contractors and Subcontractors use the exemption for anything other than a BUILD WV project, they may be subject to tax, penalties, and interest if audited.
- It is recommended that anyone using this exemption for the BUILD WV program includes “BUILD WV” under Section 4, Item L on the Sales Tax Exemption form.