YES

West Virginia

# Industry Information

*NBAA 2022*

WEST VIRGINIA
Economic Development

westvirginia.gov @wvdevo #YESWV

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Economic Development

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# Industry Highlights


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WEST VIRGINIA
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*Fueled by an array of competitive advantages ...*

# West Virginia's aerospace industry

## AVAILABILITY OF RAW MATERIALS

West Virginia manufacturers provide the aerospace industry access to raw materials such as aluminum, alloys, metals and composites.

## ACCESS TO LABOR

Just off the I-79 High Tech Corridor, the Robert C. Byrd National Aerospace Education Center offers an associate degree in aviation maintenance technology and bachelor's degrees in aviation technology and aviation administration.

The West Virginia University Mechanical and Aerospace Engineering program provides students with degrees through the doctorate level to prepare workers for careers in the aerospace industry and in government research, as well as in military mission-oriented agencies.

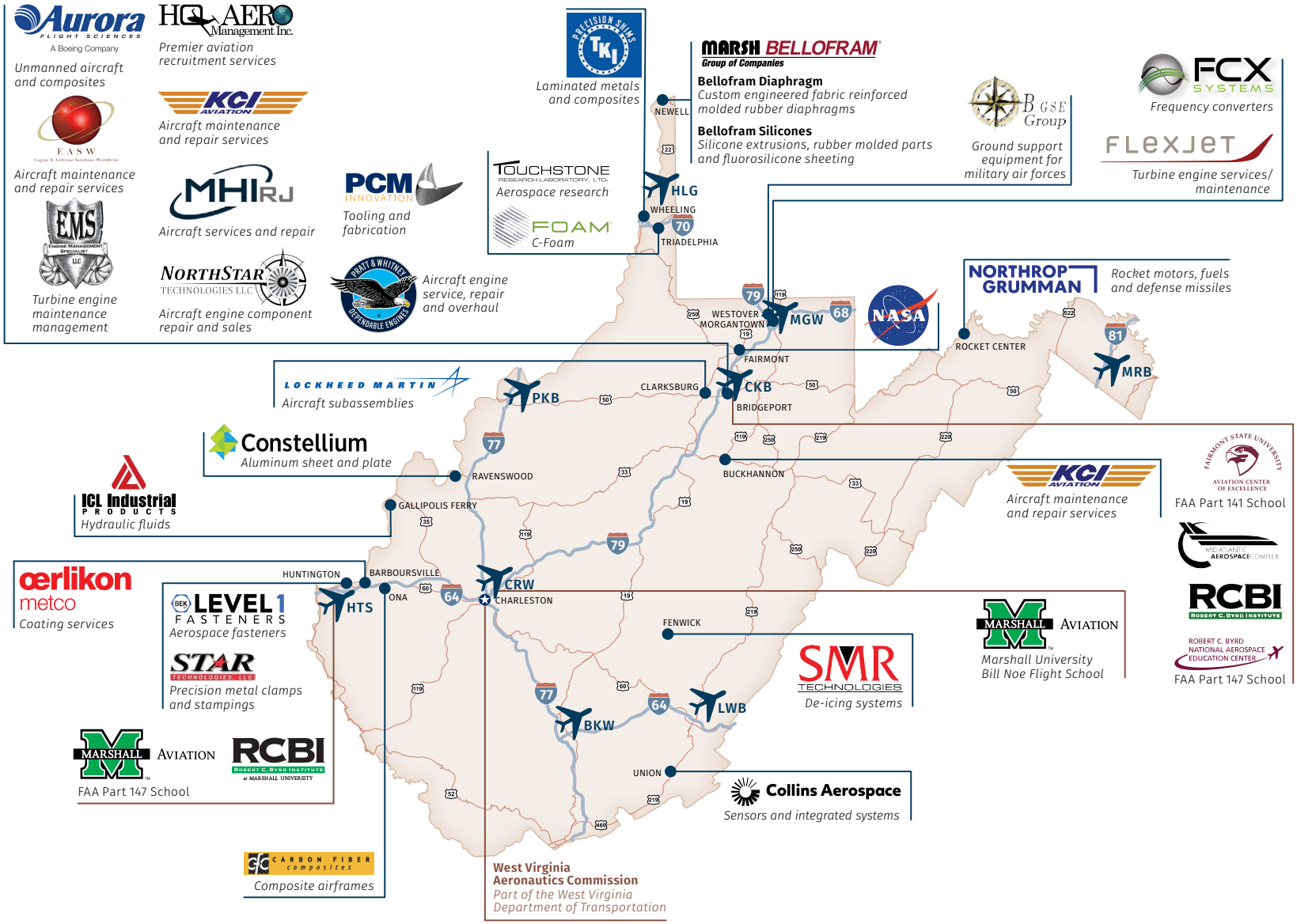
HQ Aero Management Inc., located in Bridgeport, W.Va., offers the aviation community personnel assistance and access to skilled technicians.

## STRATEGIC LOCATION

West Virginia offers a close proximity to original equipment manufacturers.

# AEROSPACE COMPANIES WHO SAID #YESWV

YES



WEST VIRGINIA
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*Located within driving distance to established sectors, contractors and agencies...*

# West Virginia's defense industry

## AVAILABILITY OF RAW MATERIALS

West Virginia manufacturers provide the defense industry access to raw materials such as aluminum, alloys, metals and composites.

## ACCESS TO LABOR

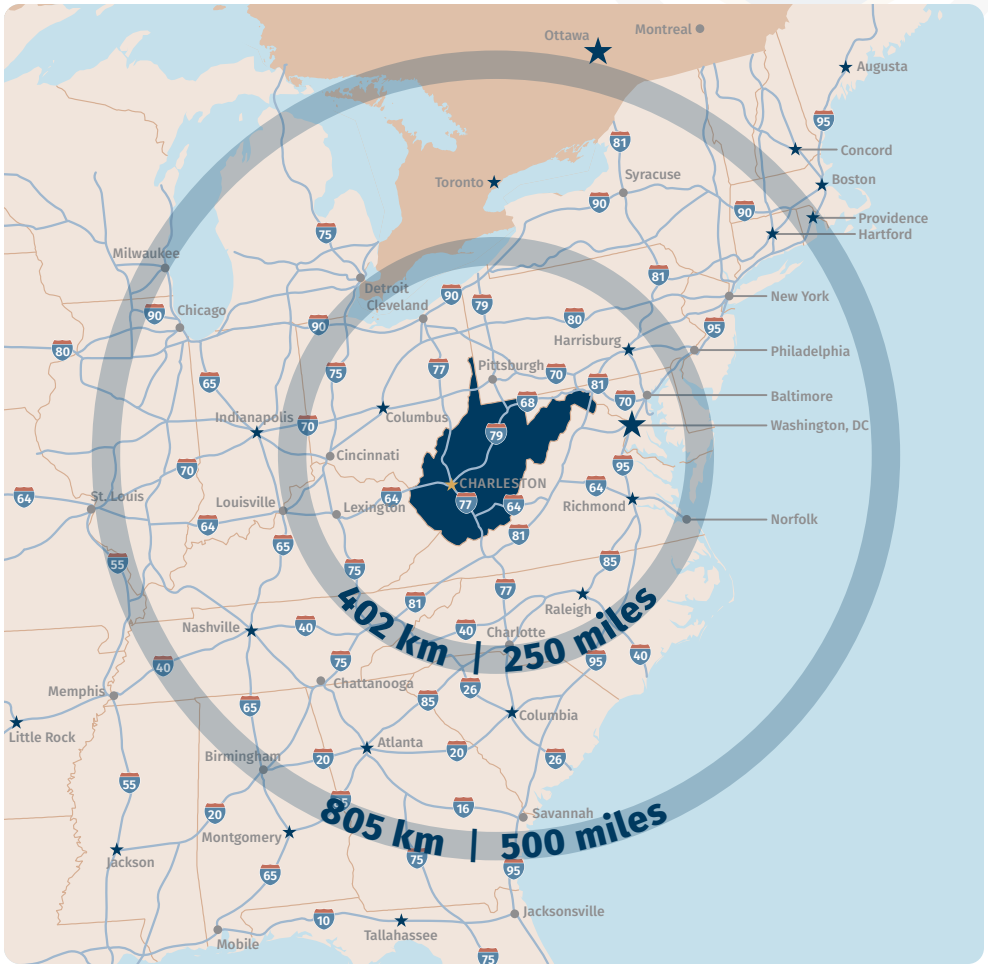
West Virginia's proximity to major metropolitan areas makes it an excellent location to produce military and defense products and technologies.

- West Virginia's network of highways, railways and rivers connect us to surrounding states.
- The Mountain State is within a day's drive of 34% of the top domestic purchasing sectors, defense contractors and federal agencies.
- West Virginia's proximity to Washington, D.C., makes it a prime location for defense centers close to our nation's capital.

## WVNDIA

The West Virginia National Defense Industrial Association (WVNDIA) provides additional support for the defense industry to grow and thrive in West Virginia. The West Virginia chapter, WVNDIA, supports national security by growing and enhancing the defense industry and federal contracting in West Virginia through networking, collaboration and increasing opportunities for business development.

NDIA



# DEFENSE COMPANIES WHO SAID #YESWV

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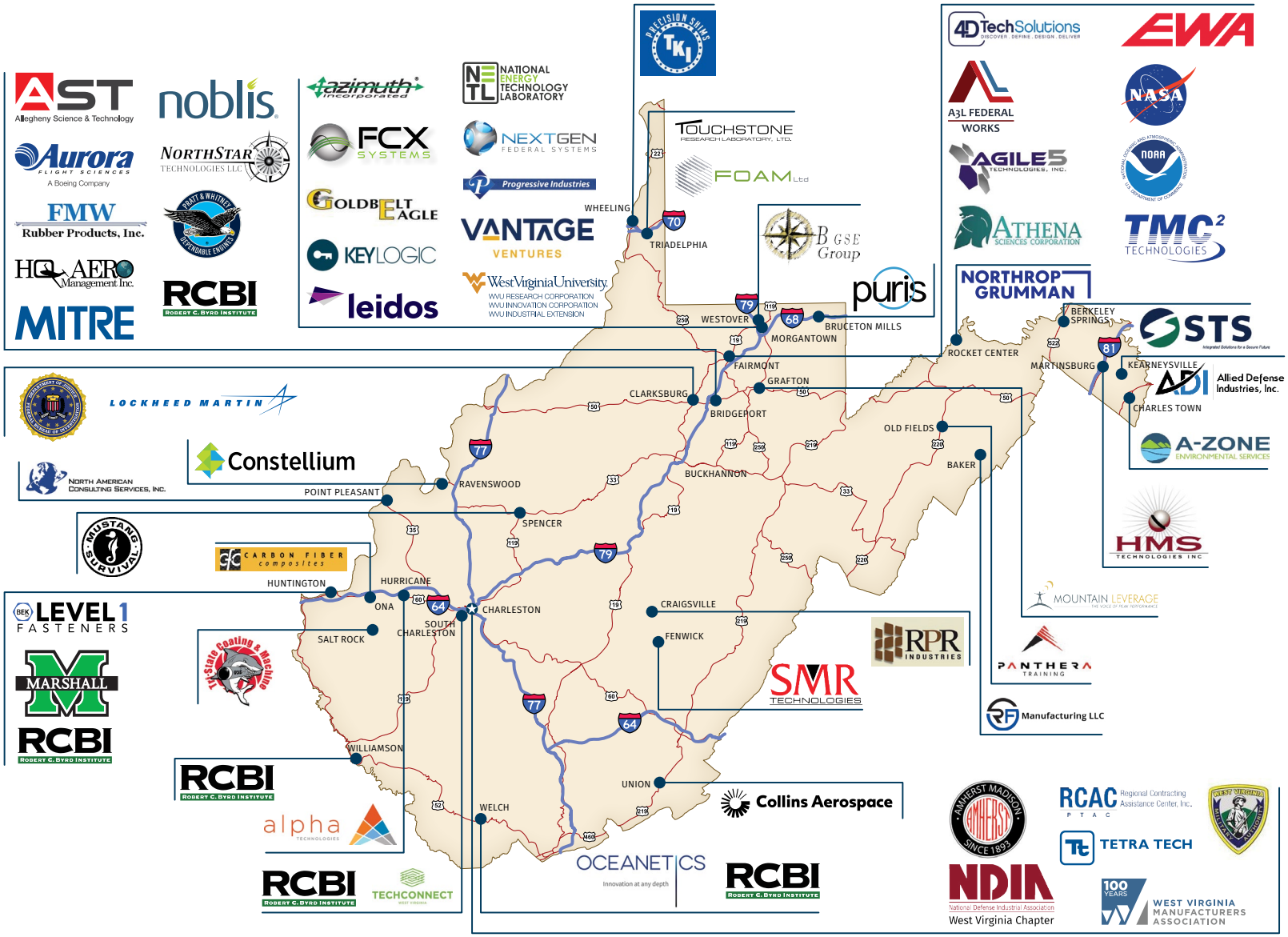

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*146 companies, 33 countries, 30,000 jobs*

# International investment in West Virginia

### AUSTRALIA
- ALS Environmental
- CFoam
- Incitec Pivot Ltd./ Dyno Nobel
- Minova
- Worley

### AUSTRIA
- ANDRITZ Separation Inc.
- Virginia Crews Coal Co.

### BELGIUM
- Proviron Industries
- Solvay

### BRAZIL
- Braskem SA
- Gerdau Ameristeel
- Pilgrim's Pride

### CANADA
- Bidell Gas Compression
- Brookfield Power
- Chrome Deposit
- Cobalt Coal
- Enbridge/ New Creek Wind
- GreenPower Motor Company
- Hercules, Inc.
- HQ Aero Management
- Irving Crane
- Kent Cartridge of America
- Leveltek
- MAAX
- Mott Manufacturing
- Mustang Survival
- Resolver
- TC Energy
- Trimac
- Western Inventory

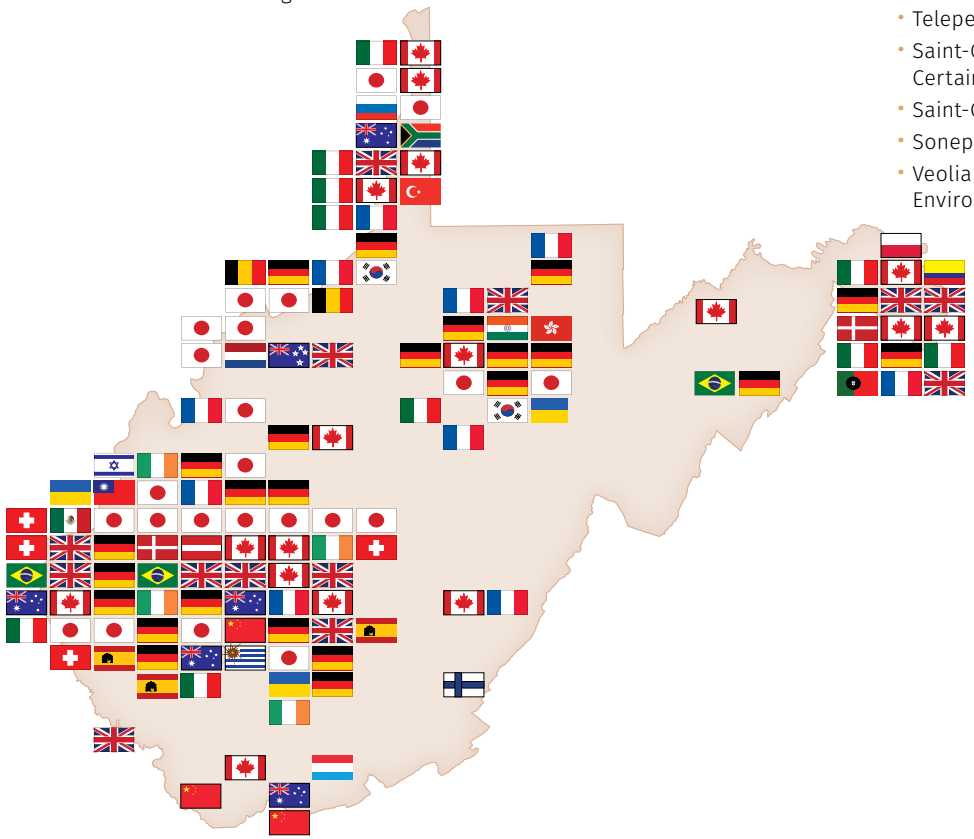
### CHINA
- Dalian/Clearon
- GT Global/ The Daniels Co.
- Taishan Resources

### COLOMBIA
- Cementos Argos SA

### DENMARK
- FL Smidth
- Rockwool

### FINLAND
- Harvia/ Almost Heaven Saunas

### FRANCE
- Axens
- Constellium
- EDF Renewables/ Wild Hill Solar
- Idemia
- Pernod Ricard/ Smooth Ambler
- Teleperformance USA
- Saint-Gobain/ CertainTeed
- Saint-Gobain/Corhart
- Sonepar/Hagemeyer NA
- Veolia Environmental Services



## GERMANY
- Allnex
- Armacell
- Baum America Corp.
- Covestro
- Becker Mining Systems
- Brenntag Mid-South
- Fasloc
- Fontaine Engineering
- FLYTEG North America LLC
- Fuchs Lubricants
- Klöckner-Pentaplast
- Knauf Insulation
- Lanxess
- Marco North America
- Mato
- Mettler Packaging LLC/ Papier-Mettler GmbH
- Prebena N. American Fastener Co.
- Schauenburg Flexadux Corporation
- Siemens Medical
- Seebach
- Seetech
- Stockmeier Urethanes Inc.
- Tiefenbach
- ThyssenKrupp Elevator
- ThyssenKrupp Safway

## HONG KONG
- Nine Dragons

## INDIA
- Novelis

## ISRAEL
- ICL/IP

## IRELAND
- Accenture/N3
- CRH/Oldcastle
- Eaton Corp.
- Johnson Controls

## ITALY
- Eni USA
- Enel Green Power/ Raleigh Solar
- Entsorga
- Fanti Group USA
- IMI Fabi
- Pietro Fiorentini USA
- Seneca Rubber
- Sogefi USA
- Tecnocap LLC
- TeMa

## JAPAN
- Diamond Electric Mfg.
- Feroleto Steel Co., Inc.
- Green Metals
- Hino Motors
- Itochu/Century Mining
- Kuraray
- Kureha PGA
- K.S. of West Virginia
- Meiji Corp
- Mitsubishi Chemical/ Matheson
- Mitsubishi Chemical/ Lucite International
- Mitsubishi Heavy Industries/ MHI RJ Aviation
- NGK Spark Plug Mfg.
- Nippon Thermostat
- Nippon Tungsten USA
- Okaya
- Okuno International
- Sanko Denki
- Teikoku USA/ Chempump
- Toyota Motor Mfg.
- Toyota Tsusho
- Wheeling-Nippon Steel

## LUXEMBOURG
- Ardagh Group

## MEXICO
- Grupo Bimbo

## NETHERLANDS
- Ahold Delhaize

## NEW ZEALAND
- Reynolds Group Holdings/Pactiv

## POLAND
- Bandi Laboratories

## PORTUGAL
- Logoplaste

## RUSSIA
- Mountain State Carbon

## SOUTH AFRICA
- Mondi

## SOUTH KOREA
- KCC/Momentive
- POSCO/Century Mining

## SPAIN
- FerroAtlantica
- Gestamp
- Maxam North America

## SWITZERLAND
- Alcon
- Oerlikon Metco
- SGS
- Sulzer Pumps/Sturm

## TAIWAN
- APG Polytech

## TURKEY
- ADO Industries, Inc.

## UKRAINE
- Felman Production
- Metinvest/ Carter Roag Coal
- Metinvest/United Coal

## UNITED KINGDOM
- AFAC
- Alamo Energy Corp.
- Bens Creek/ Glen Alum Mine
- Caledonian Alloys
- Elementis Specialties
- Ferguson
- Ferroglobe
- LefargeHolcim/ Aggregate Industries
- ProLogic
- Randox Laboratories
- Thistle Processing
- Williams Lea Tag

## URUGUAY
- Oktana

# The West Virginia Difference

West Virginia's highest priority is meeting your company's needs. Part of the service includes providing aggressive development assistance in the form of tax credits and financing programs. This development assistance can reduce startup and operating costs and provide for enhanced productivity. West Virginia is a prime location for global businesses.

## TAX INCENTIVES

### Aircraft Valuation, Special Aircraft Property

All aircraft owned or leased by commercial airlines, charter carriers, private carriers and private companies, and any parts, materials or items used in construction, maintenance or repair of aircraft which are, or are intended to become, affixed to or a part of an aircraft or of an aircraft's engine or of any other component of an aircraft will be valued at the lower of "salvage value" or 5% of original costs.

### Corporate Headquarters Credit

Companies that relocate their corporate headquarters to West Virginia are eligible for tax credits if 15 new jobs (including relocated employees) are created within the first year. The credit can offset up to 100% of the tax liability for business and occupation tax, corporate net income tax, and personal income tax on certain pass- through income, for a period of up to 13 years.

### The Downstream Natural Gas Manufacturing Investment Tax Credit

Tax credit for qualified investment in a new or expanded downstream natural gas manufacturing facility in West Virginia that results in the creation of at least 5 new jobs within 3 years of placement of qualified investment in service or use. Credit is taken proportionally over a 10-year period, with 20 year carryforward possible. The credit offsets tax attributable to the qualified investment for the Corporation Net Income Tax and Personal Income Tax on flow through income. If annual median compensation of qualified new employees exceeds the statewide average non-farm payroll wage, credit to offset up to 100% of tax attributable to qualified investment. Other qualified Taxpayers may offset up to 80% of tax attributable to qualified investment.

## TAX INCENTIVES continued

### Economic Opportunity Credit

For qualified companies that create at least 20 new jobs within specified time limits (10 jobs in the case of qualified small businesses) as a result of their business expansion projects, the State's Economic Opportunity Tax Credit can offset up to 80% of the corporate net income tax and personal income tax (on flow through income only) attributable to qualified investment. If a qualified company that creates the requisite number of jobs pays an annual median wage higher than the statewide average non-farm payroll wage, $55,800 for 2020, then the qualified company can offset up to 100% of the corporate net income tax and personal income tax (on flow through income only) attributable to qualified investment.

For qualified businesses creating less than 20 new jobs within specified time limits, or for a qualified small business creating less than 10 new jobs, a $3,000 credit is allowed per new full-time job for five years, providing the new job pays at least $37,950 per year for 2020 and the employee has employer- provided health insurance benefits. The $37,950 figure is adjusted annually for cost of living.

Qualified businesses include only those engaged in the activities of manufacturing, information processing, warehousing, non-retail goods distribution, qualified research and development, the relocation of a corporate headquarters, or destination-oriented recreation and tourism.

### Film & TV Industry Sales & Use Tax Exemption

Purchases and rentals of tangible personal property and purchases of services (excluding gasoline or special fuel, food or beverages) directly used in the activity of manufacturing a motion picture, TV program, music video or commercial are exempt from the consumer sales and service tax and use tax.

### Five for Ten Program — Manufacturing Facilities

Investments greater than $50M in a manufacturing facility having $100M or more of preexisting investment in place prior to the new investment are valued at 5% of cost of the new investment for property tax purposes. The value of the land before any improvements is subtracted from the value of the capital addition, and the unimproved land value is not given salvage value treatment.

### Five for Ten Program — Fractionating Plants and Secondary Plants

Special property tax valuation applies for 10 years to real property (excluding the value of unimproved land) and personal property of certain facilities that are or will be classified under the North American Industry Classification System (NAICS) with the six digit code number 211130 (formerly 211112), (limited to natural gas liquid extraction "fractionating" plants) and to manufacturing facilities that use products produced at fractionating plants with a 211130 NAICS code. The special property tax valuation applies to qualified capital additions of more than $10M made to pre-existing manufacturing facilities that have a value in place before the capital addition of more than $20M. The special property tax valuation is 5% of the cost of the qualified property instead of fair market value. The value of the land before any improvements is subtracted from the value of the capital addition, and the unimproved land value is not given salvage value treatment.

In the absence of a pre-existing manufacturing facility owned or operated by the person making the capital addition, multiple party projects may be established to meet the $20M pre-existing investment requirement.

# TAX INCENTIVES continued

## Five for Twenty-Five Program — $2 Billion Primary (Fractionating) Plants, Secondary Plants & Tertiary Plants

For 25 years, qualified plants receive a special property tax valuation of 5% of the cost of the qualified property (also referred to as salvage value) instead of fair market value. The value of the land before any improvements is subtracted from the value of the capital addition, and the unimproved land value is not given salvage value treatment.

## The Freeport Amendment

The Freeport Amendment exempts property from the West Virginia ad valorem property tax in two ways. First, manufactured products produced in West Virginia and stored as finished goods in the state for a short time before moving into interstate commerce are exempt from property tax. The exemption does not apply to inventories of raw materials or goods inprocess. Second, goods transported into West Virginia from outside of the state, which are held for a short time in a warehouse and then shipped to a destination outside of West Virginia, are exempt from the property tax.

## High Technology Valuation Act (Data Centers)

Tangible personal property, including servers, directly used in a high-technology business or in an Internet advertising business, is valued for property tax purposes at 5% of the original cost of the property. Also, there is a sales tax exemption for all purchases of prewritten computer software, computers, computer hardware, servers, building materials and tangible personal property for direct use in a qualified high-technology business or internet advertising business.

## High-Tech Manufacturing Credit

Businesses that manufacture certain computers and peripheral equipment, electronic components or semi-conductors and which create at least 20 new jobs within one year after placement of qualified investment into service, can receive a tax credit to offset 100% of the corporate net income tax, and personal income tax on certain pass through income for 20 consecutive years. Jobs must have a median compensation of $55,800 (for 2020), adjusted for inflation each year.

## High Wage Growth Jobs Credit

For jobs created in West Virginia by an eligible employer on or after July 1, 2020. The employer must:

- Be registered to do business in West Virginia,
- Offer health benefits to all full-time eligible employee,
- Maintain a net overall increase in West Virginia employment during the credit period, and
- Have a net overall increase of employment of at least 10 new high-wage jobs held by West Virginia residents,
- Certify the employer pays at least 50% of employee health care premiums.

Credit eligibility is certified by the West Virginia Development Office, which may authorize no more than $5M of the credit during any WV fiscal year. Credit awarded to a taxpayer in any tax year may not exceed 10% of salaries of the new high-wage jobs. Credit is applied against Corporation Net Income Tax and Personal Income Tax derived from pass through income from a qualified business. Credit refund may not exceed $100,000 per taxpayer. Unused credit may carry forward up to 10 years.

## Lodging Exemptions

For lodging stays more than 30 consecutive days per person at the same facility, there is an exemption from the state consumers' sales and service tax (6% to 7% including municipal tax).

## TAX INCENTIVES continued

### Manufacturing Inventory Credit

Offsets the corporate net income tax in the amount of property tax paid on raw materials, goods in process and finished goods manufacturing inventory.

### Manufacturing Investment Credit

A tax credit is allowed for businesses having a NAICS code prefix of 31, 32 or 33, against up to 60% of corporate net income tax and based on qualified investment in eligible manufacturing property, with no new job creation required.

### Manufacturing Sales Tax Exemption

Purchases of materials and equipment for direct use in manufacturing are exempt from the 6% state sales and use tax and 1% municipal sales tax, including building materials and process equipment purchased for construction of a manufacturing facility.

### Natural Gas Liquids Property Tax Adjustment

Natural gas liquid storers or transporters may be allowed a tax credit in the amount of the West Virginia ad valorem property tax paid on the value of natural liquids inventory and equipment during the Personal Income Tax or Corporation Income Tax year, as applicable. Unused credit carries forward for 3 years.

### Research and Development Sales Tax Exemption

Purchases of tangible personal property and services directly used in research and development are exempt from the consumer sales tax.

### Sales Tax Exemption for Certain E-Commerce Businesses

Some computer-related sales of tangible personal property and services are exempt from the consumer sales and services tax.

### Sales Tax Exemption for Certain Warehouse and Distribution Centers

Purchases of certain tangible personal property in qualified warehouse and distribution centers may be exempt from the consumer sales and service tax.

### Tourism Development Act

Businesses eligible for the act will receive a 25-percent tax credit from consumers sales and service taxes collected on the gross receipts generated directly from daily operations.

Additionally, certain projects can receive a 35-percent credit if the project is on an abandoned surface mine or is on/adjacent to a state or national forest or park. The tax credit is taken over a 10-year period, at the rate of one tenth of the amount per taxable year. The credit begins with the taxable year in which the project is opened to the public unless the approved company elects to delay the beginning of the 10-year period until the next succeeding taxable year.

If any credit remains, the amount of credit carries over to each ensuing tax year until completely used—ensuring companies get the full benefit of this incentive. If any unused credit remains after the 13th year, that amount is forfeited. The sales tax base must be increased annually to receive the full credit.

Projects eligible for the West Virginia Tourism Development Act must meet established criteria. Please contact the WV Development office for assistance.

# FINANCIAL ASSISTANCE

## Direct Loan Programs

The West Virginia Economic Development Authority can provide up to 45% in financing fixed assets by providing low-interest, direct loans to expanding state businesses and firms locating in West Virginia. Loan term is generally 15 years for real estate intensive projects and five to 10 years for equipment projects. Loan proceeds may be used for the acquisition of land, buildings and equipment. Working capital loans and the refinancing of existing debt are not eligible.

## Indirect Loans

The West Virginia Economic Development Authority provides a loan insurance program through participating commercial banks to assist firms that cannot obtain conventional bank financing. This program insures up to 80% of a bank loan for a maximum loan term of four years. Loan proceeds may be used for any business purpose except the refinancing of existing debt.

## Industrial Revenue Bonds (IRBs)

This program provides for customized financing through federal tax-exempt industrial revenue bonds. Of the state's bond allocation, $59,757,600 is reserved for small manufacturing projects; $17,073,600 for qualifying projects in Enterprise Communities, and $93,904,800 for exempt facility projects.

## Entrepreneurship and Innovation Investment Fund

This program was created by the Legislature to foster job creation and enable economic development and diversification through support of research and development initiatives funded by the Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) programs. The Entrepreneurship and Innovation Investment Fund provides grants to eligible small businesses to match funds they receive from SBIR/STTR Phase I and Phase II awards. In addition, to further enhance the State's SBIR/STTR grant proposals, the program may award a Phase Zero Grant to help offset a portion of the cost of preparing a competitive Phase I proposal. Criteria is as follows:

- Must be a for-profit, West Virginia based business
- Must have received a Phase I or Phase II SBIR/STTR award
- Remain a WV based business for the duration of the SBIR/STTR project
- >50% of research conducted in West Virginia
- No duplicative funding
- Satisfy all SBIR/STTR requirements
- To apply for a Phase II matching grant, the business must demonstrate ability to conduct a Phase II proposal

## Opportunity Zones

Opportunity Zones were created to support recovery and growth in distressed communities. Investors are provided tax incentives for investing in rural and low-income areas. New businesses benefit from the real estate or business investments within these areas, while also enjoying tax deferring benefits on any capital gains received from these investments.

Any new business created in one of the 55 opportunity zones in West Virginia is also exempt from corporate and personal income tax for 10 years, depending on corporate form. The state opportunity zone is separate from the federal opportunity zone and does not require an opportunity fund to be created. Instead, all that is needed is a new business that is determined to be a "Qualified Opportunity Zone Business" as defined in Section §1400Z-2 of the Internal Revenue Code (basically any LLC or partnership).

## FINANCIAL ASSISTANCE continued

### Tax Increment Financing (TIF)

Allows increases in property tax based on the improvement associated with qualified economic development and public improvement projects to assist with their long-term financing.

### West Virginia Infrastructure and Jobs Development Council

The fund can be used for financial assistance to private companies, public utilities, and county development authorities for infrastructure improvements to support economic development projects.

### West Virginia Jobs Investment Trust

West Virginia Jobs Investment Trust (JIT) is a public venture capital fund created to develop, promote and expand West Virginia's economy. The program makes investment funds available to eligible businesses, thus stimulating economic growth and providing or retaining jobs within the state.

## TRAINING ASSISTANCE

### Governor's Guaranteed Work Force Program

This flexible, customized training program under the West Virginia Development Office, offers assistance to eligible companies and businesses by providing funding that directly supports the transfer of knowledge and skills. Companies must create a minimum of 10 net new jobs within a 12-month period.

### West Virginia Advance Program

This flexible program offers customized job training awards to new and existing businesses. The program offers development and delivery of training services that will support a company's startup and ongoing employee development initiatives through a local Community and Technical College.

### Workforce Innovation & Opportunity Act (WIOA)

The WIOA was created to provide flexibility for state and local areas to collaborate across systems in an effort to better address the employment and skills needs of current employees, job seekers and employers.

WIOA aligns training with needed skills and matches employers with qualified workers. It provides incumbent worker training and promotes work-based training—increasing on-the-job training reimbursement rates to 75%. On-the-Job Training (OJT) provides opportunities for participants to "learn as they earn." The employer also benefits by being reimbursed for part of the participant's wages during the training period, while having the services of a full-time employee.

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