



LARRY PACK  
CABINET SECRETARY

## STATE OF WEST VIRGINIA

STATE CAPITOL  
CHARLESTON, WV

DEPARTMENT OF REVENUE • OFFICE OF THE SECRETARY

August 15, 2024

**VIA HAND DELIVERY AND EMAIL**

Matt Irby, Tax Commissioner  
WV State Tax Division  
The Revenue Center  
1001 Lee Street East  
Charleston, WV 25301

Re: Determination of Personal Income Tax Reduction effective January 1, 2025

Dear Commissioner Irby:

Per the request of West Virginia Governor Jim Justice, the Legislature enacted a 21.25 percent reduction in State personal income tax rates effective beginning in Tax Year 2023 and additional refundable income tax credits equal to certain amounts of local property taxes paid effective beginning in Tax Year 2024.

Further, this legislation provided for future income tax rate reductions based on a statutory trigger mechanism. If future General Revenue Fund collections less severance tax rise by an amount greater than the percentage change in consumer prices, then excess collections above the inflation adjusted revenue target would be returned to West Virginia Taxpayers in the form of additional income tax rate reductions.

The base year for measurement of this trigger was set at Fiscal Year 2019, the last full year prior to the Pandemic. Base year revenues less severance tax equaled \$4,293,884,754.

The first year of measurement for the trigger calculation is Fiscal Year 2024. Total General Revenue Fund collections less severance tax revenues totaled \$5,341,701,242 in Fiscal Year 2024.

The twelve-month average consumer price index for Fiscal Year 2019 was 253.268 and the twelve-month average consumer price index for Fiscal Year 2024 was 309.570. The change in inflation over this five-year period was 22.23 percent. The inflation adjusted revenue target for




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Fiscal Year 2024 was calculated to be \$5,248,415,335 (i.e.,  $\$4,293,884,754 \times 1.2223 = \$5,248,415,335$ ).

The difference between actual collections of \$5,341,701,242 and inflation adjusted target collections of \$5,248,415,335 was \$93,285,907. This excess collection amount is divided by total Fiscal Year Personal Income Tax collections (all accounts) of \$2,269,858,941 to arrive at a share of 4.11% (i.e.,  $\$93,285,907 / \$2,269,858,941$ ). Current law provides that the final calculated percentage reduction be rounded down to the closest whole percent.

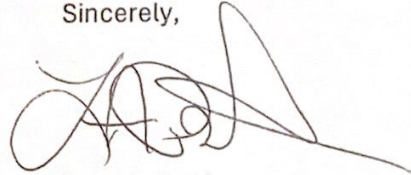
Therefore, West Virginia's Personal Income Tax rates will be reduced by 4% effective January 1, 2025.

Sincerely,



John B. "JB" McCuskey  
West Virginia State Auditor

Sincerely,



Larry A. Pack  
West Virginia Secretary of Revenue