

**WEST VIRGINIA  
SECRETARY OF STATE  
JOE MANCHIN, III  
ADMINISTRATIVE LAW DIVISION**

Form #2

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2004 JUN 11 P 4:35

WEST VIRGINIA  
SECRETARY OF STATE

**NOTICE OF A COMMENT PERIOD ON A PROPOSED RULE**

AGENCY: State Tax Department TITLE NUMBER: 110

RULE TYPE: Legislative CITE AUTHORITY W. Va. Code § 11-10-5

AMENDMENT TO AN EXISTING RULE: YES \_\_\_\_\_ NO X

IF YES, SERIES NUMBER OF RULE BEING AMENDED: \_\_\_\_\_

TITLE OF RULE BEING AMENDED: \_\_\_\_\_

IF NO, SERIES NUMBER OF RULE BEING PROPOSED: 15H

TITLE OF RULE BEING PROPOSED: Consumers Sales and Service Tax and Use Tax - Mobile Homes and Similar  
Units and Building Materials Used and Consumed In Repair or Replacement of Flood Damaged Residences and  
Businesses

IN LIEU OF A PUBLIC HEARING, A COMMENT PERIOD HAS BEEN ESTABLISHED DURING WHICH ANY INTERESTED PERSON MAY SEND COMMENTS CONCERNING THESE PROPOSED RULES. THIS COMMENT PERIOD WILL END ON July 15, 2004 AT 4:30 A.M. ONLY WRITTEN COMMENTS WILL BE ACCEPTED AND ARE TO BE MAILED TO THE FOLLOWING ADDRESS:

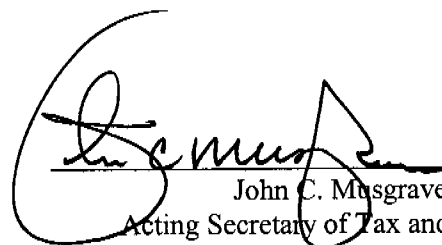
Legal Division

State Tax Department

P.O. Box 1005

Charleston, WV 25324-1005

THE ISSUES TO BE HEARD SHALL BE LIMITED TO THIS PROPOSED RULE.

  
John C. Musgrave  
Acting Secretary of Tax and Revenue

ATTACH A **BRIEF** SUMMARY OF YOUR PROPOSAL

APPENDIX B

FISCAL NOTE FOR PROPOSED RULES

Rule Title: Title 110 Series 15H

Type of Rule: X Legislative    Interpretive    Procedural

1. Effect of Proposed Rule

	ANNUAL FISCAL YEAR				
	INCREASE	DECREASE	CURRENT	NEXT	THEREAFTER
ESTIMATED TOTAL COST	0	0	\$2.4 million to \$4.9 million	0	0
PERSONAL SERVICES	0	0	0	0	0
CURRENT EXPENSE	0	0	0	0	0
REPAIRS & ALTERNATIONS	0	0	0	0	0
EQUIPMENT	0	0	0	0	0
OTHER	0	0	\$2.4 million to \$4.9 million	0	0

2. Explanation of above estimates:

The cost above reflects the estimated costs of providing an exemption from the Consumers Sales and Service Tax and Use Tax for mobile homes, house trailers, modular homes or similar units and an exemption for those building materials and supplies that are used or consumed in the repair or reconstruction of a structure or in the construction of a replacement structure. The exemption is available to residents in certain counties affected by flooding during May and June, 2004.

3. Objectives of these rules:

The rule provides an exemption from the Consumers Sales and Service Tax and Use Tax.

4. Explanation of Overall Economic Impact of Proposed Rule.

A. Economic Impact on State Government.

General Revenue Fund collections will be reduced by \$2.4 to 4.9 million in FY 2005.

Rule Title: Title 110 Series 15H

- B. Economic Impact on Political Subdivisions; Specific Industries; Specific groups of Citizens.

Total purchase costs of mobile homes, house trailers and basic building materials will be reduced by the normally applicable Consumers Sales and Service Tax for residents in the flood affected counties.

- C. Economic Impact on Citizens/Public at Large.

None.

Date:

Signature of Agency Head or Authorized Representative

  
Rebecca Melton Craig, State Tax Commissioner

**RULE SUMMARY**  
**110 C.S.R. 15H**

**CONSUMER SALES AND SERVICE TAX AND USE TAX –  
MOBILE HOMES AND SIMILAR UNITS AND BUILDING MATERIALS USED  
AND CONSUMED IN REPAIR OR REPLACEMENT OF FLOOD DAMAGED  
RESIDENCES AND BUSINESSES**

This legislative rule explains and clarifies application of Executive Order 10-04 that exempts from Consumers Sales and Service Tax and Use Tax purchases of exempts mobile homes and similar units and building construction materials and supplies used or consumed in the repair, restoration, reconstruction or replacement of structures damaged by flooding that occurred in certain counties during May and June, 2004.

An emergency legislative rule was filed with the Secretary of State and Legislative Rule-Making Review Committee.

**STATEMENT OF CIRCUMSTANCE  
110 C.S.R. 15H**

**CONSUMER SALES AND SERVICE TAX AND USE TAX –  
MOBILE HOMES AND SIMILAR UNITS AND BUILDING MATERIALS USED  
AND CONSUMED IN REPAIR OR REPLACEMENT OF FLOOD DAMAGED  
RESIDENCES AND BUSINESSES**

During May and June, 2004, Braxton, Gilmer, Jackson, Kanawha, Logan, Mingo, Putnam, Raleigh, Roane, and Wyoming, and surrounding counties in West Virginia were ravaged by flash-flooding. The flooding severely damaged or destroyed a significant number of residential and business structures. These results of forces of nature now pose a significant threat to the public health, safety and welfare.

The Governor of the State of West Virginia issued Executive Order 10-04 to provide means to assist in alleviating the threats. Executive Order 10-04 suspended, nullified and deemed not applicable the application of the Consumers Sales and Service Tax and Use Tax on the purchase of mobile homes, house trailers, modular homes and similar units and the service of installing them, and exempts purchases of building construction materials and supplies used or consumed in the repair, restoration, reconstruction or replacement of structures damaged by flooding that occurred in the affected counties in May and June, 2004.

PROPOSED  
WEST VIRGINIA LEGISLATIVE RULE  
STATE TAX DEPARTMENT  
TITLE 110  
SERIES 15H

FILED

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CONSUMER SALES AND SERVICE TAX AND USE TAX –  
MOBILE HOMES AND SIMILAR UNITS AND BUILDING MATERIALS USED AND  
CONSUMED IN REPAIR OR REPLACEMENT OF FLOOD DAMAGED RESIDENCES  
AND BUSINESSES

**§ 110-15H-1. General.**

1.1. **Scope.** - This legislative rule explains and clarifies application of Executive Order 10-04 that exempts from Consumers Sales and Service Tax and Use Tax purchases of mobile homes, house trailers, modular homes and similar units and the service of installing them, and purchases of building construction materials and supplies used or consumed in the repair, restoration, reconstruction or replacement of structures damaged by flooding that occurred in Braxton, Gilmer, Jackson, Kanawha, Logan, Mingo, Putnam, Raleigh, Roane, and Wyoming, and surrounding counties during May and June, 2004.

1.2. **Authority.** – West Virginia Code § 11-10-5.

1.3. **Filing date.**

1.4. **Effective date.**

**§ 110-15H-2. Interpretive Note.**

2.1. This legislative rule incorporates by reference legislative rule 110 C.S.R. 15, Consumer Sales and Service Tax and Use Tax and shall be read in pari materia with that rule. The definitions, policies, and procedures provided in 110 C.S.R. 15 are equally applicable to purchases made under this rule. To the extent that this legislative rule differs from 110 C.S.R. 15, then for the purposes of the purchases, installations, repairs, restorations and reconstructions or replacements that occur as a result of the flooding referenced in Executive Order 10-04, this legislative rule governs. However, for all other purposes, 110 C.S.R. 15 governs the application of the Consumer Sales and Service Tax and Use Tax.

**§ 110-15H-3. Definitions.**

3.1. **“FEMA”** means the Federal Emergency Management Agency.

3.2 “**Mobile home, house trailer, modular home or similar units**” means and includes any factory built home or manufactured home as defined in W. Va. Code § 37-15-2.

**§ 110-15H-4. Exempt purchases.**

4.1. Purchases of mobile homes, house trailers, modular homes or similar units primarily designed for permanent habitation and occupancy, purchases of the service of installing the foregoing units and purchases of contracts for installation of the foregoing units by or for persons that have been rendered homeless by the flooding referenced in Executive Order 10-04 are exempt from Consumer Sales and Service Tax; Provided, That the mobile homes, house trailers, modular homes or similar units for which the exemption is claimed are sited and installed within the State of West Virginia for use as the primary habitation of one or more persons who have been rendered homeless by the said flood.

4.1.1 The Sales Tax imposed by W. Va. Code §11-15-7a and the use tax imposed by W. Va. Code §11-15A-2b on the manufacturer or seller of a modular home is not applicable to any modular homes, or building materials for incorporation therein, sold to a modular dwelling manufacturer or seller for resale to or for persons that have been rendered homeless by the flooding referenced in Executive Order 10-04; Provided, That no credit under W. Va. Code §11-15-7a(b) or W. Va. Code §11-15-2b(b) shall be given for any tax lawfully imposed and paid to another state and paid by the manufacturer on the purchase of building supplies and materials used in the manufacture of the modular dwelling.

4.2. Tangible personal property in the form of building construction materials and supplies purchased for direct and immediate use or consumption in the repair and restoration of residential and business properties located within the State of West Virginia that were damaged by the flooding referenced in Executive Order 10-04 are exempt from Consumers Sales and Service Tax and Use Tax; Provided, That the purchases are made by the owner of the damaged structure or by the person who will actually perform the repair and restoration for that owner.

4.3. Tangible personal property in the form of building construction materials and supplies purchased for direct and immediate use or consumption in the reconstruction or replacement of residential and business properties located within the State of West Virginia, that were sufficiently damaged or destroyed by the flooding referenced in Executive Order 10-04 so as to require reconstruction or replacement are exempt from Consumers Sales and Service Tax and Use Tax; Provided, That the purchases are made by the owner of the structure or by the person who will actually perform the reconstruction for that owner.

4.3.1. If the property owner relocates his or her residence or commercial building to a new site, the exemption may still be claimed in constructing a new

residence or commercial building; Provided, That the new residence or commercial building is located within the State of West Virginia.

4.4. This exemption applies to those building construction materials and supplies that are used or consumed in the repair or reconstruction of a structure or in the construction of a replacement structure. This includes certain essential equipment that is classified as a fixture to the structure. Examples of building construction materials and supplies that may be purchased under this rule exempt from tax include, but are not necessarily limited to:

- bathtubs
- brick
- cement block
- central heating or central air conditioning units and ductwork
- circuit breakers and circuit breaker panels
- decking
- doors, interior and exterior
- electrical wall switches, electrical receptacles and fuse boxes
- electric wiring
- floor coverings, including wall-to-wall carpeting
- hot water heaters
- insulation
- kitchen cabinets and counters
- lumber
- nails and screws
- paint
- plumbing supplies and fixtures
- plywood
- roofing
- siding
- sump pumps
- wall board
- wall paneling
- wallpaper
- well pumps, related pressure switches and water supply tanks
- windows

4.5. The exemption allowed by this rule does not apply to the replacement or repair of tangible personal property that, although destroyed, is not classified as a permanent fixture to the structure. The exemption does not apply to non-essential or luxury items or to typical household appliances. Examples of non-exempt purchases include, but are not limited to:

- backhoes
- boats
- bulldozers

clothes dryers  
computers  
cooking utensils, pots and pans  
dish washers (whether or not built-in)  
draperies  
food  
freezers  
furniture  
guns  
hand tools  
hot tubs or components thereof  
lawnmowers  
microwave ovens (whether or not built-in)  
power tools  
refrigerators (whether or not built-in)  
stoves (whether or not built-in)  
swimming pools or components thereof  
tangible personal property used in carrying on a business\*  
television satellite dishes  
televisions  
washing machines

\* These purchases are taxable unless the purchase is exempt under a provision of the consumers sales and service tax law or the use tax law, or unless the purchase is exempt under another provision of the West Virginia Code. For example: Purchases of some business inventory items may be subject to the purchases for resale exemption of W. Va. Code §11-15-9(a)(9).

#### **§ 110-15H-5. Procedure for claiming the exemption.**

**5.1. Mobile homes, house trailers, modular homes and similar units.** In the case of purchases of mobile homes, house trailers, modular homes and similar units that qualify for the exemption authorized by this rule, if the purchaser is a person rendered homeless by the flooding, the purchaser must present to the seller a set of documentation consisting of a completed and executed special exemption certificate (developed by the Tax Department for this rule) and a copy of a FEMA housing assistance letter showing the purchaser to be a person who has a housing need resulting from the flood. A copy of this set of documents shall be retained in the sales records of the seller subsequent to the sale.

5.1.1 If the purchase of a mobile home, house trailer, modular home or similar unit that qualifies for the exemption authorized by this rule is made by a contractor or other person for and on behalf of a person who was rendered homeless by the flood, the purchaser must present to the seller a set of documentation consisting of a completed and executed special exemption certificate (developed by the Tax Department for this rule) and a copy of a FEMA housing assistance letter showing the

person for and on behalf of whom the purchase is made to be a person who has a housing need resulting from the flood. A copy of this set of documents shall be retained in the sales records of the seller subsequent to the sale.

**5.2. Building construction materials.** In the case of purchases of building materials the exemption authorized by this rule shall be asserted at the time the building materials are purchased by or for the property owner who has suffered flood related damage, by presenting to the vendor a set of documentation consisting of a completed and executed special exemption certificate (developed by the Tax Department for this rule) and documentation verifying the flood related losses of the property owner by or for whom such purchases are made. For example: a copy of a FEMA housing assistance letter, proof of settlement of an insurance claim for flood damage, an insurance adjuster's record of damage inspection or such other documentation as the Tax Department may determine to be acceptable.

5.2.1. For purchases qualified for exemption in accordance with this rule and that were made prior to the availability of the special exemption certificate, a refund may be claimed by filing form WV/CST-240 with an attached copy of the FEMA housing assistance letter, a copy of the proof of settlement of an insurance claim for flood damage, or a copy of the insurance adjuster's record of damage inspection.

5.3. The property owner who has suffered flood related damage or a contractor or other person making purchases of building materials for repair, reconstruction or replacement of property of such owner must file one set of the documentation specified in subsection 5.2 for each damaged or destroyed structure with each vendor. If the purchaser is claiming the exemption on purchases from more than one vendor, the property owner shall have a set of documentation on file with each of the vendors from whom exempt purchases are made. If the purchaser has two structures that suffered damage, then the purchaser shall have a set of documentation on file with each vendor for each loss. The required documentation needs to be filed with a vendor only one time. The vendor is required to keep records that tie each exempt purchase to the appropriate documentation.

5.4. If the purchaser is a contractor who is doing the repair or reconstruction work, or, in the case of a property owner who has suffered flood related damage and who relocates, a contractor doing the construction work for that relocated property owner, the contractor shall be responsible for filing the required set of documentation with each vendor.

5.4.1. The contractor may only assert the exemption for building construction materials and supplies that are purchased for direct and immediate use or consumption in the repair or reconstruction of the residential and business property to which the exemption certificate applies.

5.4.2. If the property owner relocates to a different site in West Virginia, the contractor may only assert the exemption for building construction materials and

supplies that are purchased for direct and immediate use and consumption in the construction of the residential property or commercial structure to which the exemption certificate applies.

5.4.3. The contractor may only assert the exemption in relation to qualified structures located within the State of West Virginia.

5.5. The exemption authorized by Executive Order 10-04 and this emergency rule applies to eligible purchases made on and after May 25, 2004 and on or before August 31, 2004.