West Virginia

#29

Overall Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Property Tax Rank	Unemployment Insurance Tax Rank
29 ▲ 6	23 ▲ 7	24 ▲ 5	33 –	22 ▼ 5	23 ▲ 1

IN THE 2027 *Index*

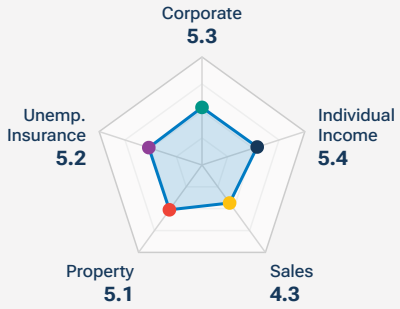
West Virginia's ranking improved six places overall (from 35th to 29th), including seven places on the corporate component and five places on the individual component, due to the state's conformity to the OBBBA's business expensing provisions. However, West Virginia fell five places on the property tax component due to changes that exacerbated the state's property tax split roll ratio, shifting more of the property tax burden onto commercial properties, and due to an increase in the state's property tax collections per capita.

West Virginia ranks near the middle of the pack on the *Index*, with some competitive elements and others that could use improvement. The Mountain State recently reduced its individual income tax rates, with a current top rate of 4.58 percent. The legislature has adopted revenue triggers that will continue to phase in rate reductions subject to revenue availability. West Virginia has a 6.5 percent corporate income tax rate, which is lower than those of neighboring Maryland and Pennsylvania but higher than those of Kentucky and Virginia. Some West Virginia localities also impose gross receipts taxes, called business & occupation taxes. In the future, if the state chooses to forgo distortive tax credits for jobs, R&D, and investments, a lower tax rate on all corporate income could be achieved. West Virginia does benefit, however, by conforming to the federal bonus depreciation allowance under Section 168(k) and the federal treatment of net operating losses (NOLs).

West Virginia has a relatively competitive sales tax rate and a low effective property tax rate on owner-occupied housing. However, West Virginia's taxes on tangible personal property create distortions, especially its harmful taxes on business inventory. Furthermore, West Virginia maintains a split roll treatment of property, under which commercial and industrial property are taxed at higher rates than owner-occupied residential property. This non-neutral tax treatment distorts investment decisions and allows policymakers to increase taxes on certain types of property without being seen as raising taxes on homeowners.

Component scores

out of 10



West Virginia and its neighbors

Overall rank, 2027 Index, with change from 2026

Kentucky	#26	▼ 1
West Virginia	**#29**	▲ 6
Pennsylvania	#30	–
Virginia	#31	▼ 4
Ohio	#36	▲ 2
Maryland	#44	▲ 1