



# High Unemployment County Application for Sales and Use Tax Deferral 82.60 RCW

**Use this application if:**

- You are the business that is paying for the investment project, or
- there is a lessor and lessee with 100% same ownership **and** the lessor is paying for the investment project, or
- you are the lessee and will be paying for the building improvements and/or machinery and equipment.

**General Instructions**

**Filing:** This application must be mailed or faxed to the Washington State Department of Revenue prior to the date the building permit is issued and/or prior to the acquisition of machinery and equipment within Washington State.

**Eligible Investment Project** means an investment in qualified buildings or qualified machinery and equipment, including labor and services rendered in the planning, installation, and construction of the project. The investment project must be located in an Eligible Area.

**Eligible Area** means a qualifying county or a community empowerment zone. A qualifying county means a county that has an unemployment rate which is at least 20 percent above the state average for three calendar years immediately proceeding the year in which the list of qualifying counties is updated. This list is updated every two years.

**Qualified Buildings** means the construction of new buildings, and expansion or renovation of existing buildings for the purpose of increasing floor space or production capacity used for manufacturing or research and development.

**Qualified Machinery and Equipment** means all new industrial and research fixtures, equipment, and support facilities that are an integral and necessary part of a manufacturing or research and development operation.

**Qualified Activities** includes manufacturing, the conditioning of vegetable seeds, and activities performed by research and development and commercial testing laboratories.

**Use/Survey Requirements:** All businesses must maintain qualified activity at the site of the investment project for the year in which the investment project is certified operationally complete by the Department of Revenue, plus seven additional years. An annual incentive survey due April 30<sup>th</sup> is also required every year during this eight-year period.

**Employment Requirements:** For investment projects located in community empowerment zones, there are additional hiring requirements. See RCW 82.60.049 for the specific requirements.

**Waiver of Taxes:** If all program requirements have been met, the deferred sales/use tax is waived by the Department of Revenue after the eighth year.

Business Name, Address, and Phone Number
Phone ( _____ ) _____

Contact Person <i>(All correspondence will be directed to this person)</i>
Name _____
Address _____
Phone _____
Fax _____
Email _____

Department of Revenue Tax Reporting Number
<input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> <input type="text"/>

The business is: (check one)
New to Washington State <input type="checkbox"/>
Expanding <input type="checkbox"/>

Location of Investment Project
County _____
Address _____
Street Address
_____
City, State and Zip Code

For tax assistance or to inquire about the availability of this document in an alternate format, please call 1-800-647-7706. Teletype (TTY) users may use the Washington State Relay Service by calling 711.

**Business Activity to be Conducted at this Facility**

*If additional space is needed to answer questions 1 and 2, please attach additional pages.*

1. Describe your manufacturing activity at this facility:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2. Describe your research and development activities at this facility, if applicable:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3. Are you currently paying manufacturing or processor for hire business & occupation tax on the above described activity? Yes    No

  

4. If the answer to question 3 is "No", is this a new manufacturing activity for your business? Yes    No

  

**Estimated Investment Project Costs**

*Please only include costs that will be paid for by the applicant.*

5. Structure:

Date building permit will be issued \_\_\_\_\_

Construction of new structure(s) \$ \_\_\_\_\_

Leasehold improvements paid for by applicant \$ \_\_\_\_\_

Expansion or renovation to expand floor space or production capacity \$ \_\_\_\_\_

**Total Structure Costs** \$ \_\_\_\_\_

6. Machinery & Equipment:

Date equipment is to be acquired \_\_\_\_\_

Purchase Price \$ \_\_\_\_\_

Less contract price \$ \_\_\_\_\_

Fair market value of previously owned machinery and equipment that is new to the State of Washington \$ \_\_\_\_\_

**Total Machinery & Equipment Costs** \$ \_\_\_\_\_

**Total Costs**

7. **Total Costs (Structure, Machinery, & Equipment)** \$ \_\_\_\_\_

8. Estimated completion date \_\_\_\_\_

**Apportionment of Structure**

*If the facility is used partly for manufacturing and research and development and partly for other purposes, the applicable tax deferral shall be determined by apportioning the costs of construction. (Not all of these categories qualify for the deferral.)*

9. Percentage of facility devoted to:

Accounting/Payroll \_\_\_\_\_%

Administration \_\_\_\_\_%

Cafeteria \_\_\_\_\_%

Common Areas \_\_\_\_\_%

Conference & Training Rooms \_\_\_\_\_%

Customer Service \_\_\_\_\_%

Manufacturing \_\_\_\_\_%

Plant offices used by direct line supervisors or other managers who oversee the manufacturing process \_\_\_\_\_%

Reception Area \_\_\_\_\_%

Research & Development \_\_\_\_\_%

Sales & Marketing \_\_\_\_\_%

Warehouse \_\_\_\_\_%

Other (please describe) \_\_\_\_\_%

**Total** **100 %**

10. Percentage of cogeneration energy produced and devoted to internal use, if applicable:

Manufacturing \_\_\_\_\_%

Research and Development \_\_\_\_\_%

Other (please describe) \_\_\_\_\_%

\_\_\_\_\_

\_\_\_\_\_

**Total** **100%**

### Employment Information

11. Average number of Full Time Equivalents (FTEs) for previous calendar year.  
(1820 annualized hours worked = 1 FTE):

Entire business: \_\_\_\_\_

At this facility: \_\_\_\_\_

12. Estimated number of new FTEs as a result of this project: \_\_\_\_\_

*If your investment project is located in a qualifying county, please skip question 13.*

13. If your investment project is located in a community empowerment zone (CEZ), you must hire at least one qualified employment position for each \$750,000 of investment on which a deferral is approved. The persons must be hired after the date the application is filed with the department. Each qualified employment position must be filled by persons who at the time of hire are residents of the CEZ, or the county that contains the CEZ. If, by the end of the second calendar year following the year in which the project is certified as operationally complete, you have not hired and retained for twelve calendar months the required number of qualified employment positions, all deferred taxes are immediately due.

Estimated number of qualified fulltime positions that will be filled by residents of the CEZ or the county that contains the CEZ: \_\_\_\_\_

Name of CEZ: \_\_\_\_\_

### Lessee/Lessor Information

14. Will the facility housing the operation be leased by the applicant to a qualified lessee? Yes  No

15. Name of the business or entity that is paying for the construction of the building or improvements.  
\_\_\_\_\_

16. Name of the business or entity that will be manufacturing at this location:  
\_\_\_\_\_

17. Department of Revenue Tax reporting Number of business in question 15.  
\_\_\_\_\_

18. Do the lessee and lessor have 100% same ownership? Yes  No   
If "Yes", please provide official documentation to substantiate the relationship. (For example: Articles of Incorporation.)

19. If the answer to question 18 is "No", complete a High Unemployment Application for Sales and Use Tax Deferral for Lessor and attach a copy of the lease agreement reflecting the economic benefit of the deferred tax is passed onto the lessee by any type of payment, credit, or other financial arrangement between the lessor and qualified lessee.

**(The lessee that receives the economic benefit must agree in writing to complete the annual survey.)**

### Use of Facility

*All businesses must maintain a qualified activity at the site of the investment project for the year in which the investment project is certified as operationally complete by Revenue, plus seven additional years.*

20. Do you plan to operate this investment project in a qualified manner for 8 years from the time the project is certified as complete? Yes  No
21. If the answer to question 20 is "No", how long does the lessee plan to operate this investment project in a qualified manner? \_\_\_\_\_

If the manufacturing or research and development activity is not maintained, all or a portion of the deferred taxes outstanding for this investment will be immediately due. The department will assess interest at the rate provided for delinquent excise taxes, but not penalties, retroactively to the date of the deferral.

### Audit Records Location

If your application is approved, a deferral certificate will be issued using the estimates from your application. **Upon completion of the project, an auditor will verify qualified activities at this facility. They will also verify that the approved percentage of your structure and 100% of the machinery and equipment are eligible for the deferral. The auditor may adjust the allowable deferral based on the audit findings and you will be billed for all non-qualifying purchases.**

To minimize inconvenience and the time it takes to complete an audit, please have the following records for the audit period available for your meeting with the auditor:

- Purchase invoices (i.e., accounts payable, receipts)
- Supporting documentation for the construction, such as construction contracts
- Original Sales and Use Tax Deferral Certificate

Although most audits can be completed with the above records, additional documents may be required during the audit.

Print Name \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

Applicant's Signature \_\_\_\_\_

**Questions: Call (360) 534-1503 option 6**  
**Mail or Fax To: Department of Revenue**  
**Special Programs Division**  
**PO Box 47477**  
**Olympia, WA 98504-7477**  
**FAX: (360) 586 2163**