



**Biotechnology Products and Medical
Devices Application
For Sales and Use Tax Deferral
82.75 RCW**

General Instructions

Name, Address, and Phone Number of Business
Telephone No. () _____

Name, Address, and Phone Number of Contact Person
<i>(All correspondence will be directed to this person)</i>
Telephone No. () _____
Email Address: _____

Department of Revenue Tax Reporting Number
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Check One:
<p align="center">Business is New <input type="checkbox"/></p> <p align="center">Business is Expanding <input type="checkbox"/></p>

Location of Investment Project
County _____
Address _____ <i>Street Address</i>

<i>City, State and Zip Code</i>

Filing: This application must be mailed or faxed to the Washington State Department of Revenue *and approved* prior to initiation of construction and/or possession of machinery and equipment within Washington State.

Initiation of Construction is defined for this deferral program as the date that a building permit is issued.

Biotechnology means a technology based on the science of biology, microbiology, molecular biology, cellular biology, biochemistry, or biophysics, or any combination of these, and includes but is not limited to, recombinant DNA techniques, genetics and genetic engineering, cell fusion techniques, and new bioprocesses, using living organisms, or parts of living organisms.

Biotechnology product means any virus, therapeutic serum, antibody, protein, toxin, antitoxin, vaccine, blood, blood component or derivative, allergenic product, or analogous product produced through the application of biotechnology that is used in the prevention, treatment, or cure of diseases or injuries to humans.

Medical device means an instrument, apparatus, implement, machine, contrivance, implant, in vitro reagent, or other similar or related article, including any component, part, or accessory, that is designed or developed and:

- a) Recognized in the national formulary, or the United States pharmacopoeia, or any supplement to them;
- b) Intended for use in the diagnosis of disease, or in the cure, mitigation, treatment, or prevention of disease or other conditions in human beings or other animals; or
- c) Intended to affect the structure or any function of the body of man or other animals, and which does not achieve any of its primary intended purposes through chemical action within or on the body of man or other animals and which is not dependent upon being metabolized for the achievement of any of its principal intended purposes.

Qualified Building means construction of new structures, and expansion or renovation of existing structures for the purpose of increasing floor space or production capacity used for biotechnology product manufacturing or medical device manufacturing activities.

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

Use Requirements: All businesses must maintain a qualified activity at the site of the investment project for the year in which the investment project is certified operationally complete plus seven additional years. An annual employee survey due March 31 is also required for every year during the eight-year period.

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

Mail or Fax To: Department of Revenue
Special Programs Division
PO Box 47477
Olympia WA 98504-7477
FAX: (360) 586-2163

Business Activity to be Conducted at this Facility

If additional space is needed to answer question 1, please attach additional pages.

1. Describe the nature of your manufacturing activity at this facility: _____

Biotechnology Product

2. Check the product(s) produced through the application of biotechnology used in the prevention, treatment, or cure of diseases or injuries to humans.

Virus.....
 Therapeutic Serum.....
 Antibody.....
 Protein.....
 Toxin.....
 Antitoxin.....
 Vaccine.....
 Blood.....
 Blood Component or Derivative.....
 Allergenic Product.....
 Analogous Product.....

Yes No

3. Are you currently paying manufacturing or processor for hire business and occupation tax on the above described activity?

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

Medical Devices at this Facility

5. What type of medical device will be designed or developed including any component, part, or accessory? Check all that apply.

Instrument.....
 Apparatus.....
 Implement.....
 Machine.....
 Contrivance.....
 Implant.....
 In Vitro Reagent.....
 Other Similar or Related Article.....
 Explain _____

	<u>Yes</u>	<u>No</u>
6. Is the medical device recognized in the national formulary, United States pharmacopoeia, or any supplement to them?	<input type="checkbox"/>	<input type="checkbox"/>
7. Is the medical device intended for use in the diagnosis of disease, or in the cure, mitigation, treatment, or prevention of disease or other conditions in human beings or animals?	<input type="checkbox"/>	<input type="checkbox"/>
8. Is the medical device intended to affect the structure of any function of the body of human beings or other animals, which cannot be achieved through chemical action and which cannot be achieved by metabolizing?	<input type="checkbox"/>	<input type="checkbox"/>
9. Are you currently paying manufacturing or processor for hire business and occupation tax on the above described activity?	<input type="checkbox"/>	<input type="checkbox"/>
10. If the answer to question 9 is "No," is this a new manufacturing activity for your business?	<input type="checkbox"/>	<input type="checkbox"/>

Lessee/Lessor Information

	<u>Yes</u>	<u>No</u>
11. Will the facility housing the operation be leased by the applicant?	<input type="checkbox"/>	<input type="checkbox"/>
12. Name of individual or entity that is paying for the construction of the building or improvements? _____		
13. Name of individual or entity that will be manufacturing at this location? _____		
14. Do the lessee and lessor have 100% same ownership? <input type="checkbox"/> <input type="checkbox"/> If yes, please provide documentation to substantiate the relationship.		
15. If the answer to question 14 is "No," has the lessor agreed by written contract to pass the economic benefit of the deferral on to the lessee by any type of payment credit or other financial arrangement? <input type="checkbox"/> <input type="checkbox"/>		

(Please attach a completed Lessor's Application and 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.) If the individual or entity paying for the construction is different from the manufacturer, please contact the department for further instruction.

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

Estimated Investment Project Costs	
<i>Please include only those costs that will be paid for by the applicant.</i>	
16. 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	\$ _____
Construction of cogeneration facility	\$ _____
Total Structure Costs	\$ _____
17. Machinery & Equipment:	
Date equipment is to be installed	_____
Purchase Price	\$ _____
Lease Contract Price	\$ _____
Fair market value of previously owned machinery and equipment that is new to the State of Washington	\$ _____
Total Machinery & Equipment Costs	\$ _____
18. Total Costs	\$ _____
19. Estimated Completion Date:	_____ / _____ / _____

Apportionment of Structure	
<i>If the facility is used partly for research and development and partly for other purposes, the applicable tax deferral shall be determined by apportioning the costs of construction.</i>	
20. Percentage of facility devoted to:	
Accounting/Payroll	_____ %
Administration	_____ %
Cafeteria	_____ %
Common Areas	_____ %
Conference & Training Rooms	_____ %
Customer Service	_____ %
Manufacturing	_____ %
Pilot Scale Manufacturing	_____ %
Reception Area	_____ %
Research & Development	_____ %
Sales & Marketing	_____ %
Warehouse	_____ %
Other (please describe)	_____ %
Total	_____ 100 %

Employment Information	
21. Average Number of Full Time Equivalents (FTEs) for Previous Calendar Year. (1820 annualized hours worked = 1 FTE):	
Entire Business:	_____
At This Facility:	_____
22. Estimated or actual number of new FTEs as a result of this project: _____	
23. Estimated or actual wages of FTE's related to this project: _____	

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, plus seven additional years.	
	<u>Yes</u> <u>No</u>
24. Do you plan to operate this investment project in a qualified manner for 8 years from the time the project is complete?	<input type="checkbox"/> <input type="checkbox"/>
25. If the answer to question 24 is "No", how long do you plan to operate this investment project with qualified use?	_____
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 that you are performing 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 his or her findings.	
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:	
<ul style="list-style-type: none"> • Purchase invoices (i.e., accounts payable, receipts) • Supporting documentation for the construction, such as construction contracts • Original Sales and Use Tax Deferral Certificate 	
<i>(continued next page)</i>	

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

Please complete the following information about the contact person and audit records location if this information is currently available:

26. Contact person:

27. Phone number of contact person:

28. Location of audit records

Applicant's Signature

Date

Title

For tax assistance, visit <http://dor.wa.gov> or call 1-800-647-7706.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715.

Teletype (TTY) users please call 1-800-451-7985.