

## High Technology Application for Sales and Use Tax Deferral 82.63 RCW

**Application must be mailed or faxed to the Washington State Department of Revenue prior to the date a building permit is issued and/or taking possession of machinery and equipment within Washington State. Instructions for completing this application, as well as explanations are located on page five of this form.**

Name, Address, and Phone Number of Business
Name: _____ _____
Address: _____ <span style="display: block; text-align: center; font-size: small;"><i>Street Address</i></span> _____
<span style="display: block; text-align: center; font-size: small;"><i>City, State and Zip Code</i></span> _____
Telephone No.: (    ) _____

Name, Address, and Phone Number of Contact Person <i>(All correspondence will be directed to this person)</i>
Name: _____ _____
Address: _____ <span style="display: block; text-align: center; font-size: small;"><i>Street Address</i></span> _____
<span style="display: block; text-align: center; font-size: small;"><i>City, State and Zip Code</i></span> _____
Telephone No.: (    ) _____

Department of Revenue Tax Reporting Acct. Number
<input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <span style="font-size: 24px; vertical-align: middle;">-</span> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <span style="font-size: 24px; vertical-align: middle;">-</span> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/>

Please check one:
Initiating a new operation ..... <input type="checkbox"/>
Expanding or diversifying a current operation ..... <input type="checkbox"/>

Location of Investment Project
County: _____
Address: _____ <span style="display: block; text-align: center; font-size: small;"><i>Street Address</i></span> _____
<span style="display: block; text-align: center; font-size: small;"><i>City, State and Zip Code</i></span> _____

Technology
<i>Check boxes that apply, and complete only the technology sections that pertain to the technologies you check. If more space is needed, please attach additional pages.</i>
I. Advanced Computing Technology ..... <input type="checkbox"/>
II. Advanced Materials Technology ..... <input type="checkbox"/>
III. Biotechnology ..... <input type="checkbox"/>
IV. Electronic Device Technology ..... <input type="checkbox"/>
V. Environmental Technology ..... <input type="checkbox"/>

I. Advanced Computing Technology
1. Check if the advanced computing research and development will be used in the designing and developing of:
Computer hardware ..... <input type="checkbox"/>
Software ..... <input type="checkbox"/>
Computer peripherals ..... <input type="checkbox"/>
2. Will software be licensed or sold to another person?
<span style="float: right; text-align: center;"><u>Yes</u>      <u>No</u></span> <input type="checkbox"/> <input type="checkbox"/>
3. Check where the software will be stored:
Your server ..... <input type="checkbox"/>
The licensee's server ..... <input type="checkbox"/>
Other ..... <input type="checkbox"/>

II. Advanced Materials Technology
4. Check which of the following you intend this research and development to result in:
A new advanced material ..... <input type="checkbox"/>
A substantially improved material ..... <input type="checkbox"/>
5. Is this a material with engineered properties created through the development of specialized processing and synthesis technology?
<span style="float: right; text-align: center;"><u>Yes</u>      <u>No</u></span> <input type="checkbox"/> <input type="checkbox"/>

**III. Biotechnology**

6. Which area of biotechnology are you engaged in?

- Recombinant DNA techniques .....
- Biochemistry .....
- Molecular biology .....
- Cellular biology .....
- Genetic engineering .....
- Cell fusion techniques .....
- New bioprocesses .....
- Other bio-based technologies .....

7. Identify the living organism, or part of an organism utilized in your research and/or development activity:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

8. What is your intended result?

- Produce or modify products .....
- Improve plants or animals .....
- Develop microorganisms for specific uses .....
- Identify targets for small molecule pharmaceutical development .....
- Transform biological systems into useful processes, products, or specific uses .....

**IV. Electronic Device Technology**

9. Which area of electronic device technology are you engaged in?

- Microelectronics .....
- Semiconductors .....
- Electronic equipment .....
- Electronic instrumentation .....
- Radio frequency .....
- Microwave .....
- Millimeter electronics .....
- Optical (electronic) devices .....
- Optic-electrical devices .....
- Data communications .....
- Digital communications .....
- Imaging devices .....
- Other electronic device .....

**V. Environmental Technology**

10. Which area of environmental technology are you engaged in?

- Assessment and prevention of threats or damage to human health and environment, or environment .....
- Environmental cleanup .....
- Alternative energy sources .....

Yes    No

11. For environmental cleanup, is the corrective or remedial action to remove dangerous wastes and dangerous constituent .....    

12. For alternative energy sources, identify the new energy source, or how an existing alternative energy source is improved:  
\_\_\_\_\_

**TO BE COMPLETED BY ALL**

**Research & Development**

*Answer all questions that pertain to your research and development project. If additional space is needed, please attach additional pages.*

13. What is the intended end result for this research and development?

- Product .....
- Process .....
- Formula .....
- Software .....
- Invention .....
- Technique .....
- Other .....

If other, please explain: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Yes    No

14. Is this technological information reasonably available to you in published scientific literature, or through industrial or scientific sources? .....    

15. Is the research and development activity performed to discover new technological information? .....    

Briefly describe: \_\_\_\_\_

16. How do you plan to protect your discovery?

**Research & Development (continued)**

- Patent .....
- Copyright .....
- Other .....

Briefly describe: \_\_\_\_\_

- |   | Yes                      | No                       |
|---|--------------------------|--------------------------|
| 17. Is this research and development for a new use for an existing technology?.....   | <input type="checkbox"/> | <input type="checkbox"/> |
| 18. Are there any changes made to the product other than a different use?.....  | <input type="checkbox"/> | <input type="checkbox"/> |
| 19. Is this a drug, device or biological product that requires licensing by the Federal Food and Drug Administration?.....              | <input type="checkbox"/> | <input type="checkbox"/> |
| 20. If the product is changed to adapt it to a new use, will you make substantial improvements to the product?.....                     | <input type="checkbox"/> | <input type="checkbox"/> |
| 21. If you are making changes to an existing product, please explain your right to alter this product:                                  |                          |                          |
| Own the copyright or patent .....   | <input type="checkbox"/> |                          |
| Exclusive purchase or license .....   | <input type="checkbox"/> |                          |
| Non-exclusive purchase or license.....  | <input type="checkbox"/> |                          |
| Other .....   | <input type="checkbox"/> |                          |
| If other, please explain: _____   |                          |                          |
| _____   |                          |                          |
| _____   |                          |                          |
| 22. Provide additional information to questions 14 - 21 that you think will be helpful in deciding whether to approve your application: |                          |                          |
| _____   |                          |                          |
| _____   |                          |                          |
| _____   |                          |                          |

**Pilot Scale Manufacturing**

*Please answer all questions that pertain to your pilot scale manufacturing activity. If additional space is needed, please attach additional pages.*

- |  | Yes                      | No                       |
|--|--------------------------|--------------------------|
| 23. Is the pilot scale manufacturing an extension of research and development that you have completed? ..... | <input type="checkbox"/> | <input type="checkbox"/> |
| 24. Will you be selling these test models?.....  | <input type="checkbox"/> | <input type="checkbox"/> |
| 25. Will the sales exceed \$1 million?.....  | <input type="checkbox"/> | <input type="checkbox"/> |

**Estimated Investment Project Costs**

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

26. Structure:

Will these construction costs be for:

New Structure .....

Expansion or renovation of existing structures to increase floor space or production capacity used for pilot scale manufacturing or qualified research and development.....

Other.....

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**..... \$

27. Machinery and Equipment that is used exclusively for pilot scale manufacturing or qualified research and development. Replacement equipment does not qualify under this program. Please do not include replacement equipment in the equipment costs listed below.

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**..... \$

28. **Total Costs** ..... \$

29. Estimated completion date ..... / /

**Apportionment of Structure**

*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.*

30. 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..... %
- Briefly describe: \_\_\_\_\_
- Total**..... 100 %

**Lessee/Lessor Information**

31. Will you lease the facility housing the operation?..... Yes No
- 

*Please answer questions 32 through 34 - only if you answered yes to question 31.*

32. Name of individual or entity that is paying for construction of the building or improvements:
- \_\_\_\_\_

33. Do the lessee and lessor have 100% same ownership?..... Yes No
- 
- If yes, please provide documentation to substantiate the relationship*

34. If the answer to question 33 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?..... Yes No
- 

*(Please attach a completed Lessor's Application and a copy of the lease agreement that passes on the economic benefit of the deferral to the lessee by any type of payment, credit, or other financial arrangement.)*

**Employment Information**

35. Applicant's Average Number of Full Time Equivalents (FTEs) for Previous Calendar Year.  
(1820 annualized hours worked = 1 FTE):
- Applicant's Entire Business in WA: \_\_\_\_\_
- At This Facility: \_\_\_\_\_

*(continued in next column)*

36. Estimated or Actual Number of New FTEs as a result of this project: \_\_\_\_\_

37. Estimated or actual average wages of employees related to the 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.*

40. Do you plan to operate this investment project in a qualified manner for 8 years from the time the project is complete?..... Yes No
- 

41. If the answer to question 40 is *No*, how long do you plan to operate this investment project with qualified use?
- \_\_\_\_\_

If the 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 of Investment Project**

If your application is approved, we will issue a deferral certificate using the estimates from your application. Upon completion of the project, an auditor will verify you are performing qualified activities at this facility. The auditor 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 the time it takes to complete an audit, please have the following records available for your meeting with the auditor:

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

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

Please complete the following information if available:

42. Contact person: \_\_\_\_\_
43. Phone number of contact person: \_\_\_\_\_
44. Location of audit records: \_\_\_\_\_

## Annual Survey Requirement

By filing this application form, you agreed to complete and submit annual surveys due by March 31<sup>st</sup> of the year following the calendar year in which the investment project is certified as operationally complete, and the seven succeeding calendar years. RCW 82.63.020(2)(b). Failure to complete and submit annual surveys by their due date will result in portions of deferred tax becoming immediately due. RCW 82.63.045(2)(b).

I certify under penalty of perjury under the laws of the State of Washington that the forgoing is true and correct.

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

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Title*

## General Instructions

### High Technology Application for Sales and Use Tax Deferral (82.63 RCW)

#### **Filing:**

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

#### **Public Disclosure:**

Applications and other information received by the department under this chapter are not confidential and are subject to disclosure. Only non-proprietary information is required on this application.

#### **Eligible Investment Project:**

Eligible Investment Project means an investment project that (1) initiates a new operation or (2) expands or diversifies a current operation by expanding, renovating, or equipping an existing facility.

#### **Only one Deferral Granted per Investment Project**

The department may not issue a certificate for an investment project that has already received a deferral, unless the certificate relates to adapting the project for use in pilot scale manufacturing. For example, replacement machinery and equipment that replaces qualified machinery and equipment or renovation made from an existing building that has already received a deferral for the original construction of the building are not eligible for deferral. Also, if a building that has received a deferral for the construction of the building is expanded, only the expanded portion of the building is eligible for deferral.

#### **Investment Project:**

Investment Project means an investment in qualified buildings or qualified machinery and equipment. This includes materials and labor and services (including labor and services rendered in the planning, installation and construction or improvement of the project).

#### **Qualified Buildings:**

Qualified Buildings means (1) construction of new structures, and (2) expansion or renovation of existing structures for the purpose of increasing floor space or production capacity used for pilot scale manufacturing or qualified research and development.

#### **Qualified Machinery and Equipment:**

Qualified Machinery and Equipment means fixtures, equipment, and support facilities that are an integral and

necessary part of a pilot scale manufacturing or qualified research and development operation.

#### **Research and Development:**

Research and Development means activities performed to discover technological information, and technical and nonroutine activities concerned with translating technological information into new or improved products, processes, techniques, formulas, inventions, or software. The term includes exploration of new use for an existing drug, device, or biological product if the new use requires a separate licensing by the FDA under chapter 21. The term **does not include** adaptation or duplication of existing products where the products are not substantially improved by application of the technology, nor does the term include surveys and studies, social science and humanities research, market research or testing, quality control, sale promotion and service, computer software developed for internal use, and research in areas such as improved style, taste, and seasonal design.

#### **Pilot Scale Manufacturing:**

Pilot scale manufacturing means design, construction, and testing of preproduction prototypes and models in the fields of biotechnology, advanced computing, electronic device technology, advanced materials, and environmental technology other than for commercial sale.

#### **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 98507-7477  
**FAX:** (360) 586-2163

*For tax assistance visit [dor.wa.gov](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 may call 1-800-451-7985.*