



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

### Name, Address, and Phone Number of Business

Telephone No. (    )

### Name, Address, and Phone Number of Contact Person

*(All correspondence will be directed to this person)*

Telephone No. (    )

### Department of Revenue Tax Reporting Number

□ □ □ – □ □ □ – □ □ □

Check One:

Lessee's Business is New

Lessee's Business is Expanding

### Location of Investment Project

Deferral Project Address

\_\_\_\_\_

*Street Address*

\_\_\_\_\_

*City, State and Zip Code*

### General Instructions

#### 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 prior to taking possession of machinery and equipment within Washington State.

#### Eligible Investment Projects:

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 the deferral.

#### Investment Project:

Investment Project means an investment in qualified buildings or qualified machinery and equipment. This includes materials, 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 part of a pilot scale manufacturing or qualified research and development 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.

#### Mail or Fax To:

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

**Lessee information**

1. Name of Lessee: \_\_\_\_\_
  2. Mailing Address: \_\_\_\_\_
  3. Contact Person: \_\_\_\_\_
  4. Phone Number: \_\_\_\_\_
  5. Department of Revenue Tax Reporting Account Number: \_\_\_\_\_
- |  |            |           |
|--|------------|-----------|
|  | <u>Yes</u> | <u>No</u> |
|--|------------|-----------|
6. Do the lessee and lessor have 100% same ownership?
  7. If the answer to question 6 is "Yes", please provide documentation to substantiate the relationship.
  8. If the answer to question 6 is "No", has the lessor agreed by written contract to pass the economic benefit of the deferral to the lessee?
  9. If the answer to question 8 is "Yes", is the economic benefit of the deferral passed to the lessee no less than the amount of the tax deferred by the lessor and evidenced by written documentation of the type of payment, credit, or other financial arrangement between the lessor or owner of the qualified building and the lessee AND has the lessee signed the statement below agreeing to complete the annual survey required by RCW 82.63.020?

Please have the lessee sign the following statement. Failure to do so will prevent approval of the application.

I agree to file an annual survey with the Department of Revenue each March 31<sup>st</sup> for eight years, beginning with the first calendar year after the calendar year in which the investment project is certified by the department as operationally complete.

Name \_\_\_\_\_  
 Signature \_\_\_\_\_  
 Title \_\_\_\_\_  
 Date \_\_\_\_\_

*(Please attach a completed Lessee's Application, if applicable, a copy of the lease agreement and other written documentation in support of your answers to question 8 and 9, if applicable)*

**Estimated Investment Project Costs**

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

10. 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	\$ _____
<b>Total Structure Costs</b>	<b>\$ _____</b>

*(continued in next column)*

**11. 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 | \$ _____            |
| <b>Total Machinery &amp; Equipment Costs</b>   | <b>\$ _____</b>     |
| 12. Total Costs  | \$ _____            |
| 13. Estimated Completion Date:   | _____ / ____ / ____ |

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

*If additional space is needed to answer questions 13 and 14, please attach additional pages.*

14. Describe the nature of lessee's research and development activities at this facility: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
15. Describe the nature of lessee's pilot scale manufacturing activity at this facility: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**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.*

16. Percentage of facility devoted to:
 

Accounting/Payroll	_____ %
Administration	_____ %
Cafeteria	_____ %
Common Areas	_____ %
Conference & Training Rooms	_____ %
Customer Service	_____ %
Manufacturing	_____ %
Offices used by direct line supervisors or other managers who oversee the research & development process	_____ %
Reception Area	_____ %
Research & Development	_____ %
Sales & Marketing	_____ %
Warehouse	_____ %
Other (please describe)	_____ %
<b>Total</b>	<b>100 %</b>

**Employment Information**

17. Lessee's Average Number of Full Time Equivalents (FTEs) for Previous Calendar Year.  
(1820 annualized hours worked = 1 FTE):

Lessee's Entire Business: \_\_\_\_\_

At This Facility: \_\_\_\_\_

18. Estimated Number of New FTEs as a result of this project: \_\_\_\_\_

19. Estimated average annual wage per employee filling new positions: \_\_\_\_\_

**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.*

Yes    No

20. Does the lessee plan to operate this investment project in a qualified manner for 8 years from the time the project is complete?           

21. If the answer to question 20 is "No", how long does the lessee plan to operate this investment project with qualified use?

If the research and development or pilot scale manufacturing 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:

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

*(continued in next column)*

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:

22. Contact person: \_\_\_\_\_

23. Phone number of contact person: \_\_\_\_\_

24. Location of audit records  
\_\_\_\_\_  
\_\_\_\_\_

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

*For tax assistance, visit 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.*