

# Solar Canopies Application for Sales and Use Tax Deferral for Lessor - RCW 82.90

Effective July 1, 2022

See complete instructions on page 6.

## 1 Business applying for deferral

Name:

Mailing address:

City:

State:

Zip:

Phone:

Tax reporting number (WA):

## 2 Contact person information (All correspondence will be directed to this person)

Name:

Mailing address:

City:

State:

Zip:

Phone:

Email:

## 3 Location and site description of investment project

**Important:** This is the address and parcel number of the deferral project you are applying for on this form. If the address is unknown at the time of application, please provide as soon as the address is known. Your application will not be approved until you can provide a valid address for the deferral investment project. **All taxes will be due if your deferral project is at another location/address.** Contact us if you have any questions.

County:

Address:

City:

State:

Zip:

Parcel number:

Name of qualifying commercial center:

Detailed project description (for example, solar canopy on parking lot for a retail center, industrial facility):

## 4 Lessee information

Name of lessee:

Mailing address:

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Tax reporting number:

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

2. If the answer to question 1 is no, has the lessor agreed by written contract to pass the economic benefit of the deferral to the lessee? Yes No

(Please attach a completed Lessee's Application, if applicable, 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.)

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

I agree to file an annual tax performance report with the Department of Revenue by May 31st 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.

Printed name: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Title: \_\_\_\_\_

## 5 Estimated investment project costs

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

### 3. Structure:

Date building permit will be issued:

Construction of solar energy system and new structure(s): \$

Total costs: \$

### 4. Estimated completion date:

## 6 Business activity to be conducted at the location of the solar canopy project

If additional space is needed to answer question 5, please attach additional pages.

5. What is the current use of the property?

6. (a) How much nameplate capacity will the project create measured in megawatts of alternating current?

You **must notify the department and update the information provided here** if the solar canopy, at the time of completion, will produce less than 85 percent of the nameplate capacity stated above.

(b) What will the electricity produced by this project be used for?

7. Do you plan to use apprenticeship programs or procure or contract with women, minority, or veteran-owned businesses for construction or operation of this project?

*If you select Yes to question 7, once you receive the deferral certificate number from Department of Revenue (DOR), you must also submit an initial application to the Department of Labor & Industries (L&I) for [Clean Energy Labor Standards Certification](#) prior to the initiation of construction.*

Yes      No

8. What percentage reduction in the amount of sales and use tax to be repaid do you plan to pursue?

50%      75%      100%

## 7 Use of facility

A project must be connected to the electrical grid and producing solar energy for the year in which the investment project is certified as operationally complete by Department of Revenue, plus seven additional years to qualify for the tax deferral. **If the solar canopy investment project is not connected to the electrical grid and producing solar energy, all or a portion of the deferred taxes outstanding for this investment will be immediately due.** The Department of Revenue will assess interest at the rate provided for delinquent excise taxes, but not penalties, retroactively to the date of the deferral.

9. Does the lessee plan to operate this investment project in a qualified use for nine years from the time the project is complete?

Yes      No

10. If the answer to question 10 is "No", how long does the lessee plan to operate this investment project with qualified use?

## 9 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 project is eligible for the deferral. The auditor may adjust the allowable deferral based on his or her findings. You will be billed for any purchases that do not qualify for the deferral and you did not pay tax at the time of purchase, plus applicable interest.

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

- Purchase invoices (for example, accounts payable, receipts).
- Supporting documentation for the construction, such as building permit issued for the deferral project.
- 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.

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

11. Contact person:

12. Phone:

13. Location of audit records:

## 10 Statute of limitations

The schedule for the deferral/waiver/repayment of taxes deferred under this program on the purchase of goods or services is governed under the repayment provisions of RCW 82.90. With respect to any taxes you defer under this program, the statute of limitations period under RCW 82.32.050(4) does not commence until the close of the tax year in which you incur a tax liability to repay any of the taxes deferred. Thus, the statute of limitations period under RCW 82.32.050(4) will not begin to run until the Department of Revenue is aware of a failure to meet the requirements of the deferral.

Check here to acknowledge that you have read and understand the legal requirements described above.

## 11 Closing questions

How did you hear about deferrals?

## 12 Confidential Tax Information Authorization

Both the applicant and lessee listed on this application need to complete, sign and return a [Confidential Tax Information Authorization form](#) as part of the application process.

The form can be submitted as part of the application or emailed separately to [DORdeferrals@dor.wa.gov](mailto:DORdeferrals@dor.wa.gov).

## 13 Signatures

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

Applicant's signature:

Title:

Printed name:

Date:

### What to do next:

#### Mail or email to:

Department of Revenue Audit Division

Refund & Deferral Unit

PO Box 47474

Olympia, WA 98504-7474

Email: [DORdeferrals@dor.wa.gov](mailto:DORdeferrals@dor.wa.gov)

### Questions?

For questions about deferrals, please email [DORDeferrals@dor.wa.gov](mailto:DORDeferrals@dor.wa.gov) or call our Deferral Program Lead at 360-534-1443.

## General instructions

**Filing:** This application must be submitted to the Washington State Department of Revenue prior to the date a building permit is issued. The deferral application is located at [dor.wa.gov](http://dor.wa.gov). Applications cannot be accepted after June 30, 2032.

**Eligible investment projects** means an investment project that is located in an eligible area.

**Eligible area** means a qualifying commercial center which is a property currently used for retail, industrial, office, or other commercial purposes, containing a parking area or other area dedicated for both vehicle use and placement of a solar canopy.

**Solar canopy** means an elevated structure, or multiple structures, containing a solar energy system **with a nameplate capacity of at least one megawatt of alternating current**. Solar canopy includes the solar energy system, power lines, and any equipment required to connect the solar canopy to the electrical grid.

**Qualified solar canopy** means construction of a new solar canopy that has an area of **at least 50,000 square feet**.

**Use/report requirements:** All businesses must complete an annual tax performance report for the first year the project is operationally complete plus the seven subsequent years. The report is due May 31st per RCW 82.32.534.

If the solar canopy ceases to be connected to the electrical grid, the annual tax performance report is no longer required beginning on the date the solar canopy was disconnected from the electrical grid.

**Buyer's Sales and Use Tax Preference Addendum:** Taxpayers using this deferral program are required to complete the Buyer's Sales and Use Tax Preference Addendum in My DOR when filing their Excise Tax Returns. The addendum is found by selecting "Yes" under "Do you need to file a Buyer's Sales and Use Preference Addendum?" on the Summary page of the return. (RCW 82.32.808).

**Certificate use:** The deferral certificate is valid only for qualifying purchases by the Certificate Holder at the investment project. The Certificate Holder and approved address are both stated on the certificate. Other purchases do not qualify for the deferral.

**Construction requirements:** Meaningful construction must begin within one year of receiving a deferral certificate unless construction was delayed due to circumstances beyond the recipient's control. Lack of funding is not beyond the recipient's control.

**"Meaningful construction"** means an active construction site, where excavation of a building site, laying of a building, foundation, or other tangible signs of construction are taking place and that clearly show a progression in the construction process at the location designated by the taxpayer in the application for deferral. Planning, permitting, or land clearing before excavation of the building site, without more, does not constitute "meaningful construction." If the recipient does not begin meaningful construction within one year of receiving a deferral certificate, the deferral certificate is invalid and taxes deferred under this chapter are due immediately.

**Operationally complete** means the solar canopy has received its final electrical inspection and is connected to the electrical grid. If the investment project is not operationally complete within two calendar years from the issuance of the tax deferral certificate, or if, on the basis of the tax performance report or other information, the department finds that an investment project is not connected to the electrical grid and producing solar energy, all or a portion of deferred taxes are immediately due.

**Repayment of taxes:** This deferral must be repaid. The deferred tax is repaid in eight equal payments beginning on December 31st of the second calendar year after the project is operationally complete, with the remaining payments due on December 31st for each of the following seven years.

If the project is used for purposes other than a qualified use at any time, all or a portion of deferred taxes are immediately due.

**Potential Reduction of Repayment of Taxes:** The state and local taxes may be reduced if certain requirements are met. You must apply for the reduction from [L&I](#).

## **50% reduction requirements -**

- L&I certification the project includes the following:
  - o Procurement from and contracts with women, minority, or veteran-owned businesses;
  - o Procurement from and contracts with entities that have a history of complying with federal and state wage and hour laws and regulations;
  - o Apprenticeship utilization; and
  - o Preferred entry for workers living in the area where the eligible investment project is located.
- If built without one or more of these standards, and a project developer or its designated principal contractor demonstrates that it has made all good faith efforts to meet the standards but was unable to comply due to lack of availability of qualified businesses or local hires, the department of labor and industries may certify that the developer complied with that standard.

## **75% reduction requirements –**

- L&I certification the project includes the following:
  - o Meets the 50% reduction requirements.
  - o And compensates workers at prevailing wage rates determined by local collective bargaining as determined by the department of labor and industries.

## **100% reduction requirements –**

- L&I certification the eligible investment project is developed under a community workforce agreement or project labor agreement.

Once you have received your DOR deferral certificate number, you need to apply to L&I to get a reduction of tax. You should apply prior to initiation of construction of your project. For more information, and to apply for reduction of taxes, go to [L&I's website](#).

**Interest and/or penalties:** The department must assess interest at the rate provided for delinquent taxes, but not penalties, retroactively to the date of deferral for a recipient who must repay deferred taxes because a project is not eligible for tax deferral.