

## Biotechnology Products and Medical Device Application for Sales and Use Tax Deferral for Lessor 82.75 RCW

### General Instructions

Name, Address, and Telephone Number of Business
Telephone No. _____

**Filing:** This application must be mailed or faxed to the Washington State Department of Revenue 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, 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 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 calendar years. An annual tax incentive survey due April 30<sup>th</sup> annually is also required during the eight-year period.

**Waiver of Taxes:** If all program requirements are 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

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

Department of Revenue Tax Reporting Number

Check One:  Business is New <input type="checkbox"/>  Business is Expanding <input type="checkbox"/>
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Location of Investment Project
County _____  Address _____ <div style="text-align: center; margin-left: 100px;"><i>Street Address</i></div> <div style="text-align: center; margin-left: 100px;"><i>City, State and Zip Code</i></div>

**Lessee information**

1. Name of Lessee: \_\_\_\_\_  
 2. Mailing Address: \_\_\_\_\_  
 3. Contact Person: \_\_\_\_\_  
 4. Telephone Number: \_\_\_\_\_  
 5. Department of Revenue Tax Reporting Number  
 \_\_\_\_\_

Yes    No

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 burden of the deferral passed to the lessee no less than the amount of 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 tax incentive survey required by RCW 82.32.645?

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 incentive survey with the department of revenue each April 30<sup>th</sup> following for eight years, beginning with April 30<sup>th</sup> following the calendar year in which the investment project is certified by the department as operationally complete.

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

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

**Estimated Investment Project Costs**

*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 \_\_\_\_\_

*(continued next column)*

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

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 \_\_\_\_\_

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

12. Total Costs                      \_\_\_\_\_

13. Estimated Completion Date: \_\_\_\_\_

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

*If additional space is needed to answer question 14, please attach additional pages.*

14. Describe the nature of lessee's manufacturing activity at this facility:

**Biotechnology Product**

15. 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

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

17. If the answer to question 16 is "No" is this a new manufacturing activity for your business?

**Medical Devices at this Facility**

18. 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>                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| 19. Is the medical device recognized in the national formulary, United States pharmacopoeia, or any supplement to them?                                                                                                 | <input type="checkbox"/> | <input type="checkbox"/> |
| 20. 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"/> |
| 21. 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"/> |
| 22. Are you currently paying manufacturing or processor for hire business and occupation tax on the above described activity?                                                                                           | <input type="checkbox"/> | <input type="checkbox"/> |
| 23. If the answer to question 22 is "No," is this a new manufacturing activity for your business?                                                                                                                       | <input type="checkbox"/> | <input type="checkbox"/> |

**Apportionment of Structure**

*If the facility is used partly for manufacturing and partly for other purposes, the applicable tax deferral shall be determined by apportioning the costs of construction.*

24. Percentage of facility devoted to:
- Accounting/Payroll \_\_\_\_\_ %
  - Administration \_\_\_\_\_ %
  - Cafeteria \_\_\_\_\_ %
  - Common Areas \_\_\_\_\_ %
  - Conference & Training Rooms \_\_\_\_\_ %
  - Customer Service \_\_\_\_\_ %
  - Manufacturing \_\_\_\_\_ %
  - Pilot Scale Manufacturing \_\_\_\_\_ %

*(continued next column)*

- Reception Area \_\_\_\_\_ %
- Research & Development \_\_\_\_\_ %
- Sales & Marketing \_\_\_\_\_ %
- Warehouse \_\_\_\_\_ %
- Other (please describe) \_\_\_\_\_ %

Total 100 %

**Lessee Employment Information**

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

Entire Business: \_\_\_\_\_  
At This Facility: \_\_\_\_\_

26. Estimated or actual number of new FTEs as a result of this project: \_\_\_\_\_

27. 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>                |
|-----------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| 28. 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"/> |
| 29. If the answer to question 28 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:

*(continued next page)*

- 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.

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

30. Contact person:

\_\_\_\_\_

31. Phone number of contact person:

\_\_\_\_\_

32. Location of audit records

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title