

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

**General Instructions**

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

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"/>

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 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 tax incentive survey due April 30<sup>th</sup> 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

Yes No

6. Is the medical device recognized in the national formulary, United States pharmacopoeia, or any supplement to them?

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?

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?

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

10. If the answer to question 9 is "No," is this a new manufacturing activity for your business?

**Lessee/Lessor Information**

Yes No

11. Will the facility housing the operation be leased by the applicant?

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?

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?

*(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 tax incentive survey. (Attach Copy)**

**Estimated Investment Project Costs**

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

## 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 &amp; 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**

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.

## 20. Percentage of facility devoted to:

Accounting/Payroll \_\_\_\_\_ %

Administration \_\_\_\_\_ %

Cafeteria \_\_\_\_\_ %

Common Areas \_\_\_\_\_ %

Conference &amp; Training Rooms \_\_\_\_\_ %

Customer Service \_\_\_\_\_ %

Manufacturing \_\_\_\_\_ %

Pilot Scale Manufacturing \_\_\_\_\_ %

Reception Area \_\_\_\_\_ %

Research &amp; Development \_\_\_\_\_ %

Sales &amp; Marketing \_\_\_\_\_ %

Warehouse \_\_\_\_\_ %

Other (please describe) \_\_\_\_\_ %

Total

**Employment Information**21. Average Number of Full Time Equivalent (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.

**Yes**    **No**24. Do you plan to operate this investment project in a qualified manner for 8 years from the time the project is complete?        

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:

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

*(continued next page)*

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 or to request this document in an alternate format, please call 1-800-647-7706. Teletype (TTY) users may use the Washington State Relay Service by calling 711.