

Rural County Application for Sales and Use Tax Deferral 82.60 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
Check One:
Rural County <input type="checkbox"/>
Community Empowerment Zone <input type="checkbox"/>
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 purposes of this deferral program as the date on which excavation of the footprint or other similar work is started.

Eligible Areas: Eligible areas include: (1) rural counties with fewer than one hundred persons per square mile, (2) counties smaller than 225 square miles and (3) designated community empowerment-zones or counties containing a community empowerment zone. **Note: The list of eligible areas is revised annually effective July 1 through June 30.** Businesses making investment decisions should be aware that a specific area may not be on the list every year. For a current county listing please contact the Department of Revenue.

Eligible Investment Projects: Manufacturing or research and development businesses may apply for the deferral if: (1) they are locating in one of the eligible counties or areas, and (2) they will be performing manufacturing or research and development at the site for which the deferral is requested. "Eligible investment projects" does not include investment projects which have already received deferrals under this chapter.

Qualified Activity includes manufacturing and research and development. Manufacturing includes computer programming, and other computer-related services, and activities performed by R&D and commercial testing laboratories.

Qualified Building includes structures and expansion and renovation of existing structures. This includes materials and labor and services (including labor and services rendered in the planning and installation).

Qualified Machinery and Equipment includes machinery and equipment that are an integral and necessary part of the manufacturing or research and development operations.

Employment Requirements: Businesses that locate in a designated community empowerment zone or a county containing such a community empowerment zone must meet additional employment requirements in order to qualify for the deferral.

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 30th 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 questions 1 and 2, please attach additional pages.

1. Describe the nature of your manufacturing activity at this facility. _____

2. Describe the nature of your research and development activities at this facility, if applicable. _____

3. Are you currently paying manufacturing or processor for hire business & occupation tax on the above described activity? Yes No

4. If the answer to question 3 is "No", is this a new manufacturing activity for your business?

Estimated Investment Project Costs

5. Structure:

Date construction/expansion to start _____

Construction of new structure(s) \$ _____

Leasehold improvements paid for by applicant \$ _____

Expansion or renovation to expand floor space or production capacity \$ _____

Total Structure Costs \$

6. Machinery & Equipment:

Date equipment is to be installed _____

Purchase Price \$ _____

Less Contract Price \$ _____

Fair market value of previously owned machinery and equipment that is new to the State of Washington \$ _____

Total Machinery & Equipment Costs \$

7. Total Costs \$

8. 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.

9. Percentage of facility devoted to:

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

10. Percentage of cogeneration energy produced devoted to internal use if applicable:

Manufacturing	%
Research & Development	%
Other (please describe)	%
Total	100 %

Lessee/Lessor Information

11. Will the facility housing the operation be leased by the applicant? Yes No

12. Name of individual or entity that is paying for the construction of the building or improvements: _____

13. Name of the 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)

Employment Information

16. Average Number of Full Time Equivalents (FTEs) for Previous Calendar Year.

(1820 annualized hours worked = 1 FTE):

Entire Business: _____

At This Facility: _____

17. Estimated Number of New FTEs as a result of this project: _____

If your investment project is located in a rural county, please skip question 18.

18. If your investment project is located in a community empowerment zone (CEZ) or a county containing a CEZ, you must hire a least one qualified employment position for each \$750,000 of investment on which a deferral is approved. The persons must be hired after the date the application is filed with the department. Each qualified employment position must be filled by persons who at the time of hire are residents of the CEZ. If, by the end of the second calendar year following the year in which the project is certified as operationally complete, you have not hired and retained for twelve calendar months the required number of qualified employment positions, all deferred taxes are immediately due.

Estimated number of qualified full-time positions that will be filled by residents of the CEZ: _____

Name of CEZ: _____

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

19. Do you plan to operate this investment project in a qualified manner for 8 years from the time the project is complete?

20. If the answer to question 19 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

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:

1. Contact person:

2. Phone number of contact person:

3. Location of audit records

Applicant's Signature

Date

Title