

## Manufacturer's Application for Sales and Use Tax Deferral– ESSB 6057 Part IV

### Program Overview:

- There are a maximum of five projects statewide.
- At least two projects must be located in Eastern Washington.
- Sales and Use Tax on the first ten million dollars in costs for qualified buildings and machinery and equipment can qualify.
- A project is for qualified buildings and machinery and equipment.
- Deferred taxes must be repaid.
- Deferrals are available on a first-in-time basis.

### Use this application if:

- You are the business that is paying for the investment project; or
- You are the lessee and will be paying for the building improvements and/or machinery and equipment.

### General Instructions

**Filing:** This application must be mailed, faxed, or emailed to the Washington State Department of Revenue prior to the date a building permit is issued and/or prior to the acquisition of machinery and equipment within Washington State. Deferrals are available on a first-in-time basis.

**Eligible Investment Projects** means an investment in qualified buildings and qualified machinery and equipment on new, renovated, or expanded manufacturing operations. There are a total of five available projects and at least two must be located in Eastern Washington. The deferral applies to sales and use taxes on the first \$10,000,000 in qualifying costs for qualified buildings and machinery and equipment.

**Investment Project** means an investment in qualified buildings or qualified machinery and equipment, including labor and services rendered in the planning, installation, and construction of the project.

**Qualified Buildings** means construction of new structures, and expansion or renovation of existing structures for the purpose of increasing floor space or production capacity used for manufacturing.

**Qualified Machinery and Equipment** means all new industrial fixtures, equipment, and support facilities that are an integral and necessary part of a manufacturing operation.

**Manufacturing** has the same meaning as provided in Revised Code of Washington (RCW) 82.04.120.

**Operationally Complete:** The project is operationally complete when it is able to be used for its intended purpose. The taxpayer must notify the Department once the project is operationally complete and begin submitting the annual surveys.

**Use and Survey Requirements:** All businesses must complete an annual tax incentive survey the year the project is operationally complete plus seven additional years. It is due April 30th and is required every year during this eight-year period per RCW 82.32.585. In addition: **All businesses must continue manufacturing at the site until all deferred taxes are repaid. If the manufacturing activity is not maintained, all or a portion of the deferred taxes outstanding for this investment project will be immediately due.**

**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 E-file when filing their Excise Tax Returns. The addendum is found on the main menu under "Tax Preference." (RCW 82.32.808)

**Repayment of Taxes:** This deferral must be repaid. The deferred tax is repaid in ten equal payments beginning on December 31<sup>st</sup> of the fifth calendar year after the project is operationally complete, with the remaining payments due on December 31<sup>st</sup> for each of the following nine years.

**Manufacturer's Equipment Exemption:** Sales and Use Taxes often do not apply to machinery and equipment used in manufacturing operations. See the publication at dor.wa.gov titled Manufacturer's Sales and Use Tax Exemption for details. Equipment that qualifies under the exemption should not be included on the deferral application.

### Mail, Fax, or Email To:

Department of Revenue  
Special Programs Division  
PO Box 47477  
Olympia, WA 98504-7477

Fax: (360) 534-1498

Email: DORdeferrals@dor.wa.gov

**Questions? Call (360) 534-1503 option 6.**

## Manufacturer's Application for Sales and Use Tax Deferral– ESSB 6057 Part IV

Business Applying for Manufacturer's Deferral
Name: _____
Address: _____ <span style="display: block; text-align: center; font-size: small;">(Street Address)</span>
_____
<span style="font-size: small;">(City, State, and Zip Code)</span>
Telephone No: _____
Tax Reporting Number: _____

Contact Person Information
<i>(All correspondence will be directed to this person)</i>
Name: _____
Mailing Address: _____ <span style="display: block; text-align: center; font-size: small;">(Address)</span>
_____
<span style="font-size: small;">(City, State, and Zip Code)</span>
Telephone No: _____
Fax Number: _____
Email Address: _____

Please Check One:
Business is New ..... <input type="checkbox"/>
Business is Expanding ..... <input type="checkbox"/>
Business is Renovating ..... <input type="checkbox"/>

Location and Site Description of Investment Project
County _____
Address: _____ <span style="display: block; text-align: center; font-size: small;">(Street Address)</span>
_____
<span style="font-size: small;">(City, State and Zip Code)</span>
Parcel No: _____
Site Description (i.e. new structure, expanding 1 <sup>st</sup> floor, etc): _____

Business Activity to be Conducted at this Facility
<i>If additional space is needed to answer question 1, please attach additional pages.</i>
1. Describe your manufacturing activity at this facility:
2. Are you currently paying manufacturing or processing for hire business & occupation tax on above described activity? <span style="float: right;">Yes <input type="checkbox"/> No <input type="checkbox"/></span>
3. If the answer to question 2 is "No", is this a new manufacturing activity for your business? <span style="float: right;">Yes <input type="checkbox"/> No <input type="checkbox"/></span>

Lessee/Lessor Information
4. Will you lease the facility housing the operation? <span style="float: right;">Yes <input type="checkbox"/> No <input type="checkbox"/></span>
<i>Please answer 5 through 8 only if you answered "Yes" to question 4.</i>
5. Name of business or entity that is paying for construction of the building or improvements: _____
6. Name of business or entity that will be manufacturing at this location: _____
7. Department of Revenue Tax Reporting Number for Business in question 6: _____
8. Is the entity named in question 6 different than the applicant name <span style="float: right;">Yes <input type="checkbox"/> No <input type="checkbox"/></span>
<i>If the answer to question 8 is "Yes", please have entity named in question 6 complete the Manufacturer's Sales and Use Tax Deferral Application for Lessor.</i>

**Estimated Investment Project Costs**

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

9. **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 \_\_\_\_\_  
**Total Structure Costs:**

10. **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:**

11. **Total Costs:**

12. **Estimated Completion Date:** \_\_\_\_\_

13. **Estimated Square Footage Created:** \_\_\_\_\_

14. **Provide the name(s) of the general contractor(s) to be used, if known.**

**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. (Not all of these categories qualify for the deferral.)

15. Percentage of facility devoted to:

(Use whole numbers)

Accounting/Payroll \_\_\_\_\_ %  
 Cafeteria \_\_\_\_\_ %  
 Common Areas \_\_\_\_\_ %  
 Conference & Training Rooms \_\_\_\_\_ %  
 Customer Service \_\_\_\_\_ %  
 Manufacturing \_\_\_\_\_ %  
 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

**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: \_\_\_\_\_

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

19. How will this project generate jobs, both construction and/or manufacturing?

20. Provide the average quarterly employment at the site for the prior two years. (If applicable)

<u>Tax Year</u>	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>
(Prior Two Tax Years)	Avg # of Employees at the site.			

Estimate the following for new in-state jobs created by the project for each year through the year the project is estimated to be complete plus two additional years: (Add additional pages if necessary for questions 21-23.)

21. By year, estimated construction jobs created, hours worked, wages and duration associated with those jobs.

22. By year, estimated manufacturing jobs created, hours worked, wages and duration associated with those jobs.

23. You are responsible for reporting on job generation both for the construction phase and the operations phase. This will require you to collect site-specific employee related data from construction contractors and subcontractors. Included in the site-specific data for both the construction and operation phases are quarterly employee hours, wages and benefits. Provide a description of how you will collect site specific job related data:



***The below matrix is an example of the type of data that will be requested on future tax incentive surveys.***

1. On completion of construction.
  - a. UBI numbers for all firms directly involved in construction
  - b. Hours, wages, and number of workers related to the construction (both general and subcontractors) for each quarter during construction. The applicant will be responsible for collecting this information and certifying its accuracy to the best of your ability.
2. First two years after start of operation of new/renovated/expanded facility:
  - a. UBI numbers for all firms with employees directly involved in manufacturing
  - b. Hours, wages, and number of employees engaged in production work at the worksite. The applicant must certify the accuracy of the information to the best of your ability.

	Quarter	Total Quarterly Wages <sup>1</sup>	Total Quarterly Hours <sup>2</sup>	Number of employees <sup>3</sup>	Number employees w/Medical <sup>4</sup>	Number employees w/Dental <sup>5</sup>	Number employees w/Retirement <sup>6</sup>
Construction							
Production – all jobs created by the project <sup>7</sup>							
Production – all jobs at the worksite <sup>8</sup>							

Note: “Worksite” means the physical location of the qualified buildings or equipment. “Project” may include jobs such as architectural or company support services needed for the project that are not necessarily located at the worksite.

<sup>1</sup> Total quarterly wages is the sum of wages for all employees in the specified category.

<sup>2</sup> Total quarterly hours is the sum of hours worked by all employees in the specified category.

<sup>3</sup> Number of employees is the sum of all employees in the specified category who worked at some point during the quarter.

<sup>4</sup> Number of employees with Medical is the number of employees in the specified category who were eligible for medical benefits at some point during the quarter.

<sup>5</sup> Number of employees with Dental is the number of employees in the specified category who were eligible for dental benefits at some point during the quarter.

<sup>6</sup> Number of employees with Retirement is the number of employees in the specified category who were eligible for retirement benefits at some point during the quarter.

<sup>7</sup> Jobs are considered to be created by the project if at least ½ of the employee’s time is on work related to production involving the buildings or equipment and the work did not exist prior to the investment.

<sup>8</sup> Jobs are at the worksite if at least ½ of the employee’s time is spent at the worksite.

Worksite means the physical location of the qualified buildings or equipment.