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## **Department publishes Descriptive Statistics 2012 on certain tax incentive programs**

**OLYMPIA** – January 25, 2013 – More than 2,000 businesses participated in 32 tax incentive programs during 2011, according to *Descriptive Statistics 2012*, published online this week by the Washington State Department of Revenue.

The report at <http://dor.wa.gov/docs/reports/2012/DescriptiveStatistics2012.pdf> is prepared annually by law to provide accountability and a means to evaluate program effectiveness. It is a compilation of statistics on tax savings, employment and benefits that companies taking certain tax incentives are required to provide.

While the report shows \$411 million of total savings for 2011, the actual annual savings is \$94.7 million because the figures for tax deferral programs represent cumulative savings to businesses.

For example, more than half – \$249 million – of the \$411 million in estimated savings in 2011 is attributable to a sales tax deferral/exemption for 91 high technology firms that construct research and development or pilot scale manufacturing facilities in certain key scientific areas. The \$249 million isn't a single year's savings. Instead, it's the total deferred tax of all facilities/projects still completing the eight-year use requirements. Hence, the tax savings for 2011 is actually only \$31 million (or an eighth of \$249 million).

Similarly, the second largest amount – \$96 million – represents a sales tax deferral/exemption for 305 firms that constructed manufacturing or R&D facilities in rural or other qualifying counties. They would have to pay an eighth of the deferred sales tax for every year that the facility closes short of the eight years required.

One incentive with a large annual impact involves Business and Occupation tax credits taken by 568 high technology firms conducting research and development in qualified areas. They saved \$23 million in taxes in 2011.

The report also examines other tax incentive programs among participating businesses, including timber manufacturers, fruit and vegetable processors, producers of dairy and seafood products and other activities.

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