

Important!

The Tacoma office will open at 10 a.m. on Wednesday, Aug. 16.

Tax incentive programs

Many businesses may qualify for tax incentives offered by Washington. These incentives include deferrals, reduced B&O rates, exemptions, and credits.

Your annual filing requirement

If your business claimed or plans to claim a tax incentive, you may be required to file an Annual Tax Performance Report. You must file the report by May 31 following each year you are eligible for the incentive. If May 31 falls on a weekend or state holiday, your due date is the next business day. If you do not file reports on time, 35% or 50% of the incentive you claimed becomes immediately due and payable.

The Annual Tax Performance Report is available to file in my My DOR starting April 1. If you cannot find the report online or have questions about an extension, contact Taxpayer Account Administration at 360-705-6210.

Check each tax incentive below for information on your reporting requirements.

| | |
|-----------------------------------|--|
| Aerospace Industry | Leasehold Excise Tax (LET) Exemption |
| Aluminum Smelting Industry | High Technology Industry |
| Biofuel Industry | High Unemployment County / CEZ |
| Data Centers | Miscellaneous Incentive Programs |
| Employer | Renewable Energy / Green Incentives |
| Extracting & Timber Manufacturing | Rural County / Community Empowerment Zone (CEZ) Incentives |
| Farming & Agriculture | Semiconductor Industry |
| Food Manufacturing Industry | Warehouse Incentive Programs |
| General Manufacturing | |

List of rural counties (from OFM)

Community Empowerment Zone (CEZ) Maps

- Bremerton
- Spokane
- Tacoma
- Yakima
- Duwamish and White Center

See if your business is in a CEZ. Enter the address in our Tax Rate Lookup Tool.

International service district maps

- Everett
- Vancouver

Aerospace Industry

Expand all

- ✓ B&O credit for preproduction development expenditures

Available to:

- Manufacturers and processors for hire of commercial airplanes or component parts of commercial airplanes.
- Non-manufacturers engaged in the business of aerospace product development.
- Certified FAR repair stations.
- Aerospace tooling manufacturers.

Qualifying activity:

Performing research, design and engineering activities to develop an aerospace product or aerospace product line. Activities must be performed in Washington to qualify for this credit.

Reporting/documentation:

- No application required.
- Aerospace Credit for Aerospace Product Development Spending worksheet completed for each reporting period the credit is taken. This worksheet is part of the online return.
- Annual Tax Performance Report filed by May 31 of the following year.
- **Electronic filing required.**

Expires July 1, 2040.

For questions about the **credit**, call Taxpayer Account Administration at 360-705-6216.

Resources

Aerospace Manufacturers Tax Incentives (pdf)

Tax Incentives for Federal Aviation Regulation Part 145 Repair Stations (pdf)

Non-manufacturer Aerospace Incentives (pdf)

Aerospace Tooling Manufacturers Tax Incentives (pdf)

RCW

82.04.4461

82.32.534

82.32.550

WAC

458-20-267

✓ B&O credit for property/leasehold taxes paid on aerospace business facilities

Available to:

- Manufacturers and processors for hire of commercial airplanes or component parts of commercial airplanes.
- Non-manufacturers engaged in the business of aerospace product development.
- Certified FAR repair stations.
- Aerospace tooling manufacturers.

Qualifying activity:**For manufacturers and processors for hire:**

- Payment of property/leasehold taxes on new buildings, land, and the increased value of renovated buildings used exclusively in manufacturing commercial airplanes or components of such airplanes; or in manufacturing tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes.
- Payment of property taxes on equipment eligible for the machinery and equipment (M&E) exemption multiplied by a fraction for qualifying use.

For certified FAR repair stations and aerospace non-manufacturers:

- Payment of property/leasehold taxes on new buildings, land, and the increased value of renovated buildings used exclusively in aerospace product development or in providing aerospace services.
- Payment of property taxes on qualifying computer equipment and peripherals used primarily in aerospace product development or in providing aerospace services.

Reporting/documentation:

- No application required.
- Annual Tax Performance Report filed by May 31 of the following year.
- **Electronic filing required.**

Expires July 1, 2040.

For questions about the credit, call the Taxpayer Account Administration Division within DOR at 360-705-6216.

Resources

Aerospace Manufacturers Tax Incentives (pdf)

Tax Incentives for Federal Aviation Regulation Part 145 Repair Stations (pdf)

Non-manufacturer Aerospace Incentives (pdf)

Aerospace Tooling Manufacturers Tax Incentives (pdf)

RCW

82.04.4463

82.32.534

82.32.550

82.32.660

WAC

458-20-267

✓ B&O tax rate for aerospace businesses

Effective April 1, 2020, Engrossed Senate Bill 6690 repealed the aerospace preferential rates in RCW 82.04.260(11). Businesses no longer report under the following line codes:

- Manufacturing of Commercial Airplanes, Components, or Aerospace Tooling.
- Wholesaling of Commercial Airplanes, Components, or Aerospace Tooling.
- Retailing of Commercial Airplanes, Components, or Aerospace Tooling.

Aerospace manufacturers of commercial airplanes and components of commercial airplanes

B&O tax rates for manufacturers of commercial airplanes and manufacturers of components for commercial airplanes increased effective April 1, 2020. If you manufacture commercial airplanes or components for commercial airplanes you should report under the following line codes:

- Manufacturing of Commercial Airplanes or Components (0.484%).
- Wholesaling of Commercial Airplanes or Components (0.484%).
- Retailing of Commercial Airplanes or Components (0.484%).

Aerospace tooling manufacturers

B&O tax rates for manufacturers of tooling increased effective April 1, 2020. If you manufacture tooling specifically designed for use in manufacturing commercial airplanes or components of commercial airplanes, you should report as follows:

- From **April 1, 2020 to Dec. 31, 2020**, under the standard B&O tax classifications for manufacturing, processing for hire, wholesaling, and retailing.
- Beginning **Jan. 1, 2021**, under the following classifications:
 - Manufacturing of Commercial Airplane Tooling (0.484%).
 - Wholesaling of Commercial Airplane Tooling (0.484%).
 - Retailing of Commercial Airplane Tooling (0.471%).

Please see our Special Notice: Increased B&O tax rates for certain aerospace tax classifications and ESB 6690 for more information.

Aerospace non-manufacturers

If you are performing aerospace product development for others you should report under the B&O tax classification Non-manufacturing Aerospace Product Development at a preferential rate of 0.9%.

Note: This is an apportionable activity.

*The **preferential rate** expires June 30, 2040.*

Federal Aviation Administration (FAR) Part 145 Repair Stations

If you are a certified FAR part 145 repair station you should report under the B&O tax classification Federal Aviation Administration (FAR) Repair Station at a preferential rate of .2904% for retail sales that are exempt from sales tax under RCW 82.08.0261, RCW 82.08.0262, or RCW 82.08.0263.

Note: For all other sales you should report under the standard Wholesaling or Retailing B&O tax classifications and rates.

*The **preferential rate** expires June 30, 2040.*

Reporting/documentation:

The following reporting/documentation requirements apply to the preferential B&O tax rates and other aerospace incentives.

- No application required.
- Annual Tax Performance Report filed by May 31 of the following year.
- **Electronic filing required.**

For questions about the reporting of aerospace, call the Taxpayer Account Administration Division within DOR at 360-705-6216.

Resources

Increased B&O Tax Rates for Certain Aerospace Tax Classifications (pdf)

Aerospace Manufacturers Tax Incentives (pdf)

Tax Incentives for Federal Aviation Regulation Part 145 Repair Stations (pdf)

Non-manufacturer Aerospace Incentives (pdf)

Aerospace Tooling Manufacturers Tax Incentives (pdf)

New and Extended Aerospace Tax Preferences (pdf)

RCW

82.04.250 (3)

82.04.260(11)

82.04.290(3)

82.32.534

82.32.550

82.32.600

WAC

458-20-267

- ✓ Construction of new facilities used for airplane repair and maintenance - retail sales/use tax exemption

Available to:

- Eligible maintenance repair operator engaged in the maintenance of airplanes.
- Port district, political subdivision, or municipal corporation building and leasing facilities to an eligible maintenance repair operator engaged in the maintenance of airplanes.

Qualifying activity:

Construction of new buildings to be used for airplane repair and maintenance including:

- Labor and services used to construct new buildings.
- Materials used as an ingredient or component during construction.
- Labor and services to install building fixtures that do not qualify for the manufacturer's machinery and equipment sales and use tax exemption under RCW 82.08.02565.

The exemption is in the form of a refund. Applicants must pay the state and local sales taxes at the time of purchase and then apply for a refund. Businesses may only submit one application per calendar quarter.

Reporting/documentation:

- Completed Application for Refund or Credit with other documents outlined in the Special Notice.
- Annual Tax Performance Report filed by May 31 of each year following a year in which you received a refund.
- **Electronic filing required.**

Expires January 1, 2031.

For questions about the **exemption**, call Taxpayer Account Administration at 360-705-6216.

Resources

Sales and use tax exemption for construction of new airplane repair stations modified (pdf)

RCW

82.08.025661
82.12.025661
82.32.808(5)
82.32.534

WAC

428-20-267

- ✓ Retail sales and use tax exemption for the construction of new facilities used to manufacture commercial airplanes, fuselages or wings of commercial airplanes

Available to:

- Manufacturers of commercial airplanes, fuselages, and wings.
- Port districts, political subdivisions, or municipal corporations who lease facilities to these manufacturers.

Qualifying activity:

Constructing new buildings and/or new additions to buildings primarily used to manufacture commercial airplanes, commercial airplane fuselages and commercial airplane wings as defined in RCW 82.32.550 and RCW 82.32.850.

Reporting/documentation:

- No application required.
- Completed Buyer's' Retail Sales Tax Exemption Certificate for vendor.
- Annual Tax Performance Report filed by May 31 of the following year.
- Buyer completes Buyers Sales and Use Tax Preference Addendum in My DOR when filing their tax return.
- **Electronic filing required.**

Expires July 1, 2040.

For questions about the **exemption**, call Taxpayer Account Administration at 360-705-6216.

Resources

New and Extended Aerospace Tax Preferences

RCW

82.08.980
82.12.980
82.32.534
82.32.550
82.32.600
82.32.850
82.32.808

WAC

458-20-267

ETA 3217.2020 – Tax Exemption for Constructing New Buildings for Aerospace Manufacturing

- ✓ Sales & use tax exemption for aerospace businesses for computer hardware/software/peripherals

Available to:

- Manufacturers and processors for hire of commercial airplanes or component parts of commercial airplanes.
- Non-manufacturers engaged in the business of aerospace product development.
- Certified FAR repair stations.
- Aerospace tooling manufacturers.

Qualifying activity:

Purchases of computer hardware, software, and peripherals, and charges for labor and services related to the installation of such equipment. The hardware, software, and peripherals must be primarily used in the development, design, and engineering of aerospace products or in providing aerospace services.

Reporting/documentation:

- No application required.
- Completed Buyer's' Retail Sales Tax Exemption Certificate for vendor.
- Annual Tax Performance Report filed by May 31 of the following year.
- Buyer completion of Buyers Sales and Use Tax Preference Addendum in My DOR when filing their tax return.

Expires July 1, 2040.

For questions about the **exemption**, call Taxpayer Account Administration at 360-705-6216.

Resources

Aerospace Manufacturers Tax Incentives (pdf)

Tax Incentives for Federal Aviation Regulation Part 145 Repair Stations (pdf)

Non-manufacturer Aerospace Incentives (pdf)

Aerospace Tooling Manufacturers Tax Incentives (pdf)

RCW

82.08.975
82.12.975
82.32.534
82.32.550

WAC

458-20-267

Aluminum Smelting Industry

[Collapse all](#)

^ B&O tax credit for property tax on aluminum smelter

Available to:

An aluminum smelter who manufactures aluminum in this state.

Qualifying activity:

B&O tax credit for property tax paid by an aluminum smelter.

Reporting/documentation:

- No application
- A person must pay the tax and may then take a credit equal to the property tax paid.
- Annual Tax Performance Report must be filed by May 31st of the following year.
- **Electronic filing of all documents required.**

For questions about the **credit**, call Taxpayer Account Administration at 360-705-6214.

Resources**RCW**

82.04.4481

WAC

458-20-267

^ B&O Tax/Public utility tax credit for electricity, natural gas, or manufactured gas sold to aluminum smelters

Available to:

A person who sells electricity, natural gas or manufactured gas to an aluminum smelter in Washington State.

Qualifying activity:

To qualify for the credit a person must sell electricity, natural gas, or manufactured gas to an aluminum smelter. The credit is equal to the gross amount of sales to the aluminum smelter multiplied by the corresponding rate of Business & Occupation (B&O) Tax and/or Public Utility Tax (PUT) but only when it's specified in a contract that the price of the electricity or gas sold to the smelter will be reduced by an amount equal to the credit.

Reporting/documentation:

- Completion of Credit for Energy Providers to Aluminum Smelters.
- No Annual Tax Performance Report required.
- Electronic filing not required.

For questions about the **credit**, call Taxpayer Account Administration at 360-705-6214.

Resources**RCW**

82.04.4482

82.16.0498

^ Brokered natural gas use tax exemption

Available to:

Aluminum smelters who manufacture aluminum in this state.

Qualifying Activity:

Use tax exemption for the use of natural or manufactured gas by an aluminum smelter.

Reporting/documentation:

- No application.
- Annual Tax Performance Report must be filed by May 31st of the following year.
- **Electronic filing of all documents required.**

For questions about the **exemption**, call Taxpayer Account Administration at 360-705-6216.

Resources**RCW**

82.12.022

WAC

458-20-267

^ Reduced B&O tax rate for aluminum smelting

Available to:

Aluminum smelters and processors for hire who manufacture aluminum in this state.

Qualifying activity:

Manufacturing aluminum and selling the same at wholesale by aluminum smelters and processors for hire.

Reporting/documentation:

- No application.
- Annual Tax Performance Report must be filed by May 31st of the following year.
- **Electronic filing of all documents required.**

For questions about the program, call Taxpayer Account Administration at 360-705-6214.

Resources**RCW**

82.04.2909

WAC

458-20-267

^ Retail sales tax credit for state portion of sales tax paid on materials, equipment, labor and services used in aluminum smelting

Available to:

Aluminum smelters and processors for hire who manufacture aluminum in this state.

Qualifying activity:

Retail sales tax credit for personal property used at an aluminum smelter, tangible personal property that will be incorporated as an ingredient or component of buildings or other structures at an aluminum smelter, or for labor and services rendered with respect to such buildings, structures, or personal property.

Reporting/documentation:

- No application
- Person must pay the tax and may then take a credit equal to the state share of retail sales tax paid.
- Annual Tax Performance Report must be filed by May 31st of the following year.
- **Electronic filing of all documents required.**

For questions about the **credit**, call Taxpayer Account Administration at 360-705-6214.

Resources

RCW

82.08.805

WAC

458-20-267

Biofuel Industry

Expand all

- ✓ Property/leasehold tax exemption for manufacturers of biofuels

Available to:

Manufacturers of alcohol fuel, biodiesel fuel, biodiesel feedstock, or wood biomass fuel.

Qualifying activity:

Manufacturing alcohol fuel, biodiesel fuel, biodiesel feedstock, or wood biomass fuel.

Reporting/documentation:

- Application for exemption must be made by November 1 to local county assessor.
- No Annual Tax Performance Report.
- Electronic filing not required.
- **No claims may be filed after December 31, 2015.**

For questions about the **exemption**, contact your local county assessor's office.

Resources

RCW

84.36.640

- ✓ Reduced B&O tax rate for manufacturing wood biomass fuel

Available to:

Manufacturers of wood biomass fuel.

Qualifying activity:

Manufacturing wood biomass fuel.

Reporting/documentation:

- No application.
- No Annual Tax Performance Report.
- Electronic filing not required.

Expires January 1, 2029.

For questions about the program, call 360-705-6705.

Resources

Tax incentives for converting biogas into marketable coproducts and manufacturing wood biomass fuel

RCW

82.04.260(1)(e)

- ✓ Waste vegetable oil - Sales/use tax exemption on purchases for personal use

Available to:

Any person that is not engaged in selling biodiesel fuel at wholesale or retail.

Resources**RCW****Qualifying activity:**

82.08.0205

Purchase of waste vegetable oil to produce biodiesel fuel for personal use. Waste vegetable oil is used cooking oil gathered from restaurants or commercial food processors.

82.12.0205

Reporting/documentation:

- Buyer must provide seller with Buyers' Retail Sales Tax Exemption Certificate.
- No application.
- No Annual Tax Performance Report.
- Electronic filing not required.

For questions about the **sales and use tax exemption**, call 360-705-6705.

Data Centers

- ✓ Rural data centers - Sales/use tax exemption for purchases of server equipment and power infrastructure

Available to:

Available to the owner and tenants of an eligible data center that has a combined square footage of at least 100,000 square feet and is located in a rural county.

Qualifying activity:

Construct, renovate, or expand a data center under a building permit issued during one of the following periods:

- April 1, 2010 to June 30, 2011.
- April 1, 2012 to June 30, 2015.
- July 1, 2015 to June 30, 2036.

Or, refurbish an existing facility.

Refurbishment means a substantial improvement to an eligible computer data center. Certificates for refurbishment are limited to six each calendar year. Each qualifying business may only apply for one refurbishment certificate per data center per calendar year.

Sales/use tax exemption on:

- Purchases of eligible server equipment and labor and services to install server equipment, in an eligible data center.
- Purchases of eligible power infrastructure, and labor and services to construct, install, repair, alter, or improve eligible power infrastructure.

Employment requirements:

Within six years of the issuance of an exemption certificate, the owner or tenant must show net employment increased by a minimum of the lesser of:

- 35 family wage employment positions.
- Three family wage employment positions for each 20,000 square feet or less of newly dedicated server space at the eligible computer data center.

For tenants, the increase of family wage jobs is based only on the space occupied by the tenant.

Construction requirements:

Within three years after being placed in service, a qualifying business operating a newly constructed data center must certify to the department that it has obtained certification under one or more specified sustainable design or green building standards.

Application process:

- Review the List of Rural Counties for eligibility.
- Submit the appropriate Application for Sales Tax Exemption for Purchases by Data Centers before purchasing server equipment or power infrastructure.

Approval and reporting:

- If approved, the department will issue a *Certificate for Sales Tax Exemption for Purchases by Data Centers*.
- Once approved, you must submit all of the following:
 - The Annual Tax Performance Report by May 31 of the year following any year in which an exemption is taken.
 - The Buyer's Sales and Use Tax Preference Addendum each tax reporting period on your excise tax return, to disclose the amount of purchases made using the exemption certificate.

All documents must be submitted electronically.

Expires July 1, 2048.

For questions about the **application**, call Taxpayer Account Administration at 360-705-6217.

Resources

Sales and use tax exemption for rural data centers expanded (pdf)

RCW

82.08.986

82.12.986

82.32.534

Applications

Owner app - rural county

Owner app - urban county

Tenant app - rural county

Tenant app - urban county

Refurbishment app - rural county

Available to:

Available to the owner and tenants of an eligible data center that has a combined square footage of at least 100,000 square feet and is located in King, Pierce, or Snohomish County.

Qualifying activity:

To qualify, the data center must have a building permit to construct, renovate, or expand the data center issued after June 9, 2022, or refurbish an existing facility.

Refurbish means a substantial improvement to an eligible computer data center.

Sales/use tax exemption on:

- Purchases of eligible server equipment and labor and services to install server equipment, in an eligible data center.
- Purchases of eligible power infrastructure, and labor and services to construct, install, repair, alter, or improve eligible power infrastructure.

Limit on number of certificates:

The department is limited in the number of certificates it can issue as follows:

| Calendar Year | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|------------------------|------|------|------|------|------|------|
| Number of certificates | 6 | 0 | 6 | 6 | 6 | 6 |

Employment requirements:

Within six years of the issuance of an exemption certificate the owner or tenant must show net employment increased by a minimum of three family wage employment positions for each 20,000 square feet or less of newly dedicated server space at the eligible computer data center.

For tenants, the increase of family wage jobs is based only on the space occupied by the tenant.

Construction requirements:

Within three years after being placed in service, a qualifying business operating a newly constructed data center must certify to the department that it has obtained certification under one or more specified sustainable design or green building standards.

Application process:

Submit the appropriate Application for Sales Tax Exemption for Purchases by Data Centers before purchasing server equipment or power infrastructure.

Approval and reporting:

- If approved, the department will issue a Certificate for Sales Tax Exemption for Purchases by Data Centers.
- Once approved, you must submit all of the following:
 - The Annual Tax Performance Report by May 31 of the year following any year in which an exemption is taken.
 - The Buyer's Sales and Use Tax Preference Addendum each tax reporting period on your excise tax return, to disclose the amount of purchases made using the exemption certificate.

All documents must be submitted electronically.

Expires July 1, 2038.

For questions about the **application**, call Taxpayer Account Administration at 360-705-6217.

Resources

Sales and use tax exemption for nonrural data centers

RCW

82.08.9861

82.12.9861

82.32.534

Applications

Owner app - rural county

Owner app - urban county

Tenant app - rural county

Tenant app - urban county

Refurbishment app - rural county

Employer

Expand all

- ✓ Commute trip reduction program - B&O tax/public utility tax credit

Available to:

Employers and property managers.

Qualifying activity:

Employers and property managers who provide commute trip reduction incentives to or on behalf of their own or other employees.

Reporting/documentation:

- Apply online through My DOR between January 1 and January 31 following the year applicant made commute trip reduction incentive payments.
- Credit must be claimed electronically through My DOR.

Program expires July 1, 2024. No credits may be applied to returns filed after June 30, 2024, even if they relate to prior tax periods.

For questions about the **application**, call Taxpayer Account Administration at 360-705-6214.

Resources

Commute Trip Reduction Tax
Credit Extended to July 1, 2024
(pdf)

RCW

82.70

- ✓ Hiring unemployed veterans - B&O tax and PUT credit (expired July 1, 2023)

Available to:

Businesses hiring unemployed veterans located in Washington.

Qualifying activity:

Employ a qualified employee for a full-time position located in Washington for at least two consecutive full calendar quarters on or after Oct. 1, 2016 and before June 30, 2022.

Credit cap and end date:

- Individual cap - 20% of the wages and benefits paid to the qualified employee not to exceed \$1,500 per qualified employee.
- Credits may be earned through June 30, 2022.
- **No credits may be claimed after June 30, 2023.**
- Credits are available on a first-in-time basis. Statewide cap - \$500,000 per fiscal year.

Reporting/documentation:

- You may claim the credit on your electronic excise tax return, if the qualified employee has been employed by you in Washington for at least two consecutive full calendar quarters.
- The amount of credit you claim during a reporting period cannot be more than the amount of your B&O tax and PUT owed during that period.
- Credits may be carried over until used, but must be claimed on returns **filed no later than June 30, 2023.**
- Credits will not be refunded.
- The online Annual Tax Performance Report is required by May 31 each year following the calendar year in which the tax incentive is claimed.

For questions about the credit, call Taxpayer Account Administration at 360-705-6214.

Resources

Credit for hiring unemployed
veterans

RCW

82.04.4498

82.16.0499

82.32.585

- ✓ International Services - B&O tax credit for new employment

Available to:

Persons providing international services, such as computer; data processing; information; legal; accounting and tax preparation; engineering; architectural; business consulting; business management; public relations and advertising; surveying; geological consulting; real estate appraisal; or financial services in designated geographical areas.

Qualifying activity:

Creating permanent full-time positions in international services located in a Community Empowerment Zone (CEZ) or designated International Services District. International services must be provided to persons domiciled outside the United States or be for use primarily outside this country.

Credit amount:

\$3,000 per year for each qualified employment position created. Additionally, \$3,000 in credit can be taken in each of the following four years if the position is maintained.

Reporting/documentation:

- No application.
- No Annual Tax Performance Report.
- Electronic filing not required.
- Maintain records necessary for the department to verify eligibility:
- Employment records for the previous six years;
 - Information relating to description of international service activity engaged in at the eligible location by the person; and
 - Information relating to customers of international service activity engaged in at that location by the person.
- List of International Service Districts and CEZs.

For questions about the **credit**, call Taxpayer Account Administration at 360-705-6214.

✓ Washington customized employment training program - B&O tax credit

Available to:

All Washington employers.

Qualifying activity:

Payments to the Employment Training Finance Account through the Customized Employment Training Program for customized employee training.

Credit equals 50% of payment to Employment Training Finance Account.

Reporting/documentation:

- Application with the State Board for Community and Technical Colleges for training allowance.
- Employment Credit Training Worksheet must be filed when claiming credit on return.
- Annual Tax Performance Report required by May 31st of the following year.
- **Electronic filing of all documents required.**

Program expires July 1, 2026.

No credits may be applied to returns filed after June 30, 2026, even if they relate to prior tax periods.

For questions about the **credit**, call Taxpayer Account Administration at 360-705-6214.

For questions about the **program**, visit the State Board for Community & Technical Colleges.

Resources

Questions & Answers about the International Services District Business & Occupation Tax Credit (pdf)

RCW

82.04.44525

Resources

B&O tax credit for Washington customized training program extended (pdf)

RCW

82.04.449

82.32.585

Extracting & Timber Manufacturing

- ✓ Reduced B&O tax rate for timber extracting and manufacturing

Extended to June 30, 2045 and expanded to include the manufacturing of mass timber products

Available to:

- Extractors and extractors for hire of timber.
- Manufacturers and processors for hire of:
 - Timber into timber products or wood products.
 - Timber products into other timber products or wood products.
 - Mass timber products.
- Sellers of standing timber.

Qualifying activity:

- Extracting timber or extracting timber for hire.
- Manufacturing or processing for hire of:
 - Timber into timber products or wood products.
 - Timber products into other timber products or wood products.
 - Mass timber products as defined in RCW 19.27.570.
- Selling at wholesale:
 - Timber extracted by the seller.
 - Timber products manufactured by the seller from timber or other timber products.
 - Wood products manufactured by the seller from timber or timber products.
 - Mass timber products manufactured by the seller.
- Sales of standing timber, apart from the land, where the buyer is required to sever the timber within 30 months.

Reporting/documentation:

- No application required.
- Annual Tax Performance Report required by May 31st of the following year.
- **Electronic filing of all documents required (except small harvesters).**

For questions about the program, call 360-705-6705.

Resources

Timber activities – eligibility expanded to mass timber product manufacturers and expiration date extended for preferential rate (pdf)

RCW

82.04.260(12)

WAC

458-20-268

Farming & Agriculture

Expand all

- ✓ Sales/Use tax exemption for anaerobic digesters

Available to:

Farmers and businesses establishing or operating anaerobic digesters.

Note: Beginning July 1, 2018, anaerobic digesters no longer have to be used primarily (more than 50%) to treat livestock manure.

Qualifying activity:

Purchases of tangible personal property that becomes an ingredient or component of the anaerobic digester and charges for installing, repairing, constructing, cleaning, altering or improving the anaerobic digester.

Reporting/documentation:

- Qualifying businesses must provide their vendors with a completed Farmers' Certificate for Wholesale Purchases and Sales Tax Exemptions or a Buyers' Retail Sales Tax Exemption Certificate.
- No Annual Tax Performance Report.
- Electronic filing is not required.
- Record keeping requirements.

For questions about the program, call Kurt Sand at 360-705-6659.

✓ Sales/Use tax exemption for equipment to reduce field burning & construction of hay sheds (expired January 1, 2011)

Available to:

Qualified farmers.

Qualifying activity:

Purchase or use of certain equipment. The exemption is also available for materials, labor, and services for the construction of hay sheds.

Reporting/documentation:

- Qualified farmer must provide vendor with Farmers' Retail Sales Tax Exemption Certificate.
- No Annual Tax Performance Report.
- Electronic filing not required.
- Proper record keeping required.

For questions about the **exemption**, call Kurt Sand at (360) 705-6659.

✓ Sales/Use tax exemption for farm fuel users

Available to:

Farmers producing agricultural products and persons providing horticultural services to farmers.

Qualifying activity:

Purchases of diesel fuel, biodiesel fuel, or aircraft fuel.

Reporting/documentation:

- Buyer provides Farmers Retail Sales Tax Exemption Certificate to seller.
- No Annual Tax Performance Report.
- Electronic filing is not required.

For questions about the program, call Kurt Sand at (360) 705-6659.

✓ Sales/Use tax exemption for livestock nutrient management equipment & facilities

Resources

Tax Incentives for Converting Biogas into Marketable Coproducts and Manufacturing Wood Biomass Fuel

RCW

82.08.900

82.12.900

Resources**RCW**

82.08.841

Resources

Farm Fuel Users - Sales and Use Tax Exemption Update (pdf)

RCW

82.08.865

82.12.865

Available to:

Licensed dairies with certified dairy nutrient management plans and qualifying animal feeding operations.

Qualifying activity:

Purchases that become an ingredient or component of existing livestock nutrient management equipment and facilities or services provided for operating, repairing, cleaning, altering, or improving this equipment and facilities.

Reporting/documentation:

- Qualifying businesses must provide their vendors with a completed *Farmers' Certificate for Wholesale Purchases and Sales Tax Exemptions*.
- No Annual Tax Performance Report.
- Electronic filing is not required.
- Record keeping requirements.

Suspended July 1, 2010, through June 31, 2013.

For questions about the **exemption**, call Kurt Sand at (360) 705-6659.

✓ Sales/Use tax exemption for replacement parts for farm machinery & equipment

Available to:

Eligible farmers.

Qualifying activity:

Eligible farmers who purchase replacement parts for qualifying farm machinery and equipment.

As of June 14, 2014, eligible farmers will use the Farmers' Certificate for Wholesale Purchases and Sales Tax Exemptions to obtain this exemption.

Reporting/documentation:

- Eligible farmers provide a completed Farmers' Certificate for Wholesale Purchases and Sales Tax Exemptions to the vendor.
- No prior departmental approval required.
- No Annual Tax Performance Report.
- Electronic filing not required.
- Proper record keeping required.

For questions about the **exemption**, call Kurt Sand at (360) 705-6659.

Food Manufacturing Industry

✓ B&O tax deduction for manufacturers of dairy products

Resources

Change to the Sales Tax Exemption for Livestock Nutrient Management (pdf)

RCW

82.08.890
82.12.890

Resources

Repair Parts and/or Services for Farm Machinery and Equipment - Sales and Use Tax Exemptions Update (pdf)

Agricultural tax guide

RCW

82.08.855

Expand all

Available to:

Dairy product manufacturers.

Qualifying activity:

- Manufacturing dairy products (expires July 1, 2035); and
- Selling at retail or wholesale dairy products manufactured by the seller to purchasers who transport the goods out of this state (expires July 1, 2035); and
- Wholesale sales by dairy product manufacturer to a customer who uses such dairy products as an ingredient or component in the manufacturing of another dairy product in Washington (expires July 1, 2025).

Reporting/documentation:

- No application.
- Annual Tax Performance Report must be filed by May 31st of the following year.
- **Electronic filing of all documents required.**

For questions about the program, call Taxpayer Account Administration at 360-705-6210.

✓ B&O tax exemption for manufacturers and sellers of seafood products

Resources

Dairy products manufacturers'
B&O tax exemptions

RCW

82.04.4268
82.32.585

Available to:

Seafood product manufacturers.

Qualifying activity:

- Manufacturing seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing by that person; and
- Selling at retail or wholesale manufactured seafood products that remain in a raw, raw frozen, or raw salted state to purchasers who transport the goods out of this state.

Reporting/documentation:

- No application.
- Annual Tax Performance Report must be filed by May 31st of the following year.
- **Electronic filing of all documents required.**

Expires July 1, 2035.

For questions about the program, call Taxpayer Account Administration at 360-705-6210.

✓ B&O tax exemption for manufacturers of fresh fruit & vegetables

Resources

Seafood products
manufacturing and selling
B&O tax exemptions

RCW

82.04.4269
82.32.585

Available to:

Manufacturers of fresh fruit and vegetables.

Qualifying activity:

- Manufacturing fresh fruits or vegetables by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables; or
- Selling at wholesale fruits or vegetables manufactured by the seller when sold to purchasers who transport the goods out of this state.

Reporting/documentation:

- No application.
- Annual Tax Performance Report must be filed by May 31 of the following year.
- **Electronic filing of all documents required.**

Expires July 1, 2035.

For questions about the program, call Taxpayer Account Administration at 360 705-6210.

✓ Tax deferrals for fruit and vegetable businesses (expired June 30, 2012)

Resources

Fresh fruit or vegetable
manufacturers B&O tax
exemptions

RCW

82.04.4266
82.32.585

Available to:

Dairy, seafood or fresh fruit processors or cold storage warehouses owned or operated by a wholesaler or third-party warehouse to store qualifying products.

This program expired June 30, 2012. We will not accept applications.

For questions about deferrals, please email DORDeferrals@dor.wa.gov or call our Deferral Program Lead at 360-534-1443.

Resources

Tax Incentive Reporting Simplified (pdf)

RCW

82.32.534
82.74

General Manufacturing

[Expand all](#)

✓ Manufacturers Sales and Use Tax Deferral - Eligible Investment Projects

Available to:

Manufacturers constructing eligible investment projects. Applications will be accepted beginning January 1, 2018. The application must be submitted before initiation of construction or acquisition of equipment. Only two new manufacturing facilities per calendar year can be approved, one of which must be located in eastern Washington and one of which must be located in western Washington.

Note: This is a deferral, not an exemption or waiver. The recipient must begin paying the deferred taxes in the fifth year after the date on which the investment project has been operationally completed.

Qualifying activity:

Construction of an eligible investment project by a manufacturer.

"Eligible investment project" means an investment project for qualified buildings and machinery and equipment on two new, renovated, or expanded manufacturing operations per year, at least one of which must be located east of the crest of the Cascade mountains, and one of which must be located west of the crest of the Cascade mountains. The deferral provided in this section only applies to the state and local sales and use taxes due on the first ten million dollars in costs for qualified buildings and machinery and equipment.

Reporting/documentation:

- Application required.
- Annual Tax Performance Report must be filed electronically by May 31 of the following year in which the project is operationally complete and for the following seven years.
- Buyer's Sales and Use Tax Preference Addendum in My DOR is required when filing your Excise Tax Returns. The addendum is found by selecting "Yes" under "Do you need to file a Buyer's Sales and Use Preference Addendum?" on the Summary page of the return.
- Electronic filing required.

For questions about deferrals, please email DORDeferrals@dor.wa.gov or call our Deferral Program Lead at 360-534-1443.

✓ Sales and Use Tax Exemption for Manufacturing Machinery & Equipment (M&E)

Resources

Invest in Washington (pdf)

RCW

82.85

Available to:

Manufacturers and processors for hire performing manufacturing and R&D. Testing operation for a manufacturer and processor for hire.

Qualifying activity:

Purchase of qualifying machinery and equipment used directly in a manufacturing operation or research and development performed by a manufacturer, or testing operations performed for a manufacturer.

Reporting/documentation:

- Completion of Manufacturers' Sales and Use Tax Exemption Certificate for vendor.
- No application.
- No Annual Tax Performance Report.
- Electronic filing not required.

For questions about the **exemption**, call 360-705-6705.

Resources

Manufacturing Industry Tax Guide (pdf)

Sales and Use Tax Exemption for Qualifying Manufacturing Machinery and Equipment Clarified (pdf)

Manufacturer's Sales/Use Tax Exemption (pdf)

RCW

82.08.02565

82.12.02565

WAC

458-20-13601

ETA

3117

3118

3119

3120

3121

3122

3123

3124

3125

3126

3127

✓ Sales/use tax deferral - Manufacturing and research and development in qualifying counties

Available to:

Manufacturers and research and developers located in counties with a population of less than 650,000 at the time of application. Applications will be accepted starting July 1, 2022. The application must be submitted before initiation of construction or purchase of equipment.

Note: This is a deferral, not an exemption. However, you do not have to repay deferred taxes unless you do not meet the conditions of the deferral program.

Qualifying activity:

Construction of qualified building and/or qualified machinery and equipment by a manufacturer and/or research and developer. The amount of sales/use tax that can be deferred is limited to \$400,000 per person.

Program requirements:

The application must be submitted before initiation of construction or purchase of machinery and equipment.

The recipient of a deferral certificate must begin meaningful construction on an eligible investment project within two years of receiving the certificate. If the recipient does not begin meaningful construction within two years of receiving the deferral certificate, the certificate is invalid and taxes are due immediately.

Repayment of deferred taxes:

You do not have to repay the deferred taxes unless one of the following occurs:

- The project is not operationally complete within five years of the issuance of the certificate.
- The project is used in a non-qualifying manner at any time during the deferral period.

A portion of the tax is due if the Annual Tax Performance report is not submitted timely.

Reporting/documentation:

- Application required.
- Annual Tax Performance Report must be filed electronically by May 31 of the year after the project is certified and for the next seven years.
- Buyers must also complete the Buyer's Sales and Use Tax Preference Addendum when filing their excise tax returns.
- Electronic filing required.

Applications will not be accepted after June 30, 2032.

For questions about deferrals, please email DORDeferrals@dor.wa.gov or call our Deferral Program Lead at 360-534-1443.

Resources

Sales and use tax deferral for manufacturing and research and development in qualifying counties (pdf)

RCW

82.94

Applications

Owner – Manufacturing projects in targeted counties

Tenant – Manufacturing projects in targeted counties

High Technology Industry

- ✓ Biotechnology & medical device manufacturing sales & use tax deferral/waiver (expired January 1, 2017)

Available to:

Biotechnology and medical device manufacturers.

This program expired January 1, 2017. We will not accept applications.

For questions about deferrals, please email DORDeferrals@dor.wa.gov or call our Deferral Program Lead at 360-534-1443.

Resources**RCW**

82.75

82.32.534

- ✓ High technology sales & use tax deferral/waiver (expired January 1, 2015)

Available to:

Limited to businesses conducting R&D and pilot scale manufacturing in the fields of:

- Advanced computing.
- Advanced materials.
- Biotechnology.
- Electronic device technology.
- Environmental technology.

This program expired January 1, 2015. We will not accept applications.

For questions about deferrals, please email DORDeferrals@dor.wa.gov or call our Deferral Program Lead at 360-534-1443.

Resources**RCW**

82.63

WAC

458-20-24003

High Unemployment County/CEZ

- ✓ High unemployment county sales and use tax deferral for manufacturing facilities (expired July 1, 2020)

Available to:

Manufacturers or businesses that conditions vegetable seeds, research and development and commercial testing for manufacturers in an eligible county or in a Community Empowerment Zone (CEZ).

This program expired July 1, 2020. We will not accept applications.

For questions about deferrals, please email DORDeferrals@dor.wa.gov or call our Deferral Program Lead at 360-534-1443.

Resources

High Unemployment County Sales and Use Tax Deferral Program Eligible Counties from July 1, 2018 - June 30, 2020 (pdf)

List of CEZs

RCW

82.32.534

82.60

WAC

458-20-24001

Leasehold Excise Tax (LET)

- ✓ LET exemption for arenas with a seating capacity of more than 4,000

Available to:

Public or entertainment arenas, effective October 1, 2023.

Qualifying activity:

- The arena has seating capacity of more than 4,000;
- The arena is located on city-owned land;
- The arena is located within a city with a population over 100,000; and
- Private entities were responsible for 100% of the cost of constructing improvements to the arenas, which were not reimbursed by the public owner.

Reporting/documentation:

- No application required.
- Annual Tax Performance Report filed by May 31 of the following year.
- **Electronic filing of all documents required.**

Expires January 1, 2034.

For questions about the **credit**, call Taxpayer Account Administration at 360-705-6203.

Resources

SSB 1163

RCW

82.29A.130

WAC

458-29A-400

458-20-267

Miscellaneous Incentive Programs

✓ B&O Tax/Public utility tax credit for electricity, natural gas, or manufactured gas sold to silicon smelters

Available to:

A person who sells electricity, natural gas or manufactured gas to a silicon smelter in Washington State.

Qualifying activity:

To qualify for the credit a person must sell electricity, natural gas, or manufactured gas to a silicon smelter. The credit is equal to the gross amount of sales to the aluminum smelter by the corresponding rate of Business and Occupation (B&O) Tax and/or Public Utility Tax (PUT). However, this is only when it's specified in a contract that the price of the electricity or gas sold to the smelter will be reduced by an amount equal to the credit.

Reporting/documentation:

File a quarterly report that includes

- Volume of gas delivered.
- Consumer's name.
- Other information.

No Annual Tax Performance Report required.

Electronic filing not required.

Resources

Silicon Smelters Tax Relief
(pdf)

(Substitute Senate Bill (SSB)
5977 (Part VII, Chapter 37,
Laws of 2017 3rd sp. Sess))

✓ Commute trip reduction program - B&O tax/public utility tax credit

Available to:

Employers and property managers.

Qualifying activity:

Employers and property managers who provide commute trip reduction incentives to or on behalf of their own or other employees.

Reporting/documentation:

- Apply online through My DOR between January 1 and January 31 following the year applicant made commute trip reduction incentive payments.
- Credit must be claimed electronically through My DOR.

Program expires July 1, 2024.

For questions about the **application**, call Taxpayer Account Administration at 360-705-6214.

Resources

Commute Trip Reduction Tax
Credit Extended to July 1, 2024
(pdf)

RCW

82.70

✓ Equitable Access to Credit Program - B&O tax credit

Available to:

Persons who make qualified contributions.

Qualifying activity:

Contributions made to the Equitable Access to Credit Program through the Department of Commerce.

Reporting/documentation:

- Contributions must be made before credit is claimed.
- No application required.
- Electronic filing of all documents required.
- File an Annual Tax Performance Report by May 31st of the following year.

No credit may be earned for contributions made after June 29, 2027.

No credit may be claimed on returns filed after December 31, 2029.

For questions about the **credit**, call Taxpayer Account Administration 360-705-6214.

✓ International services - B&O tax credit for new employment

Available to:

Persons providing international services, such as computer; data processing; information; legal; accounting and tax preparation; engineering; architectural; business consulting; business management; public relations and advertising; surveying; geological consulting; real estate appraisal; or financial services in designated geographical areas.

Qualifying activity:

Creating permanent full-time positions in international services located in a Community Empowerment Zone (CEZ) or designated International Services District. International services must be provided to persons domiciled outside the United States or be for use primarily outside this country.

Credit amount:

\$3,000 per year for each qualified employment position created. Additionally, \$3,000 in credit can be taken in each of the following four years if the position is maintained.

Reporting/documentation:

- No application.
- No Annual Tax Performance Report.
- Electronic filing not required.
- Maintain records necessary for the department to verify eligibility:
- Employment records for the previous six years;
 - Information relating to description of international service activity engaged in at the eligible location by the person; and
 - Information relating to customers of international service activity engaged in at that location by the person.

For questions about the **credit**, call Taxpayer Account Administration at 360-705-6214.

✓ Main street tax credit - B&O tax/public utility tax credit

Resources

Special Notice - Equitable Access to Credit Program B&O tax credit

RCW

82.04.4499

Effective June 9, 2022 (E2SHB 1015, Chapter 189, Laws of 2022).

Resources

International service activities
B&O tax credit - Q&A

RCW

82.04.44525

Available to:

All businesses that make qualified contributions.

Qualifying activity:

A business must meet both requirements:

- Complete the required application through My DOR. Learn more about how to apply.
- Once approved, make a contribution to the designated Main Street Organization(s) and/or the Main Street Trust Fund.

How to use the credit

A business must make the total approved contribution to the designated Main Street Organization or Main Street Trust Fund by Nov. 15 of the same year they applied for the credit. If a business misses the Nov. 15 deadline, the credits are forfeited and become available to new applicants.

A business that is approved after Nov. 15, must make the total contribution by the end of the calendar year in which the contribution was approved.

The credit(s) earned will be available for use on excise tax return(s) the following calendar year. In order to use the credit, a business must have a B&O tax or a public utility tax liability equal to or exceeding the amount of the credit. Credits cannot be carried forward to the next calendar year or refunded.

Credit limits

Each year the department evenly allocates the credits allowed between the second Monday of January through March 31 by dividing the statewide cap of \$5 million by the number of eligible Main Street Organizations and the Main Street Trust Fund.

Example: Assuming there are 33 Main Street Organizations including the Main Street Trust Fund, the first quarter cap is limited to $\$151,515 = (\$5 \text{ million}/33)$.

On April 1, if funds are still available under the statewide cap, eligible Main Street Organizations may receive additional contributions based on a first-come basis up to the \$160K individual Main Street Organization cap, or until the statewide cap is met.

A business may not exceed \$250K in total credits during a calendar year.

Reporting/documentation

- No Annual Tax Performance Report.
- Electronic filing of all documents required.

For questions about the **application**, call Taxpayer Account Administration at 360-705-6214.

Resources

2021 Special Notice: Changes to the Main Street Tax Credit Program (pdf)

How to apply

RCW

82.73

✓ Motion Picture Competitiveness Program B&O tax credit (formerly known as Washington Filmworks Contributors B&O Tax Credit)

Available to:

All persons that make qualified contributions.

Qualifying activity:

Cash contributions made to an approved Motion Picture Competitiveness Program (such as Washington Filmworks).

Reporting/documentation:

- Credit may be claimed for contributions made from June 7, 2012, through June 30, 2030.
- Contributions must be made before credit is claimed.
- No application required.
- Electronic filing of all documents required.
- Contributors who receive funding assistance from a qualifying program must file an Annual Tax Performance Report by May 31 of the year following the year when credit is claimed.
- Contributors who do not receive funding assistance from the program do not have to file the Annual Tax Performance Report with the Department of Revenue.

No credit may be earned for contributions made on or after June 30, 2030.

No credits may be claimed on returns filed after December 31, 2033.

For questions about the **credit**, call Taxpayer Account Administration 360-705-6214.

History of the program:

The credit, originally provided by RCW 82.04.4489, expired in 2011. Engross Second Substitute Senate Bill (E2SSB) 5539 passed in 2012 reinstated the credit program. Substitute Senate Bill (SSB) 5977 passed in 2017 modified the program. In 2022, Engrossed Substitute House Bill (ESHB) 1914 extends the expiration date of the credit program to July 1, 2030, increases individual and statewide program caps, and allows exemptions for filing the annual report requirements for individuals who made contributions to the program but do not receive funding assistance from the program.

✓ Newspapers - reduced B&O tax rate for publishers

Note: Engrossed Senate Bill 6635 temporarily amends the definition of "newspaper" and adjusts the B&O tax rate for printers and publishers of newspapers. See our special notice "Printers and Publishers of Newspapers: B&O Tax Changes and Definitions" for more information.

Available to:

Printers and publishers of newspapers. See RCW 82.04.214 for the definition of "newspaper."

Qualifying activity:

The reduced rate of 0.35 percent is available for businesses engaged in the printing and/or publishing of newspapers.

Reporting/documentation:

- No application.
- Annual Tax Performance Report must be filed by May 31 of the following year.
- **Electronic filing of all documents required.**

For questions about the **reduced rate**, call Taxpayer Account Administration at 360-705-6214.

✓ Power for electrolytic processing - public utility tax exemption

Resources

Special Notice - Motion picture and film industries B&O tax credit modified (2022)

RCW

82.04.4489

Resources

Advertising Income from Electronic Version of Printed Newspaper Now Taxed under Printing and Publishing Classification (pdf)

RCW

82.04.260
82.04.214
82.32.534
82.32.600

Who qualifies for this exemption?

You can qualify for a public utility tax exemption if you are a light and power business that provides electricity to qualifying electrolytic processing businesses. This exemption expires July 1, 2029. You can only use the exemption for electricity sales you make on or before December 31, 2028.

What is a qualifying electrolytic processing business?

A qualifying electrolytic processing business is a business that uses more than 10 average megawatts of electricity per month to split the chemical bonds of sodium chloride and water in one of the following ways:

- Using the chlor-alkali electrolytic process to make chlorine and sodium hydroxide; **or**
- Using the sodium chlorate electrolytic process to make sodium chlorate and hydrogen.

As of June 10, 2004, sales of electricity to electrolytic processing businesses that contract for power from the Bonneville power administration, do not qualify for this exemption.

How to qualify for an exemption:

As a light and power business, you can qualify for a public utility tax exemption on your sales of electricity made to a qualifying chlor-alkali electrolytic processing business or a sodium chlorate electrolytic processing business for the electrolytic process if the contract for the sale contains **all** the following terms:

- The electricity that the business uses in the electrolytic process must be metered separately from the electricity the business uses for general operations;
- You reduce the price for the electricity used in the electrolytic process by an amount equal to the tax exemption available to you; **and**
- If you disallow all or part of the exemption, that is a breach of contract and the damages the electrolytic processing business pays are the amount of the tax exemption you disallowed.

You cannot use this exemption for amounts you receive from the remarketing or resale of electricity that an electrolytic processor originally obtained by contract.

How to report:

- Both the buyer and the seller must complete a Public Utility Tax Exemption Certificate for Persons Supplying Power to Electrolytic Processor.
- The buyer must file the Annual Tax Performance Report by May 31 of the following year.
- You must file all documents electronically.

For questions about the program, call 360-705-6705.

✓ Sales/Use tax exemption for motion picture and video production companies on rental of production equipment and purchase of production services

Available to:

Motion picture and video production companies.

Qualifying activity:

Rental of production equipment. The exemption **does not extend** to the purchase of production equipment.

Reporting/documentation:

- Purchaser provides seller with completed Motion Picture And Video Production Business Exemption Certificate or Buyer's Retail Sales Tax Exemption Certificate.
- No application required.
- No Annual Tax Performance Report.

Electronic filing not required

For questions about the **exemption**, call Taxpayer Account Administration at 360-705-6214.

Resources

RCW

82.16.0421
82.32.534

WAC

458-20-179

Resources

Expanded Exemptions for
Motion Picture and Video
Production Companies (pdf)

RCW

82.08.0315
82.12.0315

- ✓ Weatherization assistance program - sales & use tax exemption

Available to:

Department of Commerce weatherization program contractors.

Qualifying activity:

Purchase of tangible personal property that becomes a component part of a qualifying residence under the weatherization program administered by Department of Commerce.

Examples of qualifying weatherization materials include, but are not limited to the following:

- Insulation and sealants
- Parts for air infiltration
- Heating and cooling equipment
- Supplies used to seal and repair ducts

Note: Charges for labor and services used to install these materials continue to be subject to sales tax and use tax.

Reporting/documentation:

- Completion of Buyers' Retail Sales Tax Exemption Certificate by contractor for vendor.
 - Check 6(q).
- No application required
- No Annual Tax Performance Report

Electronic filing not required

For information on the weatherization **program**, contact Department of Commerce.

Special notices & other publications

Sales and Use Tax Exemption for the Weatherization Assistance Program (pdf)

RCW

82.08.998
82.12.998

Renewable Energy/Green Incentives

Expand all

- ✓ Anaerobic digesters - property and leasehold excise tax exemption

Available to:

Owners and operators of anaerobic digesters.

How to qualify for an exemption:

You can apply for a property and leasehold excise tax exemption for property you use primarily to operate an anaerobic digester such as:

- Buildings, machinery, equipment, and other personal property.
- Land on which the property is located.
- Land necessary to operate the anaerobic digester (does not include land used to grow agricultural products).

You can use this exemption for six assessment years after the date the facility or addition becomes operational.

Reporting/documentation:

- Property tax exemption – You can find the application on our website. Submit your application to the county where the property is located.
- Leasehold tax exemption – You can find the application on our website. Submit your application to the Department of Revenue.
- No Annual Tax Performance report required.

You cannot apply for these exemptions after Dec. 31, 2024.

Resources

Tax incentives for converting biogas into marketable coproducts and manufacturing wood biomass fuel

RCW

RCW 84.36.635
RCW 82.29A.135

- ✓ Clean alternative fuel and plug-in hybrid vehicles - sales/use tax exemptions

Beginning Aug. 1, 2019, a sales and use tax exemption for new or used clean alternative fuel and certain plug-in hybrid vehicles is available. The Department of Licensing maintains a list of qualifying vehicles.

Qualifying vehicles

The exemption is applied to the sales price or fair market value when you purchase or lease a passenger car, light duty truck, or medium duty passenger vehicle that is powered exclusively by a clean alternative fuel or capable of traveling at least 30 miles using only battery power.

In addition, the vehicle must be sold or valued at \$45,000 or less if new and \$30,000 or less if used.

Manufacturer and distributor rebates are part of the selling price. The amount of the rebate is not allowed to be used in any way to reduce the sales price or value.

The selling price includes delivery charges or any other services necessary to complete the sale (RCW 82.08.010).

Dealers may not deduct the value of any trade-in vehicle or any federal tax credits that may accrue to the lessor when determining exemption eligibility.

Exemption amounts

For qualified vehicles, the exempted amount is determined as follows:

| New vehicles purchased | Sales or use tax exemption available |
|------------------------------|--|
| Aug. 1, 2019 - July 31, 2021 | Up to \$25,000 of the sales or lease price |
| Aug. 1, 2021 - July 31, 2023 | Up to \$20,000 of the sales or lease price |
| Aug. 1, 2023 - July 31, 2025 | Up to \$15,000 of the sales or lease price |
| Used vehicles purchased | Sales or use tax exemption available |
| Aug. 1, 2019 - July 31, 2025 | Up to \$16,000 of the sales or lease price |

Purchasing from an auto dealer

The auto dealer you purchase or lease the vehicle from must keep records to support the exemption. You, the buyer, do not need to report the exemption.

Requesting a sales or use tax refund

You may apply to the Department of Revenue by submitting an application for refund of use tax or refund of sales tax, if you paid sales or use tax in error between Aug. 1, 2019 and July 31, 2025.

Sales and use tax exemptions expiration dates

- The exemption for sales of new and used qualifying vehicles expires July 31, 2025.
- Leases that qualify for this exemption on or before July 31, 2025, can continue to claim the exemption on lease payments due through July 31, 2028.

For questions about the **exemption**, call 360-705-6705.

Resources

New clean alternative fuel and plug-in hybrid vehicle sales and use tax exemption (pdf)

Green transportation sales tax refund request (pdf)

RCW

82.08.809

82.08.9999

82.12.809

82.12.9999

- ✓ Clean alternative fuel commercial vehicle and vehicle infrastructure B&O or PUT tax credit

Available to:

Businesses that use commercial vehicles to transport commodities, merchandise, produce, refuse, freight, animals or passengers, using vehicles that use clean alternative fuel. The vehicle must display a WA license plate.

Qualifying activity:

Purchases or leases of new commercial vehicles and qualifying used commercial vehicles with propulsion units that are principally powered by a clean alternative fuel. This includes:

- Costs to modify a commercial vehicle to be principally powered by a clean alternative fuel, including parts incorporated into the vehicle and labor or service charges to modify the vehicle.
- Purchases of alternative fuel vehicle infrastructure component parts, as well as related installation and construction costs.

Credit is **not** earned on vehicles purchased to lease to others.

Refer to the Special Notice Clean alternative fuel commercial vehicles and vehicle infrastructure tax credits expanded for information on how to calculate the credit, caps, and application dates.

Reporting/documentation requirements:

- No Annual Tax Performance Report.
- **Electronic filing required.**
- Apply for the Commercial Vehicle Credit and/or Alternative Fuel Vehicle Infrastructure Credit (3 part application) in MyDOR.

Statewide annual credit balances

(As of August 1, 2023)

Applied for: \$2,204,537.60

Amount issued: \$458,310.79

Remaining available: \$5,541,689.21

Statewide annual credit cap of \$6,000,000 for 2022 was met.

Statewide total credit balances

(From July 15, 2015 through August 1, 2023)

Applied for: \$25,764,477.02

Amount issued: \$12,239,175.67

Remaining available: \$20,170,824.33

Note: The remaining available credit is the total annual statewide cap less any credits issued.

For questions about the **application**, call Taxpayer Account Administration at 360-705-6214.

- ✓ Electric vehicle infrastructure (charging stations), batteries, and fuel cells – sales/use tax exemption, leasehold tax exemption

Resources

Clean alternative fuel commercial vehicles and vehicle infrastructure tax credits expanded (pdf)

Itemized purchase worksheet

RCW

82.04.4496

82.16.0496

Available to:

Anyone who purchases an electric vehicle battery or fuel cell, or installs an electric vehicle battery, fuel cell charging station, or hydrogen fueling stations.

A sales tax exemption is available for purchases on or after July 28, 2019, and the use tax exemption is available on purchases on or after Aug. 1, 2019.

Electric vehicle infrastructure means structures, machinery, and equipment necessary and integral to support an electric vehicle, including battery charging stations, rapid charging stations, battery exchange stations, fueling stations that provide hydrogen for fuel cell electric vehicles, renewable hydrogen production facilities, and (as of June 9, 2022) green electrolytic hydrogen production facilities.

Qualifying activity:

- The sale or use of batteries and fuel cells for electric vehicles, including those sold as a component of an electric bus.
- The sale of or charge made for labor and services rendered in respect to installing, repairing, altering, or improving electric vehicle batteries and fuel cells.
- The sale of or charge made for labor and services rendered in respect to installing, constructing, repairing, or improving battery or fuel cell electric vehicle infrastructure, including hydrogen fueling stations.
- The sale or use of tangible personal property that will become a component of battery or fuel cell electric vehicle infrastructure during the course of installing, constructing, repairing, or improving battery or fuel cell electric vehicle infrastructure.

Reporting/documentation:

- Buyer must provide the vendor with a completed Buyers' Retail Sales Tax Exemption Certificate.
- Sellers must report the exempt sales on their excise tax returns and take the corresponding deduction from retail sales tax.

Leasehold excise tax exemption:

- An exemption from leasehold excise tax is allowed on leases to tenants of public lands for the purpose of installing, maintaining, and operating electric vehicle infrastructure.

Expires July 1, 2025.

For questions about the **exemptions**, call 360-705-6705.

Resources

Tax exemptions on electric vehicle infrastructure, electric vehicle batteries and fuel cells, and zero emissions buses (pdf)

Green Transportation Sales Tax Refund Request (pdf)

RCW

82.08.816

82.12.816

82.29A.125

✓ Electric vessel and marine batteries and shoreside infrastructure sales/use tax exemption

Available to:

Anyone who purchases qualifying batteries or shoreside infrastructure.

Qualifying activity:

Beginning July 1, 2020, purchases of:

- Batteries and battery packs used to power electric marine propulsion systems or hybrid electric marine propulsion systems with a continuous power greater than 15 kW.
- New shoreside batteries purchased and installed for the purpose of reducing grid demand when charging electric and hybrid vessels.
- The labor and services rendered in respect to installing, repairing, altering, or improving marine batteries or battery packs, or shoreside batteries and shoreside battery infrastructure.

Buyers:

- Complete a Buyer's retail sales tax exemption certificate for the vendor.
- If you are a registered business, you must also complete the buyer's tax preference addendum in My DOR when filing your excise tax return.

Sellers:

- When reporting such sales on your excise tax return, use deduction, "Sales of Batteries / Infrastructure for Electric and Hybrid Vessels."

Expires July 1, 2030.

For questions about the program, call 360-705-6705.

✓ Electric vessel and marine propulsion system sales/use tax exemption

Resources

Batteries for electric vessel and marine propulsion systems tax exemption (pdf)

RCW

82.08.996

82.12.996

Available to:

Anyone purchasing qualifying new vessels or qualifying new marine propulsion systems.

Qualifying activity:

Beginning Aug. 1, 2019, purchases of:

- New vessels equipped with battery-powered electric marine propulsion systems with continuous power greater than 15 kW.
- New battery-powered electric marine propulsion systems with continuous power greater than 15 kW.

Buyers:

- Complete a Buyer's retail sales tax exemption certificate for the vendor.
- If you are a registered business, you must also complete the buyer's tax preference addendum in My DOR when filing your excise tax return.

Sellers:

- When reporting such sales on your excise tax return, use deduction "Sales of New Electric Vessels and Marine Propulsion Systems."

Expires July 1, 2030.

For questions about the program, call 360-705-6705.

✓ Hog fuel sales & use tax exemption

Resources

Electric vessel and marine propulsion system tax exemption (pdf)

RCW

82.08.996

82.12.996

Available to:

Purchasers of hog fuel. Hog fuel is defined as wood waste and other wood residuals including forest-derived biomass. It does not include firewood or wood pellets.

Qualifying activity:

Producing electricity, steam, heat, or biofuel from hog fuel.

Reporting/documentation:

- No application required.
- Completion of Buyers' Retail Sales Tax Exemption Certificate for vendor.
- Annual Tax Performance Report by May 31st of the following year.
- Completion of Buyers Sales and Use Tax Preference Addendum in My DOR when filing their tax return.

Expires June 30, 2034.

For questions about the **exemption**, call 360-705-6705.

Resources

Sales/Use Tax Exemption on
Purchases of Hog Fuel
Extended (pdf)

RCW

82.08.956

82.12.956

82.32.605

✓ Hydrogen fuel cell electric vehicles – sales/use tax exemptions

Available to:

Beginning July 1, 2022, a sales and use tax exemption is available for new or used electric vehicles powered by a hydrogen fuel cell. The Department of Licensing (DOL) maintains a list of qualifying vehicles.

Resources

Green transportation sales tax refund request (pdf)

RCW 82.08.993

Qualifying vehicles

The exemption is applied to the sales price or fair market value when you purchase or lease a passenger car, light duty truck, or medium duty passenger vehicle that is powered by a technology that uses an electrochemical reaction to generate energy by combining hydrogen and oxygen.

RCW 82.12.817

This exemption cannot be combined with the clean alternative fuel and plug-in hybrid vehicle exemption available under RCW 82.08.9999 and RCW 82.12.9999.

Exemption amounts

New qualifying vehicles will receive a 50% sales or use tax exemption. There is no purchase price or fair market value requirement to be eligible for this exemption. Once the Department of Revenue (DOR) determines that 650 new vehicles have qualified, the new vehicle exemption will expire after the last day of the immediately following month. New leased vehicles that qualified before the expiration date will continue to receive the exemption on lease payments.

Used qualifying vehicles will receive a 100% sales or use tax exemption up to \$16,000 of the sales price or the fair market value at the inception of the lease.

Records requirement

If you purchase or lease the vehicle from a licensed business, the seller must keep records and provide information to DOR to support the exemption. If you purchase the vehicle from a private or non-licensed party, you must keep records and submit itemized information for any vehicle you wish to claim an exemption on. At a minimum, this information includes: vehicle make, model, model year, date of sale, sales price, and the total amount qualifying for the incentive.

Requesting a sales or use tax refund

If you paid sales tax on a qualifying vehicle at a dealership and would like to request a refund, you may apply to DOR by submitting a green transportation application for refund of sales tax.

If you registered your qualifying vehicle with DOL and paid use tax, you may apply to DOR for a refund by submitting a refund of use tax application.

Sales and use tax exemption expiration dates

This program expires June 30, 2029. Any exemption under this program will terminate as of that date if it had not previously expired.

For questions about the exemption, call 360-705-6705.

✓ Public utility tax credit for incentive payments made to owners meeting the state energy performance standard

Available to:

Qualifying utilities that provide incentive payments to owners of qualifying covered commercial buildings or multifamily residential buildings meeting certain energy performance standards.

The qualifying utility (taxpayer) does not need to apply to the Dept. of Revenue to claim the credit.

Reporting/documentation:

- No application.
- Credits are not refundable.
- Taxpayers who claim the PUT credit on their public utility tax return are eligible to complete a worksheet (within the return) documenting administrative costs incurred. The administrative costs may qualify for additional credit (not to exceed 8% of the incentives paid).
- Credits must be claimed in the calendar year in which they are earned or within the following two calendar years.
- Electronic filing is required.
- There is no annual report to file.

Expires June 30, 2032.

For questions about the **credit**, call Taxpayer Account Administration at 360-705-6218.

✓ Ride-share vehicles

Resources

Public utility tax credit for energy efficiency incentive payments (pdf)

SSB 5722 – Buildings – energy management and benchmarking

RCW 19.27A.220 – State energy performance standard – early adoption incentive program

WA State Dept. of Commerce – Early adopter incentive program

Available to:

Public transportation agencies, major employers, and employees of major employers purchasing ride-share vehicles.

Qualifying activity:

To qualify for a sales or use tax exemption, the passenger motor vehicle purchased must:

- Have a seating capacity of **three** or more passengers, including the driver, when operated by a public transportation agency.
- Be used for ride sharing in the transport of **at least five** passengers when operated by any ride-sharing operator *other* than a public transportation agency.
- Be used for ride sharing for 36 consecutive months beginning from the date of purchase.
- Be operated in one of the following areas:
 - The state's eight largest counties that are required to develop commute trip reduction plans as directed by chapter 70A.15 RCW.
 - Other counties, or cities and towns within those counties, that elect to adopt and implement a commute trip reduction plan.
 - Other counties where the vehicle is registered with, or operated by, a public transportation agency.
- And meet *at least one* of the following conditions:
 - The vehicle must be operated by a public transportation agency for the benefit of the general public.
 - The vehicle must be used by a major employer, as defined in RCW 70A.15.4010, as an element of its commute trip reduction program for their employees.
 - The vehicle must be owned and operated by individual employees and must be registered either with the employer as part of its commute trip reduction program or with a public transportation agency.

Resources

Ride-share vehicles (pdf)

RCW

82.08.0287

82.12.0282

82.04.355

82.16.047

Buyers

A buyer must present the seller with a completed Buyer's Retail Sales Tax Exemption Certificate form, declaring the purpose and intent of the vehicle.

The law requires a business taking an exemption to report it on the Buyers Sales and Use Tax Preference Addendum within My DOR.

Sellers

When reporting the sale on the excise tax return, a seller may claim the **Sales of Qualified Ride-sharing Vehicles** deduction from retail sales tax.

For questions call 360-705-6705.

- ✓ Sales and use tax deferral program for clean energy investment projects

Available to:

Persons making purchases of materials and equipment, labor, or services to be incorporated in an eligible “clean technology” investment project.

Resources

Clean Tech special notice (pdf)

Clean Tech application (pdf)

Program requirements:

An eligible investment project with costs of at least \$2 million in either qualified buildings and/or qualified machinery and equipment, for any of the following new, renovated, or expanded:

RCW

82.89

- Clean technology manufacturing operations (see definition below).
- Facilities for renewable energy storage.
- Production facilities for clean fuel, renewable hydrogen, green electrolytic hydrogen or green hydrogen carriers.

Applying for a deferral:

Applications can be found at dor.wa.gov under Deferral forms. You must complete the application prior to the initiation of construction. Applications will not be accepted after June 30, 2032.

Paying deferred taxes:

The deferred tax must be repaid in 10 equal payments beginning the second year after the project is operationally complete. Payments are due December 31 of each of the years.

The deferral recipient may receive a reduction of the **state** sales and use taxes owed as follows:

- 50% reduction if the Department of Labor and Industries (L&I) certifies that the project includes procurement and contracts with women, minority, or veteran owned businesses, and entities that have a history of complying with federal and state wage and hour laws, apprenticeship utilization, and preferred entry workers living in the project construction area.
- 75% reduction if, in addition to meeting the 50% standard, the project compensates workers at prevailing wages determined by local collective bargaining.
- 100% reduction if L&I certifies that the project is developed under a community workforce agreement or project labor agreement.

Manufacturing operations means manufacturing tangible personal property exclusively incorporated as an ingredient or component of or used in the generation of:

- Zero emissions passenger cars, light duty trucks, medium duty passenger vehicles, buses, commercial vehicles, or motorcycles.
- Charging and fueling infrastructure for electric, hydrogen, or other zero emissions vehicles.
- Renewable and green electrolytic hydrogen, including preparing renewable and green electrolytic hydrogen for distribution or converting it to a green hydrogen carrier.
- Clean fuel with associated greenhouse gas emissions not exceeding 80% of the 2017 levels established under RCW 70A.535.020 or its successor statute under chapter 70A.535 RCW.
- Electricity from renewable resources or storage facilities.

Reporting/documentation:

- Application required.
- Annual Tax Performance Report must be filed electronically by May 31 of the year after the project is certified and for the next seven years.
- Buyers must also complete the Buyer’s Sales and Use Tax Preference Addendum when filing their excise tax returns.
- Electronic filing required.

✓ Sales and use tax exemption for anaerobic digesters and equipment used to process biogas from landfills and anaerobic digesters

Available to:

- Owners or operators of anaerobic digesters.
- Owners or operators of landfills that convert biogas into marketable coproducts.
- People or businesses that process biogas from anaerobic digesters or landfills into marketable products.

Qualifying activity:

Purchases of tangible personal property that becomes a component of an anaerobic digester.

and improvements to:

digesters that process any type of organic material, not just livestock manure.

that processes anaerobic digester biogas and digestate into marketable products.

- Equipment that processes biogas from a landfill into marketable products.

- Biogas processing equipment.

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Reporting/documentation.**Buyers must:**

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