

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	High Technology Industry
Aluminum Smelting Industry	High Unemployment County / CEZ
Biofuel Industry	Leasehold Excise Tax (LET) Exemption
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
- ✓ B&O credit for property/leasehold taxes paid on aerospace business facilities
- ✓ B&O tax rate for aerospace businesses
- ✓ Construction of new facilities used for airplane repair and maintenance - retail sales/use tax exemption
- ✓ Retail sales and use tax exemption for the construction of new facilities used to manufacture commercial airplanes, fuselages or wings of commercial airplanes
- ✓ Sales & use tax exemption for aerospace businesses for computer hardware/software/peripherals

Aluminum Smelting Industry

[Expand all](#)

- ✓ B&O tax credit for property tax on aluminum smelter
- ✓ B&O Tax/Public utility tax credit for electricity, natural gas, or manufactured gas sold to aluminum smelters
- ✓ Brokered natural gas use tax exemption
- ✓ Reduced B&O tax rate for aluminum smelting
- ✓ Retail sales tax credit for state portion of sales tax paid on materials, equipment, labor and services used in aluminum smelting

Biofuel Industry

[Expand all](#)

- ✓ Property/leasehold tax exemption for manufacturers of biofuels
- ✓ Reduced B&O tax rate for manufacturing wood biomass fuel
- ✓ Waste vegetable oil - Sales/use tax exemption on purchases for personal use

Data Centers

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

Employer

[Expand all](#)

- ✓ Commute trip reduction program - B&O tax/public utility tax credit
- ✓ Hiring unemployed veterans - B&O tax and PUT credit (expired July 1, 2023)
- ✓ International Services - B&O tax credit for new employment

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

Extracting & Timber Manufacturing

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

Farming & Agriculture

Expand all

- ✓ Sales/Use tax exemption for anaerobic digesters
- ✓ Sales/Use tax exemption for equipment to reduce field burning & construction of hay sheds (expired January 1, 2011)
- ✓ Sales/Use tax exemption for farm fuel users
- ✓ Sales/Use tax exemption for livestock nutrient management equipment & facilities
- ✓ Sales/Use tax exemption for replacement parts for farm machinery & equipment

Food Manufacturing Industry

Expand all

- ✓ B&O tax deduction for manufacturers of dairy products
- ✓ B&O tax exemption for manufacturers and sellers of seafood products
- ✓ B&O tax exemption for manufacturers of fresh fruit & vegetables
- ✓ Tax deferrals for fruit and vegetable businesses (expired June 30, 2012)

General Manufacturing

Expand all

- ✓ Manufacturers Sales and Use Tax Deferral - Eligible Investment Projects
- ✓ Sales and Use Tax Exemption for Manufacturing Machinery & Equipment (M&E)

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

High Technology Industry

- ✓ Biotechnology & medical device manufacturing sales & use tax deferral/waiver (expired January 1, 2017)
- ✓ High technology sales & use tax deferral/waiver (expired January 1, 2015)

High Unemployment County/CEZ

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

Leasehold Excise Tax (LET)

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

Miscellaneous Incentive Programs

Expand all

- ✓ B&O Tax/Public utility tax credit for electricity, natural gas, or manufactured gas sold to silicon smelters
- ✓ Commute trip reduction program - B&O tax/public utility tax credit
- ✓ Employee Ownership B&O Credit
- ✓ Equitable Access to Credit Program - B&O tax credit
- ✓ International services - B&O tax credit for new employment
- ✓ Main street tax credit - B&O tax/public utility tax credit
- ✓ Motion Picture Competitiveness Program B&O tax credit (formerly known as Washington Filmworks Contributors B&O Tax Credit)
- ✓ Newspapers - reduced B&O tax rate for publishers
- ✓ Newspapers – B&O tax exemption

- ✓ Power for electrolytic processing - public utility tax exemption
- ✓ Sales/Use tax deferral – Affordable housing on underdeveloped lands
- ✓ Sales/Use tax deferral – Multifamily housing from existing buildings
- ✓ Sales/Use tax exemption for motion picture and video production companies on rental of production equipment and purchase of production services
- ✓ Weatherization assistance program - sales & use tax exemption

Renewable Energy/Green Incentives

[Expand all](#)

- ✓ Anaerobic digesters - property and leasehold excise tax exemption (expired Dec. 31. 2024)
- ✓ Clean alternative fuel and plug-in hybrid vehicles - sales/use tax exemptions
- ✓ Clean alternative fuel commercial vehicle and vehicle infrastructure B&O or PUT tax credit
- ✓ Electric vehicle infrastructure (charging stations), batteries, and fuel cells – sales/use tax exemption, leasehold tax exemption
- ✓ Electric vessel and marine batteries and shoreside infrastructure sales/use tax exemption
- ✓ Electric vessel and marine propulsion system sales/use tax exemption
- ✓ Hog fuel sales & use tax exemption
- ✓ Hydrogen fuel cell electric vehicles – sales/use tax exemptions
- ✓ Public utility tax credit for incentive payments made to owners meeting the state energy performance standard
- ✓ Ride-share vehicles
- ✓ Sales and use tax deferral program for clean energy investment

projects

- ✓ Sales and use tax exemption for anaerobic digesters and equipment used to process biogas from landfills and anaerobic digesters
- ✓ Solar canopy sales and use tax deferral
- ✓ Solar energy system and components of solar energy systems manufacturers - reduced B&O tax rate
- ✓ Solar energy system sales tax exemption

Rural County/Community Empowerment Zone (CEZ) Incentives

- ✓ B&O Tax Credit for new employees in manufacturing and research & development in rural counties
- ✓ Rural county sales and use tax deferral/waiver (expired Dec. 31, 2010)

Semiconductor Industry

- ✓ Reduced B&O tax rate for manufacturers of semiconductor materials
- ✓ Sales/use tax exemption for purchases of semiconductor gases & chemicals

Warehouse Incentive Programs

- ✓ Remittance of state sales tax for warehouses, grain elevators, and distribution centers



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