

**RCW 82.75.040 Repayment of deferred taxes.** (1) Except as provided in subsection (2) of this section and RCW 82.32.534, taxes deferred under this chapter need not be repaid.

(2) (a) If, on the basis of the tax performance report under RCW 82.32.534 or other information, the department finds that an investment project is used for purposes other than qualified biotechnology product manufacturing or medical device manufacturing activities at any time during the calendar year in which the eligible investment project is certified by the department as having been operationally completed, or at any time during any of the seven succeeding calendar years, a portion of deferred taxes is immediately due and payable according to the following schedule:

| Year in which use occurs | % of deferred taxes due |
|--------------------------|-------------------------|
| 1                        | 100%                    |
| 2                        | 87.5%                   |
| 3                        | 75%                     |
| 4                        | 62.5%                   |
| 5                        | 50%                     |
| 6                        | 37.5%                   |
| 7                        | 25%                     |
| 8                        | 12.5%                   |

(b) If the economic benefits of the deferral are passed to a lessee as provided in RCW 82.75.010, the lessee is responsible for payment to the extent the lessee has received the economic benefit.

(3) For a violation of subsection (2)(a) of this section, the department must assess interest at the rate provided for delinquent taxes, but not penalties, retroactively to the date of deferral. The debt for deferred taxes will not be extinguished by insolvency or other failure of the recipient. Transfer of ownership does not terminate the deferral. The deferral is transferred, subject to the successor meeting the eligibility requirements of this chapter, for the remaining periods of the deferral.

(4) Notwithstanding subsection (2) of this section or RCW 82.32.534, deferred taxes on the following need not be repaid:

(a) Machinery and equipment, and sales of or charges made for labor and services, which at the time of purchase would have qualified for exemption under RCW 82.08.02565; and

(b) Machinery and equipment which at the time of first use would have qualified for exemption under RCW 82.12.02565. [2017 c 135 s 41; 2010 c 114 s 147; 2006 c 178 s 5.]

**Effective date—2017 c 135:** See note following RCW 82.32.534.

**Application—Finding—Intent—2010 c 114:** See notes following RCW 82.32.534.

**Effective date—Severability—2006 c 178:** See notes following RCW 82.75.010.