



Flexible Incentives

Tacoma Incentives

- **City B&O Tax Credit for New Full-time Employment:** \$500/employee added to the Tacoma workforce each year for 5 years (total value: \$2,500/job). Employees that qualify must earn at least \$20.43/hour (Pierce County's median wage) plus benefits in 2018. The City B&O tax credit is taken each year for every new full-time job created with no specific employee retention requirement, only that the position be maintained for five years. The total City B&O tax credit is unlimited and applies to both new and existing Tacoma businesses.
 - After the hourly wage requirement is met up to three other incentives are available:
 - An additional \$250/employee for each year for 5 years (total value: \$1,250/job) is available if a business meets both of the following tests: (1) does business in international services, such as computer services, engineering, business consulting and other ventures that reach outside U.S. borders, *and* (2) the new job is located within an [Empowerment Zone](#) or "distressed areas" (areas of high poverty and unemployment), as defined by the Washington State Department of Revenue.
 - An additional \$500/employee if the employee is a Tacoma Resident.
 - And an additional \$250/employee if the position is a green job – "jobs in businesses that produce goods or provide services that benefit the environment or conserve natural resources" (extracted from [Tacoma Municipal Code 6A.30.065](#)).
- **Tacoma Public Utilities (TPU) Energy Efficiency Rebates/Incentives:** Municipally-owned Tacoma Power has a variety of programs to encourage energy efficiency. Staff work with businesses to determine how best to optimize savings. Assistance is available as follows:
 - Tacoma Power can pay up to 70% of the total energy efficiency improvements costs.
 - There is complimentary technical assistance to identify and analyze potential energy efficiency improvements.

- Tacoma Power has specialized programs for industrial customers, including incentives for project management.
- Zero-interest loans of up to \$500,000 may be obtained to replace equipment.
- **Multifamily Property Tax Exemption Incentive:** The purpose of the tax incentive for multifamily housing is to encourage the development of a minimum of four new multifamily units in one of Tacoma's 17 Mixed-Use Centers. To accomplish this goal, the City of Tacoma offers a property tax exemption to eligible property owners. This incentive exempts property taxes for eight to 12 years on the assessed improvements that create four or more additional housing units. The latter 12-year option requires at least 20% affordable units.
- **City-Assisted Financing:** The City has access to Federal financing, including the Section 108 program, which offers favorable loan terms and is available to assist with acquisition of commercial property, the purchase of fixed assets, working capital needs, facade improvements, the repair or rehabilitation of historically designated commercial properties, and fire safety improvements.
- **Tax-Exempt Bond Financing:** The Economic Development Corporation of Pierce County, located in Tacoma, operates the industrial tax-exempt bond financing program for employment generating activities. Up to \$10 million in bonds can be issued for projects that range between \$2 million and \$20 million. Land acquisition, building construction and/or renovation, architectural design and engineering work, and the purchase of new machinery and equipment are eligible costs.
- **Tacoma's Minority Business Development Agency:** The center is part of a national network of funded centers located in major cities throughout the United States. The center works with minority business enterprises to generate increased financing and contract opportunities and to create and retain jobs. The program's objective is to provide strategic business consulting and technical assistance to established minority businesses and those with rapid growth potential, so that they can achieve greater participation in the development of the nation's commerce.

Washington State Incentives

General Incentives

- **State B&O Tax Credit for Customized Training:** To qualify, a business must enter into an agreement with a community or technical college or State-licensed private career school.

Subsequently, the State will provide an interest-free training allowance, of which 25% is required to be repaid by the employer upon completion of the training and 75% within 18 months. As the allowance is repaid, a company can take a State B&O tax credit of up to 50% of the training costs, which credit cannot exceed \$500,000/year.

- **State B&O Tax Credit for Commute Trip Reduction:** 50% of the amount employers pay to employees for ridesharing, car sharing, using public transportation or using non-motorized commuting. The amount cannot exceed \$60/employee annual or more than \$100,000/year until July 1, 2024 (unless sunset date is extended).
- **State Sales & Use Tax Exemption for Manufacturing Machinery and Equipment:** Exemption on machinery and equipment used directly in manufacturing or R&D performed by a manufacturer as well as testing operations performed for a manufacturer. The exemption includes installation, maintenance and repairs in most cases.
- **Job Skills Program State Grants:** One half or the training costs are covered, which are matched equally by the employer. Funds can be used for basic skills training, cross-training, customized training, continuous improvement, train-the-trainer programs and new employee services.

Green Incentives

- **Reduced State B&O Tax Rate for Solar Energy System Manufactures and Wholesalers:** The new rate is 0.00275
- **Reduced State B&O Tax Rate for Manufacturing Wood Biomass Fuel:** The new rate is 0.00138.
- **State Property/Leasehold Tax Exemption for Manufacturers of Biodiesel/Alcohol Fuel:** Qualifying real and personal property that is operational and used primarily for manufacturing alcohol, biodiesel or wood biomass fuels is exempt or partially exempt from property tax and leasehold excise tax.
- **State Sales & Use Tax Exemption for Machinery and Equipment to Generate Electricity Using Renewable Energy:** Exemption for purchase of machinery and equipment used directly in generating electricity. Projects that generate at least 1kWh from all sources other than solar energy through January 1, 2020 will yield a State refund of 75% of the tax.
- **State Cost Recovery Program – Energy Production Using Solar, Methane, and Wind Power:** Up to \$5,000 cost recovery on investment.

Aerospace Incentives

- **Aerospace State B&O Tax Credit for Pre-production Development:** Credit for expenditures for aerospace pre-production development, which is equal to 1.5% of qualified pre-production development expenditures.
- **Aerospace State B&O Tax Credit for Property/Leasehold Taxes Paid:** Credit equal to the property/leasehold taxes paid on land upon which new buildings are located, new construction, the increased value of renovated buildings, and equipment eligible for the machinery and equipment exemption used exclusively in the manufacture of commercial airplanes or component parts of airplanes or in manufacturing tooling specifically designed for use in manufacturing commercial airplanes or their component parts. In addition, certificated FAR Part 145 repair stations and aerospace non-manufacturers may obtain a State B&O tax credit on the above and on qualifying computer equipment and peripherals used exclusively in aerospace product development or in providing aerospace services.
- **Reduced State B&O Tax Rate for Aerospace Businesses and FAR Part 145 Repair Stations:** The new rate is 0.002904 – a 40% reduction.
- **Reduced State B&O Tax Rate for Aerospace Non-Manufacturers:** The new rate is 0.009.
- **Aerospace State Sales & Use Tax Exemption on Computer Investments:** Exemption on computer hardware, software, and peripherals as well as charges for labor and services related to the installation of such equipment.

Community Empowerment Zone Incentives

- **State B&O Tax Credit for New Employment:** Credit of either \$2,000/year or \$4,000/year (if wages exceed \$40,000) for every new employment position created by manufacturers, computer-related businesses, R&D laboratories, and commercial testing facilities within a Community Empowerment Zone; must increase FTEs by 15% over the preceding year to qualify.

International Services Incentives

- **International Services State B&O Tax Credit for New Employment:** Credit of \$3,000/year for every new employment position for up to 5 years (total value: \$15,000/job); must be located within a Community Empowerment Zone or an International Services District.

Other Manufacturing Incentives

- **Food Processor State Tax Incentives:** (1) State B&O tax exemption for goods destined for outside Washington State, and (2) Deferral/waiver of State sales & use tax on machinery and equipment as well as construction costs for a new or expanded facility.
- **Timber and Wood Products Industry State Incentive:** Reduced State B&O tax rate of 0.002904 – a 40% reduction. There is a surcharge tax rate of 0.00052 that partially offsets the reduced tax rate to protect stream banks of natural water courses on non-federal forest lands in Washington State. When surcharge receipts reach \$8 million during a biennium, the surcharge will be suspended.

Semiconductor Incentives

- **Reduced State B&O Tax Rate for Manufacturers of Semiconductor Materials:** The new rate is 0.00275.
- **State Sales & use Tax Exemption for Purchases of Semiconductor Gases and Chemicals:** Exemption for purchases of gases and chemicals to produce semiconductor materials.

Warehouse and Distribution Incentive

- **Warehouse State Tax Incentive:** 100% remittance of State sales tax (not including local sales tax) paid on construction of qualifying structures – construct a 200,000 sf warehouse or distribution center or a grain elevator with a 1,000,000 bushel capacity; construct or expand a cold storage warehouse by at least 25,000 sf; 50% remittance of State sales tax paid on qualifying equipment.