

Special Notice

Intended audience: Eligible maintenance repair operators and port districts, political subdivisions, or municipal corporations building a new facility for lease to an eligible operator.

July 26, 2023

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

Effective July 23, 2023, the expiration date of this exemption is extended to Jan. 1, 2031, and the definition of eligible maintenance repair operator is changed.

What is an eligible repair maintenance operator?

An eligible repair maintenance operator must be classified by the Federal Aviation Administration (FAA) as a federal aviation regulation part 145 certificated repair station and must be located in a commercial services airport that is either of the following:

- Owned by a county with a population less than 1,000,000.
- Jointly owned by a city and county.

Who can claim the exemption?

The exemption is available to either of the following:

- An eligible maintenance operator engaged in the maintenance of airplanes.
- A port district, political subdivision, or municipal corporation that enters into an agreement with an eligible maintenance repair operator prior to starting construction to build the facility for lease to the operator.

What is exempt?

The exemption applies to charges for any of the following:

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

When can I claim the exemption?

You must pay the state and local sales taxes on your purchases of qualified construction labor and materials. You may claim the exemption in the form of a remittance (refund) in two parts:

- You may request a refund of the local portion of the sales or use tax on a quarterly basis.
- You may request a refund of the state portion of the sales or use tax only after the repair station has been operationally complete for at least four years and you have met certain employment requirements.

You can only receive a refund of the state portion of the sales or use tax if the maintenance repair operator has reported more than 100 average employment positions with an average annualized wage of \$80,000 for four consecutive calendar quarters after the date the facility is issued an occupancy permit.

How do I claim the exemption?

To request a refund, you must file an [application](#) with our department. Your application must include supporting documentation as provided below.

Your initial refund request must include all the following:

- A copy of the agreement between the eligible repair state and the port district, political subdivision, or municipal corporation, if applicable.
- A description of the physical location where the repair station will be constructed (address or latitude/longitude)
- A letter or memo declaring the buyer has not and will not request a refund from its vendor for these purchases.
- A worksheet containing the following data elements:
 - Invoice date.
 - Invoice number.
 - Vendor name.
 - Cost of item before sales/use tax paid.
 - Detailed description of item.
 - Location of sale.
 - For use tax only, include the period/year when use tax was reported.

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- Copies of invoices (electronic copies preferred).
- Proof of payment of sales tax corresponding to invoices provided.

Your subsequent refund requests must include all of the following:

- Contract changes, if applicable.
- A worksheet containing the following data elements:
 - Invoice date.
 - Invoice number.
 - Vendor name.
 - Cost of item before sales/use tax paid.
 - Detailed description of item.
 - Location of sale.
 - For use tax only, include the period/year when use tax was reported.
- Copies of invoices (electronic copies preferred).
- Proof of payment of sales tax corresponding to invoices provided.

Your refund request for the state portion of retail sales or use tax must include all of the following:

- A copy of the occupancy permit issued by the local authority.
- The unemployment insurance number provided to the Employment Security Department.
- Date the facility was operationally complete meaning constructed to the point of being functionally capable of hosting the repair and maintenance of airplanes.
- A summary of the local sales/use tax refund requests submitted.

Do I have to file an Annual Tax Performance Report?

If you are an FAA certified repair station, you are already required to file an Annual Tax Performance Report by May 31 of each year following the year you claimed a reduced B&O tax rate or other aerospace incentive. For years when you claim a refund under this program, you will also need to select the Aerospace FAR Part 145 Repair Station Sales & Use Tax Exemption on the report and answer any additional questions related to this incentive.

If you are a port district, political subdivision, or municipal corporation building a facility under an agreement with an FAA certified repair station, you must electronically submit an Annual Tax Performance Report by May 31 of each year following a year when you claimed a refund. You will select the Aerospace FAR Part 145 Repair Station Sales & Use Tax Exemption on the report.

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More information

- See [RCW 82.08.025661](#) and [RCW 82.12.025661](#).
- Visit our [Tax incentive programs](#) page and select Aerospace industry.

Questions?

If you have questions or need additional information, please contact the Department of Revenue, Taxpayer Account Administration at 360-705-6216.