

Underutilized Commercial Sales Tax Deferral Application Process

Preliminary Site Eligibility

Prior to submitting an application, staff recommend meeting with property owners to review the proposed site, and consult with the Department of Revenue if necessary.



Before Plans/Building Permit Submittal

A Commercial Conversion Conditional contract **must be approved before a building permit is issued**. Staff recommend submitting before permit submittal.



CC Application Submittal

\$1,000 application fee/building
Email the Commercial Conversion application, DOR Form, and state business license. Economic Development staff will review for completeness.



Conditional Approval

City staff have 30 days to review the application for compliance with RCW 82.59. If approved by the City, staff will forward the packet to the Department of Revenue for review.



DOR Review for Deferral Certificate

DOR has 60 days to review the application. If approved, DOR will issue a sales and use tax deferral certificate to the property owner. **The Conditional CC contract is valid for 3 years to finalize construction.**



Property Ownership Changes

If property ownership changes during construction, the City and DOR must be notified. Documents assigned to the new property owner will be required.

After Construction

Once a Certificate of Occupancy or a Temporary COO has been issued, the **Sales and Use Tax Deferral Certificate immediately expires**. The property owner has 30 days to apply for a Final Commercial Conversion Certificate.



Final CC Certificate

\$2,000 application fee/building
Staff will review the Final CC application for compliance with the contractual requirements from the Conditional CC Contract. Any property ownership changes will be updated as well.



Program Compliance

The property owner, or their designated property manager, is then required to submit annual compliance reporting each May, for the 10-year compliance period.

Annual Tax Performance Report is due to DOR by May 31st each year. Property owners will also submit to the City an annual report detailing the affordable units, the household information (including tenant leases and income verification), monthly unit rent, and any changes since the COO was issued, which is then monitored for compliance by the Department of Commerce.

Failure to comply will result in all deferred sales taxes immediately due and payable. The DOR would also assess interest retroactively to the date of deferral, per RCW 82.92.110.

Have more specific questions? Reach out to the Economic Development team for assistance at incentives@spokanecity.org or 509-625-6500. Please include the parcel or address details in your message.

