

Port of Port Angeles

Port Angeles, Washington

Commissioners' Resolution No. 15-1105

RESOLUTION OF THE PORT OF PORT ANGELES AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE A LEASE TERM WITH THE CRTC THAT PASSES ONTO THE CRTC A TAX DEFERRAL BENEFIT

WHEREAS, the Washington State Department of Revenue offers a High Unemployment County Sales/Use Tax Deferral Program to incentivize the creation and preservation of family-wage jobs in areas with high unemployment. The program grants a deferral of sales/use tax on purchases of qualifying machinery, equipment and construction to approved businesses that are located in qualifying counties; and

WHEREAS, Clallam County is a qualifying county; and

WHEREAS, the Port anticipates entering into a lease agreement with the to-be-established Composites Recycling Technology Center (the "CRTC") for a portion of its 2220 Building, and the construction costs incurred in making improvements to the 2220 Building, and the business activity to be conducted in the 2220 Building by the CRTC, qualify for the program; and

WHEREAS, the lessor or owner of a qualified building can be eligible for a deferral when the lessor by written contract agrees to pass the economic benefit of the deferral to the lessee, the lessee agrees in writing with the Department of Revenue to complete the Annual Tax Incentive Survey required under RCW 82.60.070, and the economic benefit of the deferral passed to the lessee is no less than the amount of tax deferred by the lessor and is evidenced by written documentation of any type of payment, credit or financial arrangement between the lessor or owner of the qualified building and the lessee; and

WHEREAS, Port staff estimates the incentive is worth approximately \$300,000. In order to take advantage of this program, the Port, as Lessor of the 2220 Building, must agree in writing to pass the economic benefit of the deferral to the CRTC as Lessee. The agreement may be made within the lease agreement itself; and

WHEREAS, the Port's proposed lease agreement with the CRTC is under development, and its final terms will be negotiated with the CRTC when it is incorporated and has a Board of Directors to negotiate on its behalf. Meanwhile, the deferral application must be submitted prior to the date of issuance of the building permit for the 2220 Building improvements, and the application must include proof that the economic benefit of the deferred tax is passed onto the CRTC by any type of payment, credit or other financial arrangement between the Port and the CRTC. It is anticipated that the building permit will be issued in the very near future; and

WHEREAS, as a lease agreement is not available to submit with the Port's application for the tax deferral, the Port Commission should authorize and direct the Executive Director to negotiate with the CRTC a

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lease term that provides that the economic benefit of the deferred tax is passed onto the CRTC by a type of payment, credit or other financial arrangement to be negotiated between the Port and the CRTC.

NOW, THEREFORE, BE IT RESOLVED that the Executive Director is hereby authorized and directed to negotiate with the CRTC, upon its formation, a lease term that provides that the economic benefit of any tax deferral obtained by the Port through the Washington State Department of Revenue High Unemployment County Sales/Use Tax Deferral Program shall be passed onto the CRTC by a type of payment, credit or other financial arrangement to be negotiated between the Port and the CRTC.

ADOPTED by the Board of Commissioners of the Port of Port Angeles at a regular meeting thereof held this 23rd day of June, 2015.


James D. Hallett, President


John M. Calhoun, Vice President


Colleen M. McAleer, Secretary