



Winning the Future: Washington's Investment in Aerospace

*Extending Washington's aerospace tax incentives to Boeing's 777X program is vital to our economic future. Winning the 777X will support more than **56,000 jobs** and, together with the rest of our aerospace industry, generate **\$21.3 billion** in fiscal benefits to the state over 16 years.*

In 2003, Washington put in place several tax incentives that were key to helping the state land the final assembly work for Boeing's 787 program. Since those incentives were enacted, Boeing and other aerospace companies have saved about \$1 billion in taxes. That \$1 billion "investment" has yielded more than \$4 billion in fiscal benefits to the state, according to an independent analysis by Seattle-based Community Attributes Inc., on behalf of the Washington Aerospace Partnership (CAI/WAP).

The 787-related tax incentives are scheduled to expire at the end of fiscal year 2024. Governor Inslee proposes to extend the incentives to FY 2040 as part of a package to land the next big Boeing project — the 777X and production of the plane's "next generation" carbon fiber wing. The governor's proposal makes the incentives contingent upon the 777X assembly and wing fabrication being done exclusively in Washington.

The Department of Revenue estimates that extending the tax incentives would save aerospace-related companies \$8.7 billion between FY 2025 and FY 2040. Those costs will be greatly outweighed by the benefits to the state of winning the 777X program:

- › In 2012, the 777 program supported 56,000 direct and indirect jobs (\$3.2 billion in total wages and benefits) and generated \$20.1 billion in economic activity in our state.
- › By keeping the 777X in Washington, our aerospace industry will generate an estimated \$21.3 billion in direct and indirect fiscal benefits to the state from FY 2025 to FY 2040, according to CAI/WAP:
 - › \$11.9 billion in additional state B&O tax
 - › \$6.1 billion in additional state sales tax
 - › \$3.3 billion in other state taxes

Estimated Aerospace Industry Taxpayer Savings Impact of Extending Incentives from 2025 to 2040

(\$ in millions)

Incentive	RCW	Expires	Taxpayer Savings FY 2025-40
B&O aerospace tax rate reduction, rate of 0.2904% (40% reduction from standard manufacturing rate)	82.04.260(11)(a)(b)	7/1/2024	\$4,248.5
FAR 145 certified repair stations, rate of 0.2904% percent (40% reduction from standard manufacturing rate)	82.04.250(3)	7/1/2024	\$23.4
B&O tax credit for aerospace product development (for others*), rate of 0.9%	82.04.290(3)	7/1/2024	\$116.5
B&O tax credit for aerospace manufacturers for preproduction development expenditures	82.04.4461	7/1/2024	\$3,524.9
B&O tax credit for property taxes on land/buildings	82.04.4463	7/1/2024	\$562.6
Sales and use tax exemption for computers used in development and design (state and local)	82.08.975	7/1/2024	\$242.0
Extend current sales and use tax exemption for superefficient airplane facilities to all commercial airplane facilities	RCW 82.08.980 and 82.12.980	7/1/2024	unknown
Total Impact of Extending Incentives to 2040			\$8,717.9

* Allows taxpayer to take credit for aerospace product development it does on behalf of other businesses.