



Washington State Aerospace Initiatives

Aerospace Incentives

Below are incentives available to aerospace companies, depending on the type of operations and locations.

Incentive	Target	Savings
Reduced B&O Rate	Manufacturers and Processors for Hire	Rate goes down from 0.484% to 0.2904% (Reduction of 40%)
B&O Credit for Preproduction Development Expenditures	Expenditures for aerospace preproduction development	Credit equal to 1.5% of qualified preproduction development expenditures
Retail Sales and Use Tax Exemption for Computers	Manufacturers and processors for hire of commercial airplanes and component parts of commercial airplanes	6.5% State Sales Tax 0.5 - 1.0% Local/County Tax
Property and Leasehold Excise Tax B&O Tax Credits	New buildings, the land upon which the new buildings are located and the increased value of renovated buildings	TBD
Manufacturer's Sales/Use Tax Exemption	Purchases of Machinery & and Equipment Used Directly in a Manufacturing Operation	6.5% State Sales Tax 0.5 - 1.0% Local/County Tax
High Unemployment County Sales/Use Tax Deferral	Manufacturers, persons conditioning vegetable seeds, research and development and commercial testing for manufacturers in a qualifying county or in a Community Empowerment Zone (CEZ).	6.5% State Sales Tax 0.5 - 1.0% Local/County Tax
High Tech Sales & Use Tax Deferral/Waiver	Certain Construction and Equipment for R&D Purposes	6.5% State Sales Tax 0.5 - 1.0% Local/County Tax
High Tech B&O Credit for R&D Spending	Certain Qualified Expenditures Accrued During R&D Activities	Dependent upon R&D expenditures
Business and Occupation Tax Credit for New Hires	Job Creation	Up to \$4,000 credit for each new position
B&O Tax Credit	Customized Employment Training Program	50% of cost of training program
Job Skills Program - Competitive Grant	Training	\$900 per trainee



Highly Skilled Workforce

- We have a **comprehensive statewide strategy and training system** that directly links global aerospace industry demand and new technologies with innovative partnerships for education, targeted training and joint apprenticeship programs.
 - **Air Washington Center of Excellence for Advanced Materials Manufacturing** is a collaborative effort of 26 Washington education organizations offering world class training and education, producing the most highly skilled and trained aerospace and advanced manufacturing experts in the world, including: machinists, mechanics, electricians, technicians, engineers, designers, pilots and more.
 - **Washington Aerospace Training Center**—facilities in Spokane, Everett and Renton serves students and companies throughout the state

Export assistance

The Washington state Department of Commerce provides support for aerospace companies located in the state to increase international sales. Commerce has a dedicated aerospace trade specialist who works one-on-one with local aerospace companies to access the state's network of foreign representatives for business support and business introductions to targeted international sales channel partners.

Washington Workers' Compensation Reforms

Governor Gregoire recently signed major workers compensation reform legislation cutting more than \$1 billion in costs over the next four years, getting workers back to work sooner. By reducing costs and maintaining the long term solvency of the system, this new reform creates an economic climate that gives employers the certainty they need to create jobs.

- **Major Reforms**
 - Statewide Provider Network/COHE expansion (SB 5801):
 - The bill creates a single statewide provider network for the treatment of injured workers of State Fund and self-insured employers, and requires expansion of Centers of Occupational Health and Education (COHE).
 - Settlement Option, Return-to-Work, and Disability System Changes (HB 2123)
 - Creates the Stay-at-Work program, authorizing State Fund employers to receive a wage subsidy and reimbursements for employing an injured worker at light duty or transitional work.
 - Eliminates the fiscal year 2012 cost-of-living adjustment with no catch-up, and delays the first cost-of-living adjustment.
 - Authorizes claim resolution structured settlement agreements initially for workers age 55 or older, then age 53 or older beginning in 2015, and age 50 or older beginning in 2016, and establishes minimum and maximum periodic payments.



- Requires permanent total disability awards to be offset by prior permanent partial disability (PPD) awards and eliminates interest on unpaid PPD awards.
- Establishes in statute Safety and Health Investment Projects grants.
- Creates an Industrial Insurance Rainy Day Fund.
- Requires the Department of Labor and Industries (Department) to apply certain best practices to address employer, worker, and provider fraud.
- Requires the Joint Legislative Audit and Review Committee to conduct a performance audit of the workers' compensation claims management system.
- Requires the Department to contract for a study of occupational disease.

Unemployment Insurance Tax Reform

Governor Chris Gregoire has signed [SB 5135](#) and [EHB 1091](#), companion bills that lower unemployment insurance tax rates for some Washington employers. Eighty thousand small businesses are expected to see their unemployment insurance rate reduced.

This legislation:

- Caps employer taxes in some areas, adjusts tax rates, expands the unemployment insurance training benefits program, and allows long-term unemployed people to access federally funded extended benefits.
- Authorizes the use of funds received from the federal government to temporarily increase weekly benefits by \$25 per week for new claims filed from March 6 through November 5, 2011.

Workforce Investment Act

Gov. Gregoire recently invested \$3 million in training to help put Washingtonians to work in aerospace and meeting the needs of the growing aerospace sector.

- These Workforce Investment Act funds will help nearly 500 workers learn the skills necessary for our aerospace industry to thrive and expand in Washington state.
- Meeting the workforce needs for Washington created by the \$35 billion contract awarded to the Boeing Company to build 179 tankers for the U.S. Air Force supporting 11,000 jobs
- Meeting the demand for the next version of the 737, whether a new plane or new engine, will also require skilled workers.

Other Initiatives to serve the Aerospace Industry

- Establishing the Governor's Council on Aerospace in 2009, convening top government officials, workforce, community, education, labor and industry to work on making sure Washington continues to be competitive and continues to be a partner to business.
- Gov. Gregoire led an effort with 8 other governors and launched the U.S. Tanker 2010 Coalition to advocate for the awarding of the U.S. Air Force refueling tanker contract to the Boeing Company which was recently awarded to Boeing.
- Gov. Gregoire has launched Project Pegasus, a tactical effort intended to keep Boeing Co. from deciding to build its expected successor to the best-selling 737 jetliner outside Washington.