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**SENATE BILL 5350**

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**State of Washington 67th Legislature 2021 Regular Session**

**By** Senator Honeyford

AN ACT Relating to extending certain aerospace tax preferences to include unmanned aircraft systems; amending RCW 82.32.550; creating a new section; and providing an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  (1) The legislature finds that the people of Washington have benefited from the presence of the aerospace industry. The legislature further finds that the industry continues to provide good-wage jobs and benefits for employees throughout the state. The legislature acknowledges that expansion of the aerospace industry to other types of aircraft manufacturing would provide additional good-wage jobs for the citizens of Washington, increasing the economic activity of manufacturing in the state. Therefore, the legislature intends to extend certain aerospace industry tax preferences to commercial unmanned aircraft systems manufacturing in order to encourage the migration of these businesses to Washington, in turn creating and retaining good-wage jobs and new tax revenue for the state.

(2) It is the specific public policy objective of the legislature to provide tax preferences to the manufacturing of commercial unmanned aircraft systems, including the components used in the manufacturing process. These tax preferences are intended to promote economic growth and jobs for Washington. The legislature categorizes these tax preferences as ones intended to create and retain jobs, as described in RCW 82.32.808(2)(c).

(3)(a) In order to obtain the necessary data to perform a review of the tax preference provided in this act, persons using any of the preferences created under this act must file a tax preference annual report under RCW 82.32.534.

(b) The joint legislative audit and review committee must review the tax preference provided in this act as part of its normal review process of tax preferences. The committee must assess employment changes and tax revenue changes in the commercial unmanned aircraft systems industry in Washington in comparison to employment and tax revenues prior to the extension of tax preferences in this act. The committee must assess the number of jobs created in the commercial unmanned aircraft systems industry in Washington during the term of the tax preferences provided in this act. If the committee finds that the number of jobs in the commercial unmanned aircraft systems industry has increased by an average of 50 jobs during the term of the tax preferences provided in this act, then the legislature intends for the legislative auditor to recommend extending the expiration date of the tax preference.

(c) To the extent practicable, the joint legislative audit and review committee must use data provided by state agencies responsible for administering unemployment insurance and collecting tax revenue and data statistics provided by the bureau of labor statistics.

**Sec.**  RCW 82.32.550 and 2010 1st sp.s. c 23 s 517 are each amended to read as follows:

(1)(a) "Commercial airplane" has its ordinary meaning, which is an airplane certified by the federal aviation administration for transporting persons or property, and any military derivative of such an airplane.

(b) Until July 1, 2032, "commercial airplane" includes "commercial unmanned aircraft system," which is any federal aviation administration-certified aircraft designed to operate autonomously or be piloted remotely without a pilot on board, and the equipment necessary to remotely control or operate such aircraft.

(2) "Component" means a part or system certified by the federal aviation administration for installation or assembly into a commercial airplane.

(3) "Superefficient airplane" means a twin aisle airplane that carries between ((~~two hundred~~)) 200 and ((~~three hundred fifty~~)) 350 passengers, with a range of more than ((~~seven thousand two hundred~~)) 7,200 nautical miles, a cruising speed of approximately mach .85, and that uses ((~~fifteen~~)) 15 to ((~~twenty~~)) 20 percent less fuel than other similar airplanes on the market.

NEW SECTION. **Sec.**  This act takes effect October 1, 2021.

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