

# HOUSE BILL REPORT

## SHJM 4034

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### As Passed House:

March 7, 2008

**Brief Description:** Requesting the United States Congress to reconsider and halt the procurement of foreign-made tankers for use by the United States Air Force.

**Sponsors:** By House Committee on Community & Economic Development & Trade (originally sponsored by Representatives Kessler, DeBolt, Kenney, Ericksen, Grant, Springer, Santos, Ross, Morris, Conway, Moeller, Schual-Berke, Lantz, Crouse, Flannigan, Alexander, Rolfes, Kristiansen, Lias, Smith, Barlow, Priest, Kelley, Ericks, Kagi, Blake, Hurst, Pearson, McIntire, Loomis, Roach, Skinner, Haler, Linville, Haigh, Appleton, Quall, Wood, Armstrong, McCune, Walsh, Bailey, Hankins, Warnick, Herrera, Eddy, Dunshee, Condotta, Hinkle, O'Brien, Schindler, Kretz, Ahern, Rodne, Sump, Dunn, Takko, Hudgins, Wallace, Jarrett, Chandler, Miloscia, Orcutt, Upthegrove, Sells, Newhouse, Seaquist, Williams, Simpson, Campbell, Pedersen, Fromhold, Nelson, McCoy, Hunt, Green, Goodman, Darneille, McDonald, Chase, Chopp, Clibborn, Cody, Dickerson, Eickmeyer, Hailey, Hasegawa, Hunter, Kirby, Morrell, Ormsby, Pettigrew, Roberts, Schmick, Sommers, Sullivan and VanDeWege).

### Brief History:

#### Committee Activity:

Community & Economic Development & Trade: 3/7/08 [DPS].

#### Floor Activity:

Passed House: 3/7/08, 93-1.

### Brief Summary of Substitute Bill

- Urges the United States Congress to act immediately to halt the procurement of foreign-made aerial refueling tanker aircraft for the United States Air Force.

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## HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass.

Signed by 8 members: Representatives Kenney, Chair; Pettigrew, Vice Chair; Bailey, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Chase, Darneille, Rolfes and Sullivan.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Staff:** Meg Van Schoorl (786-7105).

**Background:**

On February 29, 2008, the Air Force announced that a development and procurement contract for up to 179 KC-45A aerial refueling tanker aircraft had been awarded to Northrop Grumman Corporation. According to the company, its industrial team will include primary subcontractor European Aeronautic Defence and Space Company (EADS) and General Electric Aviation, Sargent Fletcher, Honeywell, Parker, AAR Cargo Systems, Telephonics, and Knight Aerospace.

The Boeing Company (Boeing) also submitted a bid for the contract. According to Boeing, a post-decision debriefing between the Air Force and Boeing is scheduled for March 7, 2008.

According to the Air Force, proposals were evaluated based on nine aircraft performance parameters, and five vendor capability factors: mission capability, proposal risk, past performance, cost/price, and an integrated fleet air refueling rating.

The initial contract of \$1.5 billion is for the system design and development of four aircraft. The value of the procurement of the initial 64 tankers is \$10.6 billion. The value of an overall contract to produce 179 tankers is estimated at \$35 billion. The new tanker is anticipated to be in the test phase during 2010 and operationally capable in 2013.

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**Summary of Substitute Bill:**

The Legislature represents information about airplane manufacturing in the State of Washington, national security and military strength, and immediate and projected impacts of a recent United States Air Force decision on tanker procurement.

The United States Congress is urged to take immediate action to halt the procurement of foreign-made tankers to be used by the Air Force, conduct a congressional inquiry and reconsider its decision, and reconsider the awarding of the contract in the name of national and economic security.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Staff Summary of Public Testimony:**

(In support) This is not just about Boeing or Washington State jobs; it is about American jobs. We are almost certainly in a recession. This project could have meant 44,000 jobs in a number of our states, including 9,000 jobs within the State of Washington. These numbers are with respect to the direct jobs only - they do not reflect the employment multiplier of three jobs for each aerospace job. Seventy aerospace supply companies in Washington are also

affected, most of which have fewer than 50 employees. We have highly skilled workers ready to go. The assertion that the contract has gone to an American company is bogus. The European community is excited about taking this contract away from Boeing. These jobs will be in Europe. We believe this was a "bait and switch" in terms of the contract specifications. This is about national security, about foreign countries having access to our military technology. In fact, the World Trade Organization (WTO) agreement has an exemption for contracts impacting national security. In addition, it is the height of hypocrisy and irony for our government to bring a suit in the WTO charging that EADS and Airbus are unfairly subsidized, and then award them this contract. Troops need a reliable plane. The contract awardee has no plane, no plant. Where is the quality control? We are asking Congress to re-examine its priorities and stop the allocation of funding to this project. Congress should require that the United States agencies take domestic economic conditions and workforce impacts into account when awarding contracts. It is not a bad thing to protect the domestic economy.

(Opposed) None.

**Persons Testifying:** Representative Kessler, prime sponsor; Representative DeBolt; Larry Brown, Aerospace Machinists 751; Jeff Johnson, Washington State Labor Council American Federation of Labor - Congress of Industrial Nations; and Linda Lanham, Aerospace Futures Alliance.

**Persons Signed In To Testify But Not Testifying:** None.