

2294

Sponsor(s): Representatives Pettigrew, Priest, Morris and Hinkle;  
by request of Governor Locke

Brief Description: Providing tax incentives for the retention and expansion of the aerospace industry in Washington state.

**HB 2294 - DIGEST**

(DIGEST AS ENACTED)

Finds that the people of the state have benefitted from the presence of the aerospace industry in Washington state. The aerospace industry provides good wages and benefits for the thousands of engineers, mechanics, and support staff working directly in the industry throughout the state. The suppliers and vendors that support the aerospace industry in turn provide a range of jobs.

Declares that it is in the public interest to encourage the continued presence of this industry through the provision of tax incentives. The comprehensive tax incentives in this act address the cost of doing business in Washington state compared to locations in other states.

Finds that accountability and effectiveness are important aspects of setting tax policy. In order to make policy choices regarding the best use of limited state resources the legislature needs information on how a tax incentive is used.

Provides that a person who reports taxes under RCW 82.04.260(13) or who claims an exemption or credit under sections 7 and 11 through 15 of this act shall make an annual report to the department detailing employment, wages, and employer-provided health and retirement benefits per job at the manufacturing site. The report shall not include names of employees. The report shall also detail employment by the total number of full-time, part-time, and temporary positions.

Provides that the report is due by March 31st following any year in which a preferential tax rate under RCW 82.04.260(13) is used, or tax exemption or credit under sections 7 and 11 through 15 of this act is taken. This information is not subject to the confidentiality provisions of RCW 82.32.330 and may be disclosed to the public upon request.

Provides that, if a person fails to submit an annual report under this act by the due date of the report, the department shall declare the amount of taxes exempted or credited, or reduced in the case of the preferential business and occupation tax rate, for that year to be immediately due and payable. Excise taxes payable under this provision are subject to interest but not penalties, as provided under chapter 82.32 RCW. This information is not subject to the confidentiality provisions of RCW 82.32.330 and may be disclosed to the public upon request.

Requires that, by November 1, 2010, and by November 1, 2023, the fiscal committees of the house of representatives and the senate, in consultation with the department, shall report to the legislature on the effectiveness of chapter . . . , Laws of 2003 1st

sp. sess. (this act) in regard to keeping Washington competitive. The report shall measure the effect of chapter . . . , Laws of 2003 1st sp. sess. (this act) on job retention, net jobs created for Washington residents, company growth, diversification of the state's economy, cluster dynamics, and other factors as the committees select. The reports shall include a discussion of principles to apply in evaluating whether the legislature should reenact any or all of the tax preferences in chapter . . . , Laws of 2003 1st sp. sess. (this act).

Provides that chapter . . . , Laws of 2003 1st sp. sess. (this act) takes effect on the first day of the month in which the governor and a manufacturer of commercial airplanes sign a memorandum of agreement regarding an affirmative final decision to site a significant commercial airplane final assembly facility in Washington state. The department shall provide notice of the effective date of chapter . . . , Laws of 2003 1st sp. sess. (this act) to affected taxpayers, the legislature, and others as deemed appropriate by the department.

Provides that chapter . . . , Laws of 2003 1st sp. sess. (this act) is contingent upon the siting of a significant commercial airplane final assembly facility in the state of Washington. If a memorandum of agreement under subsection (1) of this section is not signed by June 30, 2005, chapter . . . , Laws of 2003 1st sp. sess. (this act) is null and void.

Directs the department to make a determination regarding the date final assembly of a superefficient airplane begins in Washington state. The rates in RCW 82.04.260(13)(a)(ii) and (b)(ii) take effect the first day of the month such assembly begins, or July 1, 2007, whichever is later. The department shall provide notice of the effective date of such rates to affected taxpayers, the legislature, and others as deemed appropriate by the department.

Provides that, if on December 31, 2007, final assembly of a superefficient airplane has not begun in Washington state, the department shall provide notice of such to affected taxpayers, the legislature, and others as deemed appropriate by the department.