H-2836.1

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**HOUSE BILL 2265**

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**State of Washington 64th Legislature 2015 2nd Special Session**

**By** Representatives Manweller and Condotta

AN ACT Relating to providing additional detail in the tax preference performance statement, including a 79,500 employment baseline, for the aerospace tax incentives; and amending 2013 3rd sp.s. c 2 s 1 (uncodified).

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

**Sec.**  2013 3rd sp.s. c 2 s 1 (uncodified) is amended to read as follows:

(1) The legislature finds that the people of Washington have benefited enormously from the presence of the aerospace industry in Washington state. The legislature further finds that the industry continues to provide good wages and benefits for the thousands of engineers, mechanics, and support staff working directly in the industry throughout the state. The legislature further finds that suppliers and vendors that support the aerospace industry in turn provide a range of well-paying jobs. In 2003, and again in 2006, and 2007, the legislature determined it was in the public interest to encourage the continued presence of the aerospace industry through the provision of tax incentives. To this end, and in recognition of the continuing extreme importance of the aerospace industry in Washington, it is the legislature's intent to reaffirm and build upon prior aerospace tax incentive legislation in a fiscally prudent manner.

(2) The legislature categorizes the tax preferences extended in this act as intended to create or retain jobs, as indicated in RCW 82.32.808(2)(c).

(3) It is the legislature's specific public policy objective to maintain ((~~and grow Washington's aerospace industry workforce~~)) at least seventy-nine thousand five hundred aerospace employment positions in Washington with respect to the state's largest aerospace employer and to also grow Washington's aerospace industry workforce in relation to workforce changes in the aerospace industry in the United States and internationally. To help achieve this public policy objective, it is the legislature's intent to conditionally extend aerospace industry tax preferences until July 1, 2040, in recognition of intent by the state's aerospace industry sector to maintain and grow its workforce within the state.

(4) The joint legislative audit and review committee must review the tax preferences provided in this act and report to the legislature by December 1, ((~~2019~~)) 2018, and every five years thereafter. As part of its tax preference reviews, the committee must specifically assess: (a) Changes in aerospace industry employment in Washington in comparison with other states and internationally; (b) aerospace tax and other incentives provided in other states; and (c) whether and to what extent the aerospace tax incentives claimed by our state's largest aerospace firm should be conditional upon an employment standard. To the extent practicable, the committee must use occupational data statistics provided by the bureau of labor statistics and state agencies responsible for administering unemployment insurance to perform ((~~this assessment~~)) the assessment under (a) of this subsection.

(5)(a) By December 1, 2015, the employment security department must determine the employment level of a significant aerospace firm and report the determination to the fiscal committees of the legislature.

(b) The definitions in this subsection (5)(b) apply throughout this section unless the context clearly requires otherwise.

(i) "Employment level" means the average number of employment positions reported to the state employment security department for the months of January through September of calendar year 2015.

(ii) "Significant aerospace firm" means a manufacturer that has made a final decision to site a significant commercial airplane manufacturing program in the state under RCW 82.32.850.

(c) The employment level of a significant aerospace firm is not confidential information under chapter 50.13 RCW.

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