

JLARC Staff's Performance Evaluation of Washington State's Aerospace Tax Preferences

2003's policy objectives are being met

A key concern to policy makers when approving the preferences in 2003 was the potential loss of the 787 assembly and other new models to another state and the loss of thousands of jobs. The original public policy objectives for the preferences are being achieved:

- ◆ Continued presence of the aerospace industry in Washington
- ◆ Jobs provided with good wages and benefits
- ◆ Reduced cost of doing business in Washington for the aerospace industry

Preferences' actual impact on location decisions is unknown

JLARC staff estimated the long-term impacts on jobs and compared three scenarios facing the Legislature when the preferences were debated:

	Legislature does not approve preferences. <i>Boeing sites 787 elsewhere and phases future assembly to other states</i>	Legislature does approve preferences. <i>Boeing stays and adds new jobs for new assembly</i>	Legislature does approve preferences. <i>Boeing stays but doesn't add jobs specifically for new assembly</i>
Aerospace job impacts	47,977 jobs lost	5,203 jobs gained	572 jobs gained
Other private sector job impacts	119,674 jobs lost	10,664 jobs gained	1,600 jobs lost
Public sector job impacts	23,139 jobs lost	1,264 jobs lost	3,613 jobs lost
Total Impacts	190,790 jobs lost	14,603 jobs gained	4,641 jobs lost

Jobs are provided by both private and public sectors

The private sector provides jobs and its business activities contribute tax dollars. Spending those tax dollars also provides jobs (teachers, prison guards, medical services). When comparing a dollar spent in the aerospace sector to a dollar spent in the public sector, on average a higher percentage of public sector expenditures currently goes directly to paying people within the state.

The full aerospace tax preference review can be found [here](#).

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