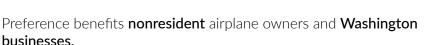
Modifying Large Private Airplanes Owned by Nonresidents

2019 JLARC TAX PREFERENCE REVIEW

Estimated 2019-21 beneficiary savings: \$11.6 million

Sales and use tax

## Sales and use tax exemption for modification work performed on large airplanes owned by nonresidents



The Legislature enacted this preference in 2013.



The preference is scheduled to expire July 1, 2021.

This activity did not take place in WA before the preference was passed. After the preference passed, nonresidents started bringing airplanes to WA for modification work.



Washington's experience suggests nonresident owners take their airplanes to places with no sales tax on airplane modifications

**If preference expires,** economic modeling tool estimates:

Statewide job losses ranging between **347** to **569** jobs

State tax revenue losses ranging between **\$1.8** to **\$3.3 million** 

Economic modeling tool estimates preference had **negligible impact** on Washington's broader aerospace manufacturing industry.

## LEGISLATIVE AUDITOR'S RECOMMENDATION

## Continue and clarify

The Legislature should:

- Continue the preference by extending the expiration date before the preference expires on July 1, 2021.
- Clarify whether the objective of growing the broader aerospace manufacturing industry is relevant.

