



# PROPOSED STUDY QUESTIONS 2024 Tax Preference Review: Aerospace

State of Washington Joint Legislative Audit and Review Committee

September 2023

## Nine tax preferences benefit Washington’s aerospace industry

In 2013, the Legislature extended nine tax preferences that benefit the aerospace industry. The preferences have been available to businesses that perform any of these three activities:

1. Manufacturing commercial airplanes, including superefficient airplanes.
2. Developing aerospace products. Products include airplanes and their components, airplane repair equipment, and tooling used to manufacture commercial airplanes.
3. Repairing aircraft.

Preference type	Number in this review
B&O tax (preferential rate)	3
Sales and use tax	2
B&O tax (credits)	2
Property tax	1
Leasehold excise tax	1

## Legislature requires JLARC to review the nine tax preferences every five years

The 2013 Legislature required JLARC to review these preferences by December 1, 2019, and every five years thereafter. These preferences also are included in the 10-year review schedule set by the Citizen Commission for the Performance Measurement of Tax Preferences (Commission).

The Legislature requires that each review assess employment changes in Washington’s aerospace industry compared to other states and countries. In [the 2019 review](#), the Legislative Auditor recommended the Legislature clarify its expectations for employment growth in the aerospace industry. The Commission endorsed this recommendation. It has not yet been implemented.

## This study will address the following questions

Study questions define the scope of the audit, based on the study mandate. They reflect preliminary outreach, research, and analysis of potential racial equity considerations per RCW 44.28.076.

1. Have the preferences and their use changed since JLARC reviewed them in 2019?
2. Is the Legislative Auditor’s 2019 recommendation applicable to current circumstances?
3. What are the racial and ethnic characteristics of those that benefit from the tax preferences and their employees?

## Study timeframe

Preliminary Report: July 2024

Proposed Final Report: December 2024

## Study team

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## JLARC Study Process

