



Action Initiative Business Plan Template

<i>Cluster Work Group:</i>	Aerospace
<i>Prepared by:</i>	Deborah Knutson
<i>Date:</i>	March 15, 2005

Title or Name of the Initiative: *Develop a name for the effort that communicates action and positive outcomes. This initiative will be known as:*

Aerospace Initiative #1: Aerospace Legislative Initiative

Initiative Champion/Implementation Team Members: *Name and contact information for each person working on this initiative.*

Deborah Knutson * 425-743-4567 dknutson@snoedc.org
 John Monroe 425-260-5173 jamonroe@msn.com
 Stan Sorscher 425-355-2883 stans@speea.org
 Michael Pearce 206-684-8519 m.pearce@seattle.gov
 Stephanie Barnett 360-725-4050 stephanieb@cted.wa.gov

Sally Harris 206-256-6100 sallyh@cted.wa.gov
 Peter Anderson 206-763-0350 peter@galvinflying.com
 Mike Hudson 360-943-1600 mikeh@awb.org
 Julie Sexton 360-570-6135 julies@dor.wa.gov
 Robin Pollard 360-725-4063 robinp@cted.wa.gov

Description & Motivation: *What is the nature of the cluster challenge the initiative will address?*

Encourage suppliers to locate or expand in Washington by providing incentives focused on the broader aspects of aerospace.

Objective: *What is the objective of the initiative? How will it impact economic or cluster development in the region? Describe how it relates to the Prosperity Partnership's goal of job creation?*

Near Term:

PASS TAX INCENTIVES FOR NON-MANUFACTURING - AEROSPACE BUSINESSES - HB 1940 & SB 5864

This proposal would extend two tax incentives contained in HB 2294 to persons engaged in the services of research, design, and engineering of airplanes and airplane components:

1. Sales and use tax exemption for certain computer equipment used primarily in the development, design, and engineering of airplanes and airplane components; and
2. A B&O tax credit for preproduction development spending.

PASS B&O TAX CREDIT FOR PROPERTY TAXES - PAID BY AEROSPACE BUSINESSES - HB 2111 & SB 5972

This proposed legislation offers a compromise for B&O tax credit for property taxes paid by aerospace businesses.

1. The B&O tax credit would be limited to new buildings and the land, and the increase in assessed

Objective: *What is the objective of the initiative? How will it impact economic or cluster development in the region? Describe how it relates to the Prosperity Partnership's goal of job creation?*

value of existing structures due to renovation or expansion, if the structures are used *exclusively* in the manufacture of commercial airplanes and components of such airplanes.

Passage of these two Bills will encourage business expansion.

Longer Term

Pursue longer-term legislation to provide broader support to the aerospace

Obstacles and Impediments Likely to Affect Implementation: *What do you expect to be the most significant obstacles to implementation? How can/will they be overcome? What resources will be required (e.g., political support, lobbying efforts)*

1. Lack of progress in meeting baseline expectations from original aerospace initiatives package (HB 2294).
2. Current \$2.2B deficit within the state.

Funding: *What is the estimated cost of this initiative, in phases beginning with design, the "ramping up" phase, and then for ongoing annual costs? Note alternative sources of funding for each phase.*

1. \$5,000 for media, letter writing, web support, etc. to cover out of pocket expenses to get the Bills passed.
2. HB 1940/SB 5864 has an estimated fiscal impact of \$5 million over the next two years. However, the return on investment the state will realize from employment and income revenue will far exceed the projected impact to the state's general fund.

Outcome/Results: *How will know that we have achieved our objective? How will we evaluate whether or not we have been successful?*

1. Measure number of aerospace firms that have taking advantage of proposed bills. (Who)
2. Using supplier information from 1 above, determine increased employment levels. (What) For example, if one supplier were to locate 50 employees here as a result of this legislation, they would bring in \$6.5M in earnings over two years to the economy. Using the accepted multiplier of 2 additional jobs, this number would be even greater.

Action Steps: *Describe the initiative in specific steps: Tasks (What, Who, When).*

- I. Assure passage of selective B & O tax credits for manufacture of commercial airplanes and an excise tax relief for non-manufacturing aerospace businesses.
 - a. Provide endorsement for Prosperity Partnership leadership. (Julie Sexton / Deborah Knutson)
 - b. Provide media that can be used for a formal press release. (Julie Sexton / Deborah Knutson)

Action Steps: Describe the initiative in specific steps: Tasks (What, Who, When).
<ul style="list-style-type: none"> c. Communicate importance with aerospace suppliers within the State. (Deborah Knutson) d. Using the EDC's, encourage passage with state legislature. (Deborah Knutson)
<p>2. Pursue longer-term legislation to provide broader support to the aerospace industry (beyond just commercial airplanes and beyond just manufacturing activities). Aerospace industry includes aircraft parts, aircraft maintenance/service, design, avionics, guided missiles, space vehicles, and technology (advanced composites, computer systems, etc.). Examples:</p> <ul style="list-style-type: none"> a. Incorporate action items from other sub groups. b. Identify tools a processes that other states use that could be made available, through legislative action, to the State of Washington (i.e. Tax Incentive Financing) c. Identify need for an aerospace "Lobbyist" at the state level. d. Using the +600 Aerospace suppliers in Washington, ensure that all issues have been identified.
3.
4.
5.

Timeline: Provide a rough schedule of activity for each step above and the lead person for each task. (Example: Establish implementation team/Jones, Hold first planning meeting/Johnson, Prepare concept/funding proposal/Smith, dates).		
Step	Key Person	Timeline
1. Provide draft letter of endorsement	Julie Sexton / Deborah Knutson	March 14, 2005
2. Provide draft press release.	Julie Sexton / Deborah Knutson	March 14, 2005
3. Provide EDC's with web based endorsement package for use with legislature.	Deborah Knutson	March 16, 2005
4. Send letters to all 600 aerospace suppliers in the state encouraging their support of bills.	Deborah Knutson / Robin Pollard	March 16, 2005
5. Provide passage of HB 1940 & SB 5864	Robin Pollard	Second quarter 2005.
6. Provide passage of HB 2111 & SB 5972	Robin Pollard	Second quarter 2005.

Other action steps/implementation timing issues:

X:\EDD\RES\cluster-groups\Aero\Action Initiatives\Aerospace Legislative Initiative - March 15 Draft.doc