

# Aerospace Cluster Initiatives

*Aerospace Initiative #1:*

RECOMMEND SHORT AND LONG TERM LEGISLATIVE ACTION THAT SUPPORTS THE AEROSPACE CLUSTER

**Champion: Deborah Knutson**

**Organizational Home: Snohomish County EDC (interim), then Aerospace Trade Association**

**Initiative Development Team Members:**

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 Julie Sexton, *WA Department of Revenue*  
 Robin Pollard, *WA CTED*

**Description & Motivation:**

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

**Objective:**

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

1. Lack of progress in meeting baseline expectations from original aerospace initiatives package (HB























