

# The Impact of the Aerospace Industry in Washington State

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# 1 WASHINGTON STATE AEROSPACE IMPACTS

2 THE BOEING COMPANY IN WASHINGTON

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# WASHINGTON STATE AEROSPACE IMPACTS

## Key Findings

- In 2012, the **aerospace industry** supported **\$76 billion** in sales via direct, indirect, and induced impacts. The aerospace cluster is responsible for over 250,000 total jobs in the state of Washington.
- **Boeing Commercial** alone supported **\$70 billion** in revenues to the state economy—**11% of Statewide Gross Business Incomes**—through direct sales of Boeing jets, supplier and other aerospace company revenues, employee wages and spending.
- Fiscal impacts from **Boeing Commercial** included **\$476 million** in state tax revenues via direct, indirect, and induced impacts, and many more local revenues throughout the state. Since 2004, the aerospace industry has supported **\$4 billion** in state revenues.
- In 2012 the aerospace industry\* provided **132,500** direct and supporting jobs at **1,350 establishments** across the state. The aerospace cluster is responsible for over 250,000 total jobs in the state of Washington.
- **Wages** for the industry\* as a whole totaled **\$11.5 billion**, representing **11%** of all wages earned in **Washington State**.\*
- The **777 program** alone contributes **\$20.1 billion** in economic activity, generates **56,600 jobs**, and yields **\$132.9 million in state tax revenues** annually.



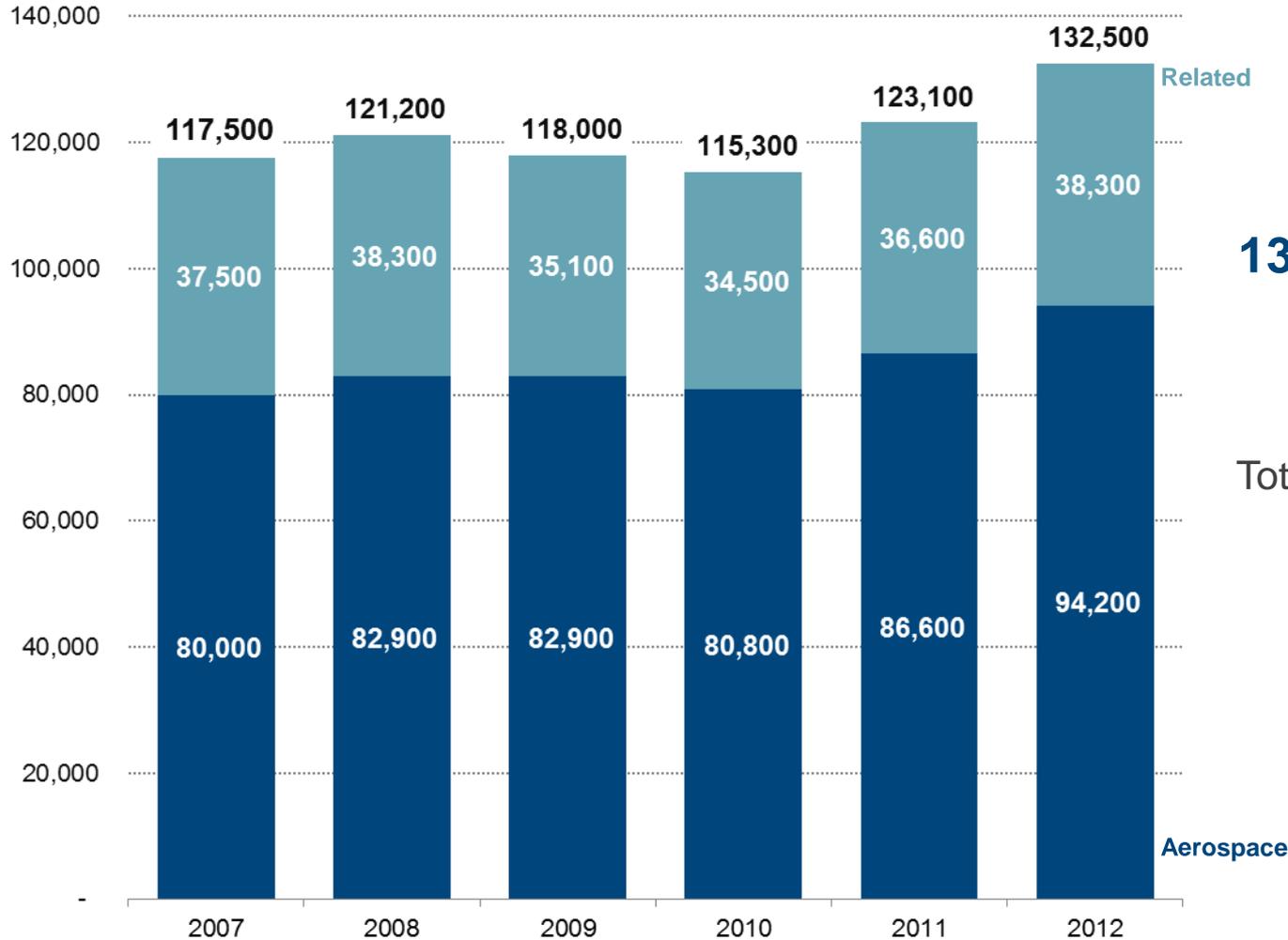
\*Industry totals for jobs and wages include direct aerospace activities and supporting industries.  
Sources: Washington State Employment Security Department; Governor's Office of Aerospace; Community Attributes Inc.

# WASHINGTON STATE AEROSPACE IMPACTS: employment

## Washington State Aerospace Industry Employment

2007-2012, Annual

Employees



In 2012 the aerospace industry provided **132,500 jobs** at **1,350 establishments** across the state.

Total jobs are up by 15,000 since 2007, showing **12.8% job growth.**

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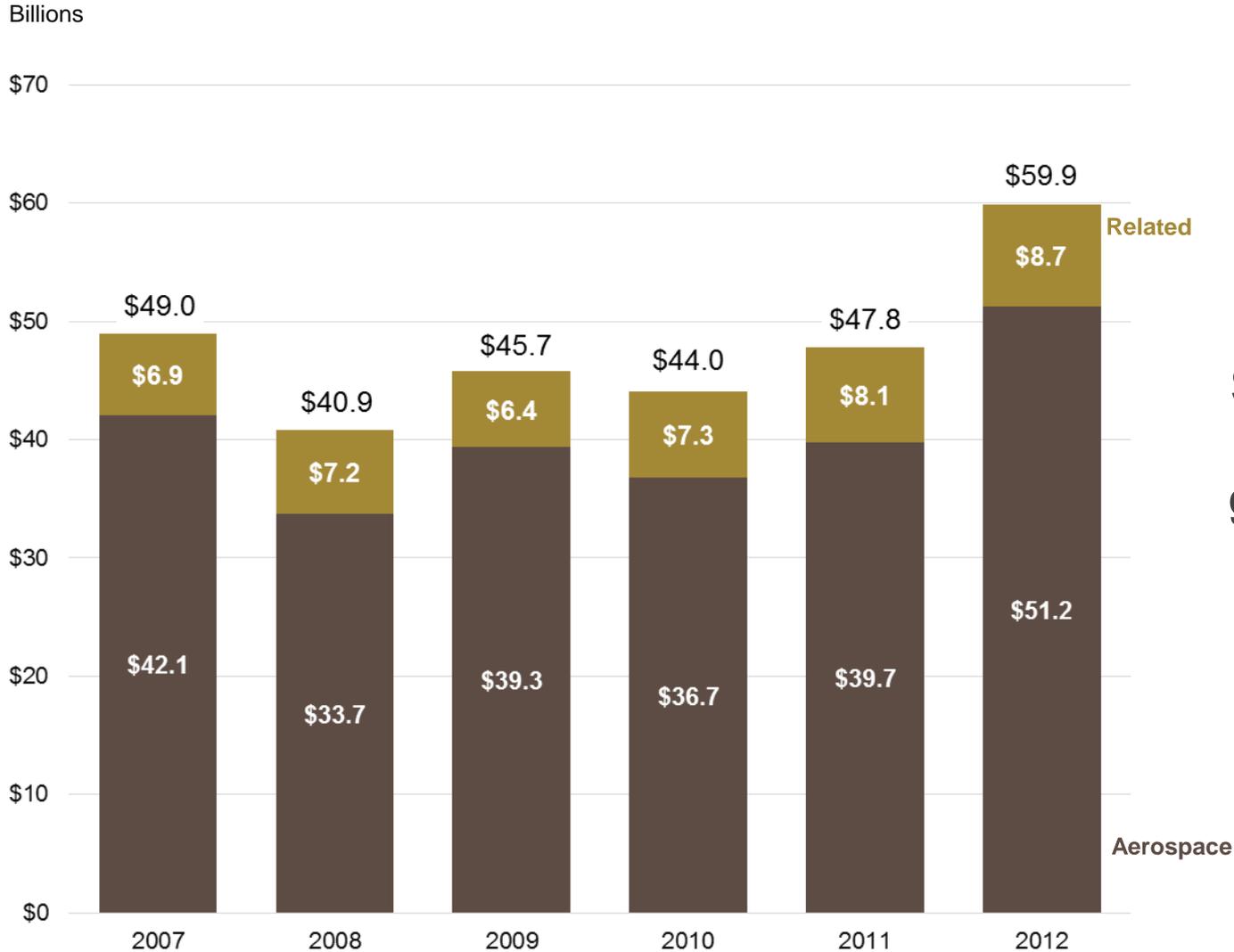


WASHINGTON AEROSPACE PARTNERSHIP

# WASHINGTON STATE AEROSPACE IMPACTS: revenues

## Washington State Aerospace Industry Revenues

2007-2012, Annual, in 2012 \$

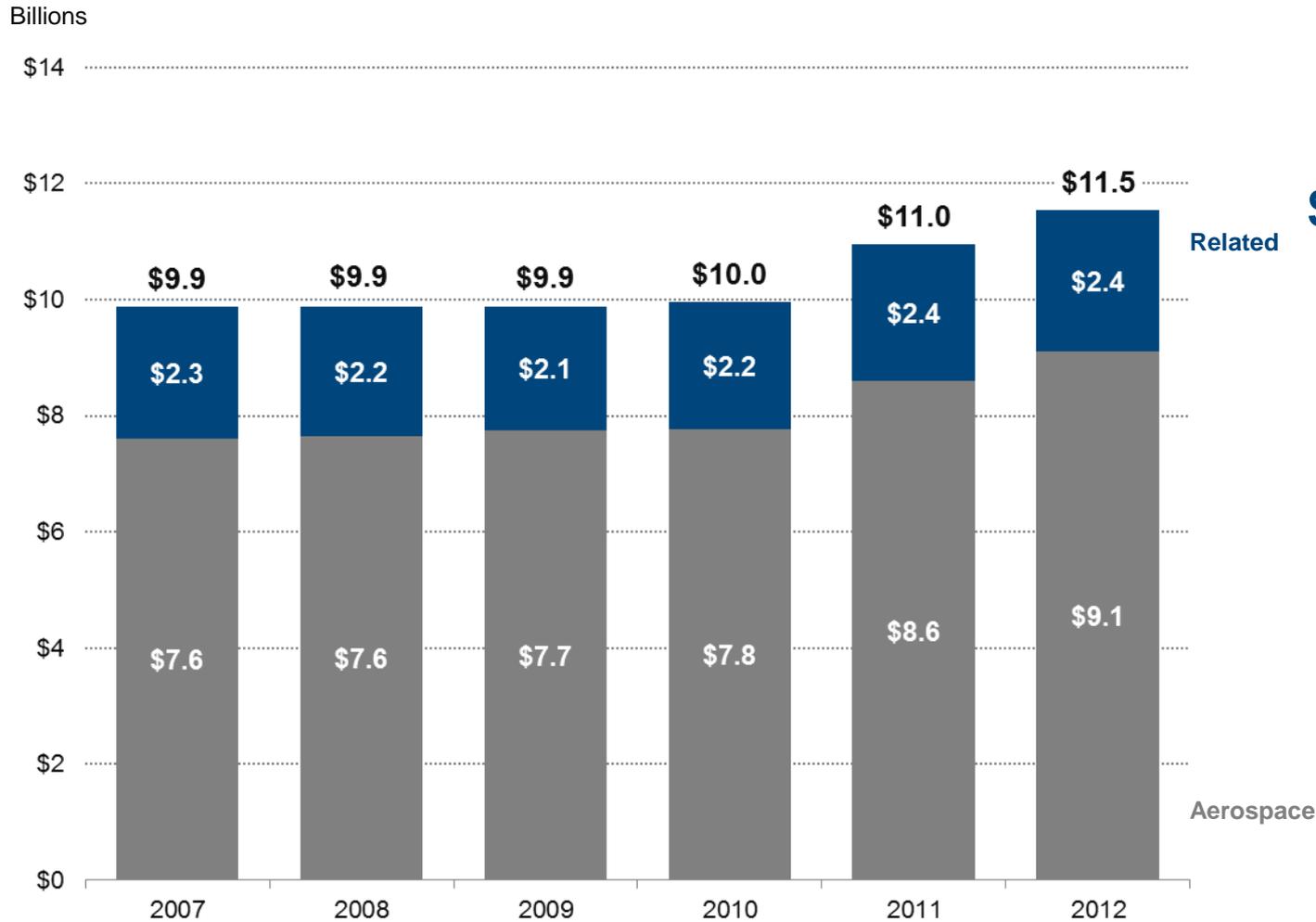


Total aerospace and supporting industry revenues grew by **\$15.9 billion** dollars, representing **35% growth** between 2010 and 2012.

# WASHINGTON STATE AEROSPACE IMPACTS: wages

## Washington State Aerospace and Related Industry Wages

Annual, adjusted to billions 2012 \$



Total aerospace and related industry wages grew by **\$1.5 billion** dollars, showing **15% growth** between 2010 and 2012.

Aerospace's \$11.5 billion in wages paid equal **11% of all wages paid in Washington.**

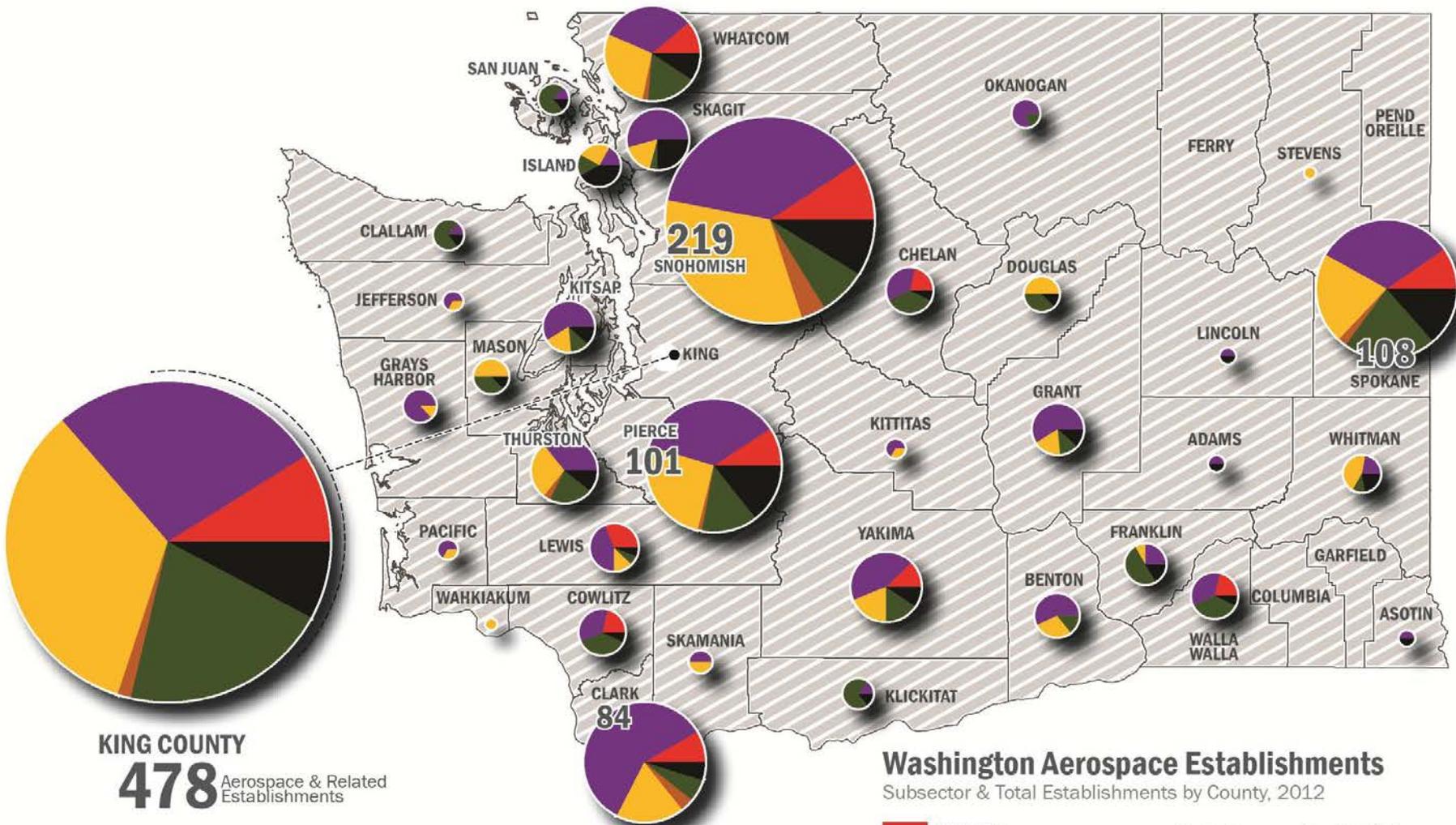
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# WASHINGTON STATE AEROSPACE IMPACTS: establishment locations



**KING COUNTY**  
**478** Aerospace & Related Establishments

**WASHINGTON STATE AEROSPACE AND RELATED ESTABLISHMENTS, STATEWIDE:**

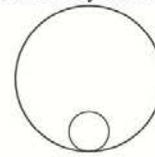
**1,350**

## Washington Aerospace Establishments

Subsector & Total Establishments by County, 2012

- Materials
- Machining
- Manufacturing
- Testing & Calibration
- Air Transportation
- Maintenance, Repair & Overhaul

Circle size proportional to total number of County establishments



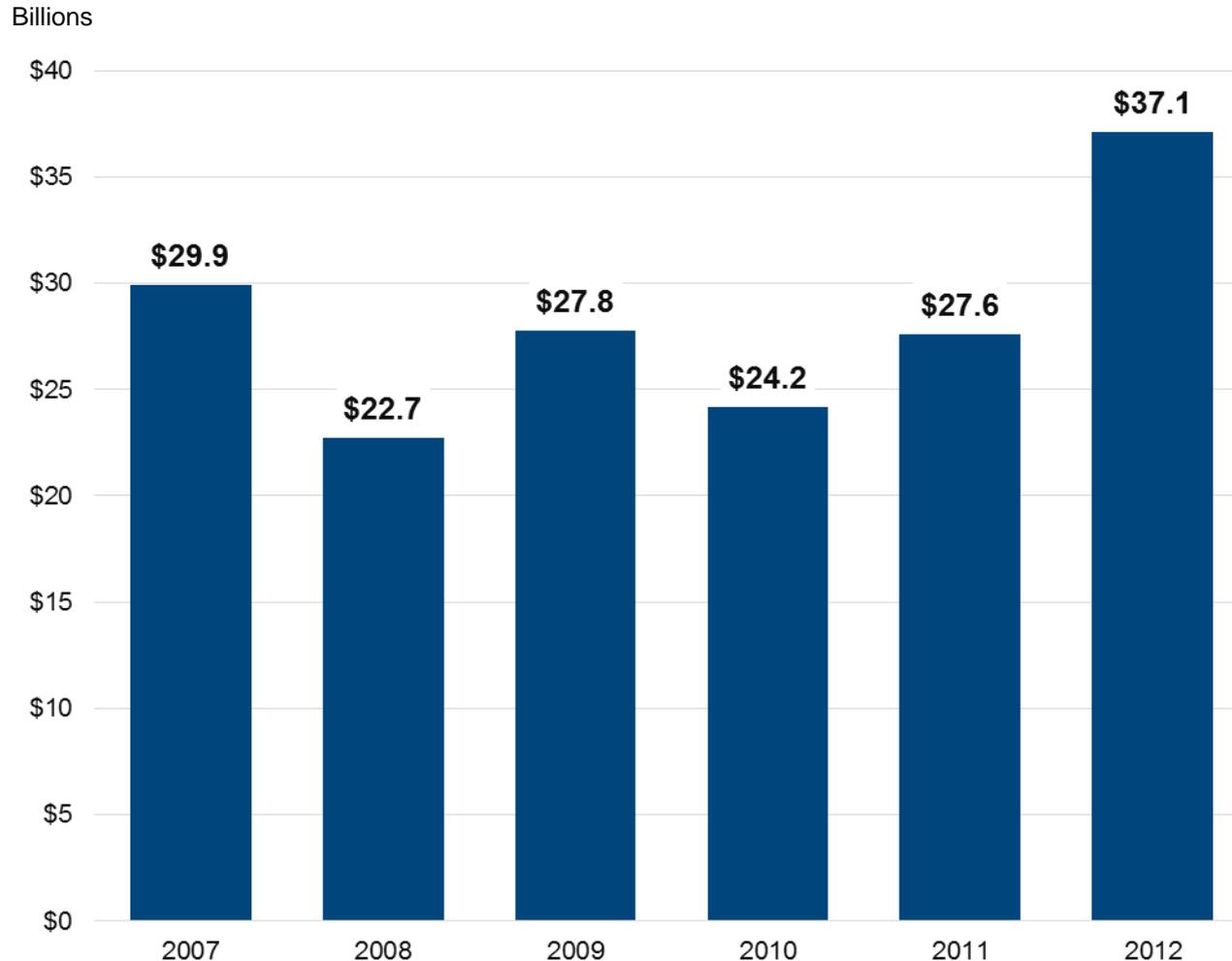
100 Miles

Sources: Revel; Community Attributes, Inc., U.S. Bureau of Labor Statistics

\*Aerospace and related include aerospace industry codes under NAICS 3364 and related sectors.

## Washington Aerospace Exports

2007-2012, billions USD, adjusted to 2012 \$



Aerospace industry  
**exports totaled**  
**\$37.1 billion** dollars  
in 2012, representing  
**49% of all**  
**Washington**  
**goods exports.**

Sources: Washington State Department of Commerce; U.S. Bureau of Economic Analysis; Community Attributes Inc.

1 WASHINGTON STATE AEROSPACE IMPACTS

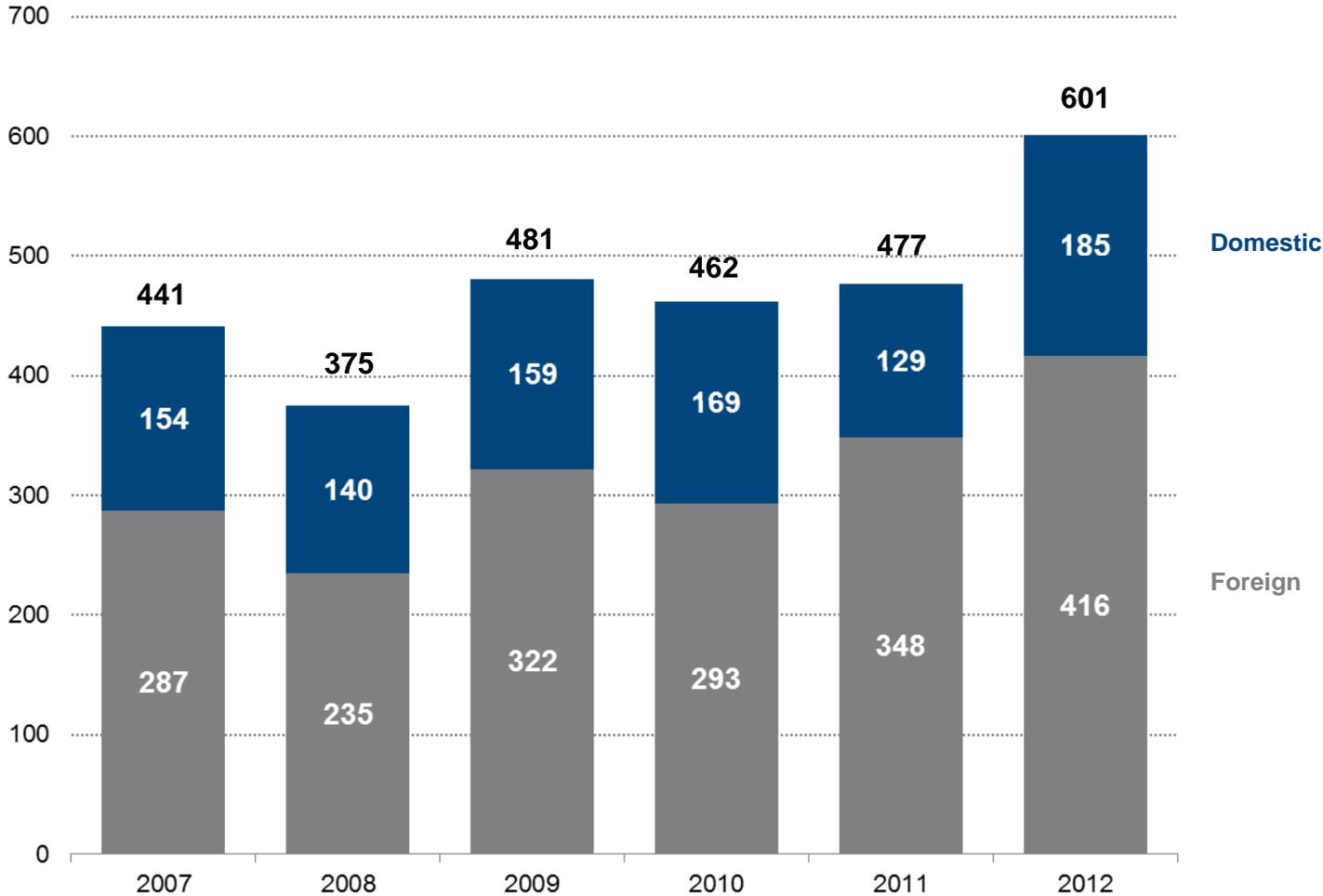


**2 THE BOEING COMPANY IN WASHINGTON**

3 WASHINGTON'S INVESTMENT IN AEROSPACE

## Boeing Commercial Deliveries, 2007-2012

Airplanes



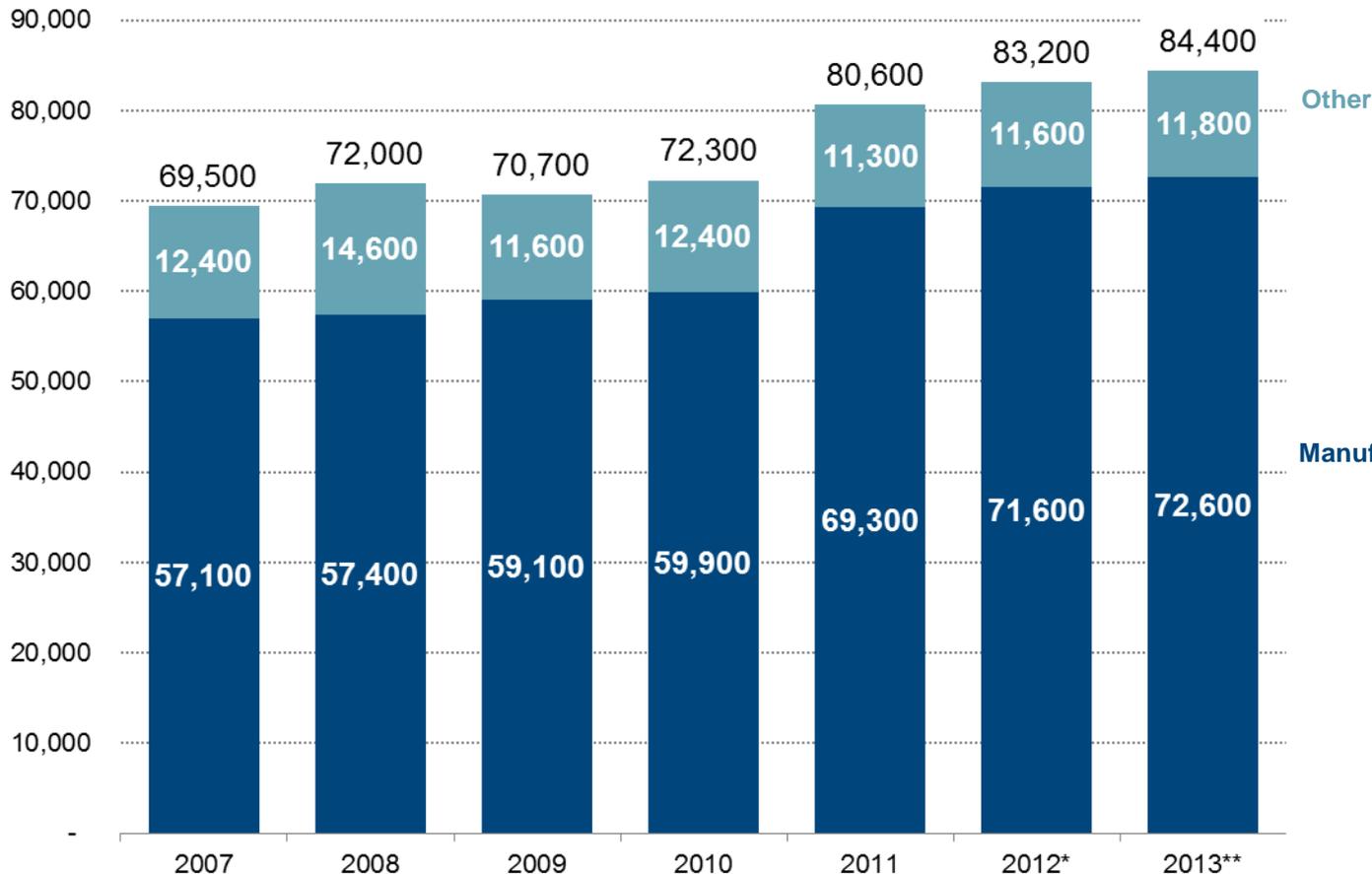
Boeing Commercial deliveries totaled **601** airplanes in 2012, a **growth of 139** airplanes since 2010.

# THE BOEING COMPANY IN WASHINGTON: employment

## Boeing Employment in Washington

2007 - 2013

Employees



**Boeing currently employs 84,400, 17% growth since 2010.**

The Boeing Company remains the **largest private employer** in Washington.

Manufacturing

Other



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\*Estimate by Community Attributes Inc.

\*\*As of August 2013. Source: The Boeing Company.

For 2012 and 2013, breakouts by manufacturing and other are estimates.

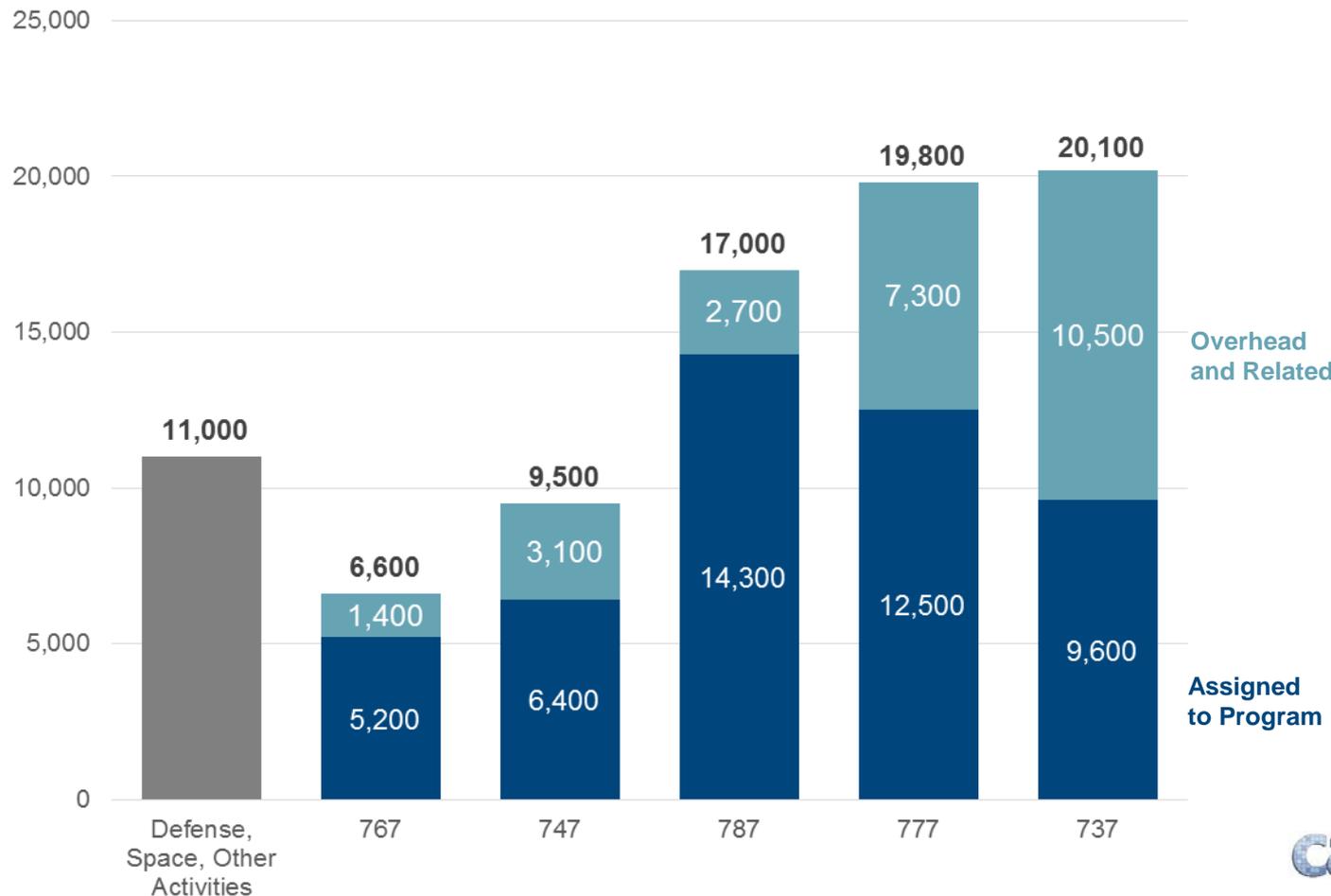
Sources: Washington State Department of Revenue; The Boeing Company; Community Attributes Inc.

# THE BOEING COMPANY IN WASHINGTON: employment

## Employment Allocated by Aircraft Family, 2012

Number of workers; total estimated Boeing Employment in Washington

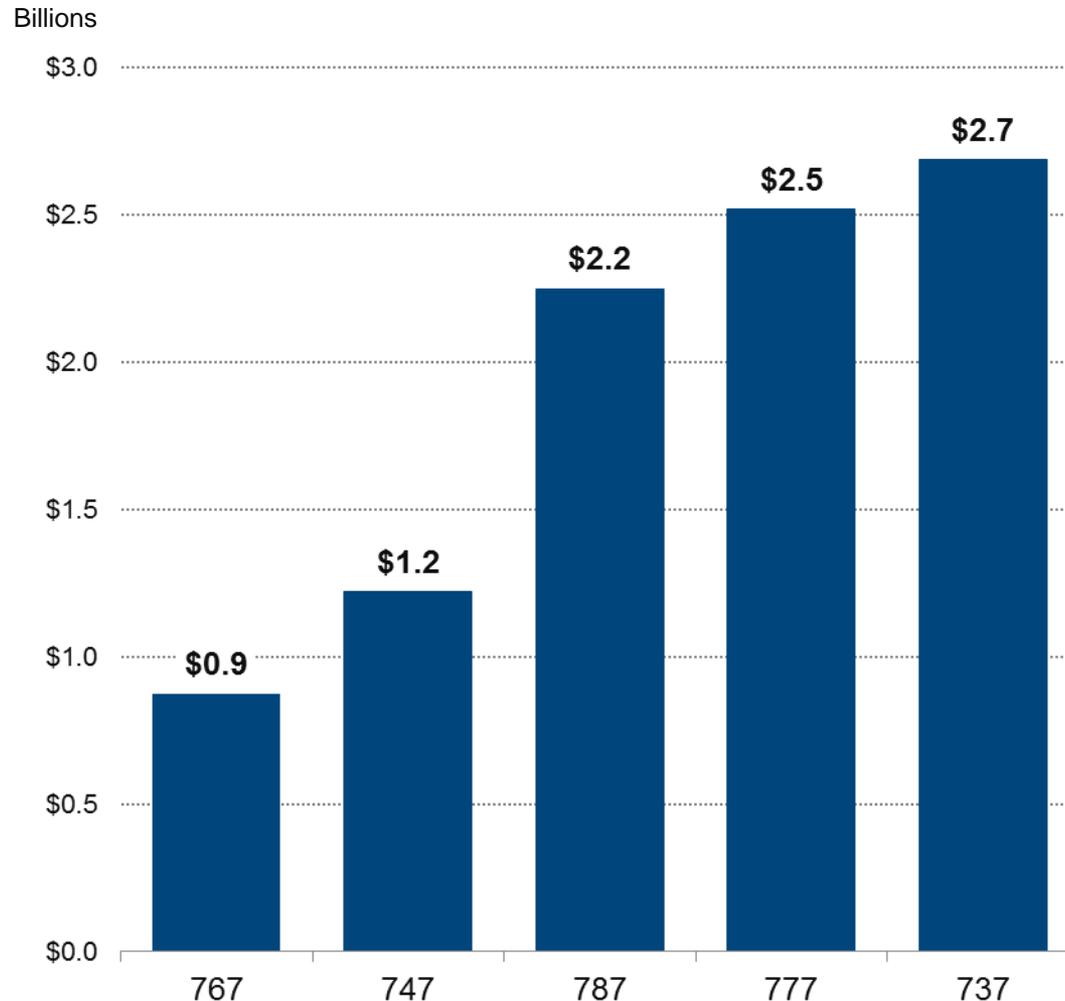
Employees



777 production provided **19,800 jobs** in 2012, representing **27%** of Boeing Commercial employment.

## Wages by Aircraft Family, 2012

*Billions \$, including benefits*



777 production provided an estimated **\$2.5 billion** in wages in 2012.

Combined wages from aircraft production totaled **\$9.5 billion** in 2012, including benefits.

1 WASHINGTON STATE AEROSPACE IMPACTS

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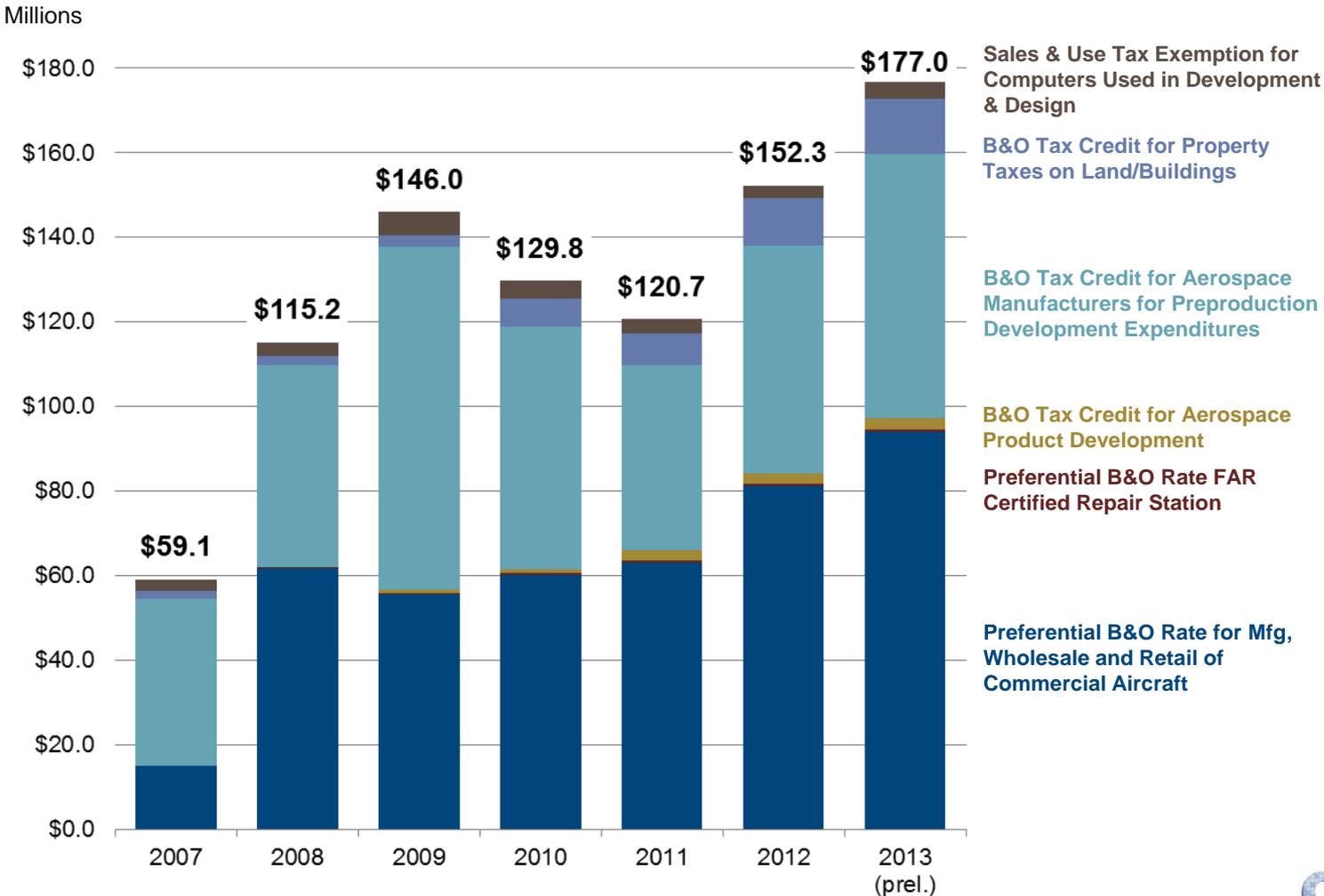
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# WASHINGTON'S INVESTMENT IN AEROSPACE: tax investments

## Aerospace Industry Tax Investments by Washington State

Actuals, estimates (2013), \$millions, based on fiscal year



Between fiscal years 2004 and 2013, tax investments in aerospace from the State totaled more than **\$1.0 billion.**

# WASHINGTON'S INVESTMENT IN AEROSPACE: tax incentives

Type of Incentive	Eligibility	Rate
<b>Preferential B&amp;O tax rate</b>	<ul style="list-style-type: none"> <li>Manufacturers &amp; processors for hire</li> <li>Aerospace product development businesses</li> <li>Aerospace products</li> <li>Certificated FAR part 145 repair stations</li> </ul>	<b>38-50% reduced rate</b>
<b>B&amp;O tax credit for aerospace product development</b>	<ul style="list-style-type: none"> <li>Supplies</li> <li>Cost of FAA certification</li> <li>Computer &amp; processing expenses</li> </ul>	<b>Amount of qualified expenditures x 1.5%</b>
<b>Sales and use tax exemption on computer hardware and peripherals</b>	<ul style="list-style-type: none"> <li>Hardware</li> <li>Software</li> <li>Plotters</li> <li>Switches</li> <li>Hubs</li> </ul>	<b>Full exemption</b>
<b>B&amp;O tax credit for property taxes/leasehold taxes paid</b>	<ul style="list-style-type: none"> <li>Manufacturers</li> <li>Tooling manufacturers</li> <li>Certified FAR part 145 repair stations</li> <li>Aerospace product development businesses</li> </ul>	<b>B&amp;O tax credit equal to leasehold taxes</b>

# WASHINGTON'S INVESTMENT IN AEROSPACE: other investments

## Key Non-Tax Investments, 2003 through 2012

	Workforce Training	Capital/Land Improvement	Other	Total
<b>PROJECT OLYMPUS</b>	\$23,500,000	\$340,500,000	\$2,285,000	\$366,285,000
<b>PROJECT PEGASUS</b>	\$9,550,000	N/A	N/A	\$9,550,000
<b>TOTAL</b>	<b>\$33,050,000</b>	<b>\$340,500,000</b>	<b>\$2,285,000</b>	<b>\$375,835,000</b>

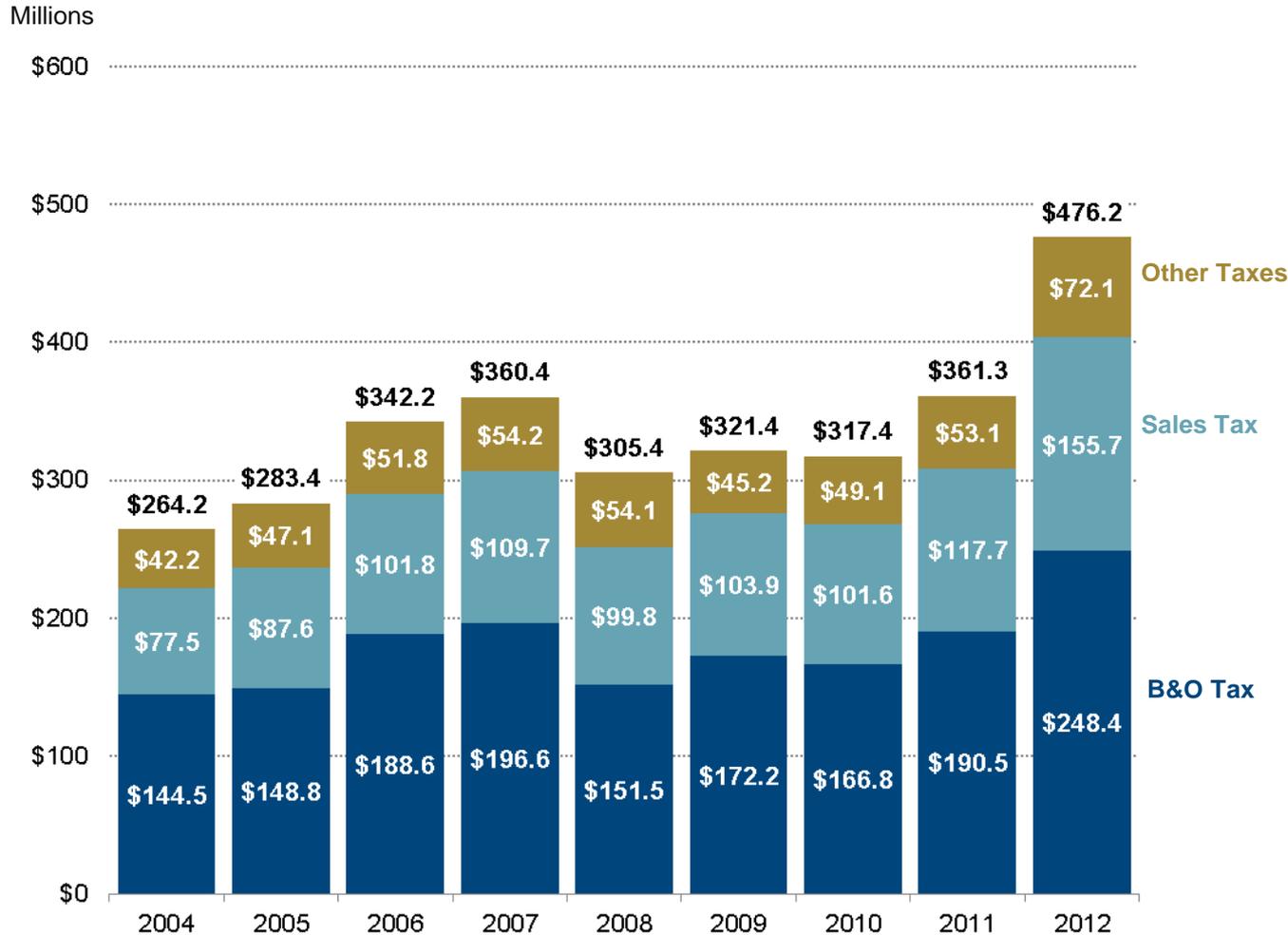
Source: Community Attributes Inc.



# WASHINGTON'S INVESTMENT IN AEROSPACE: fiscal benefits

## State Fiscal Benefits from Boeing Operations, 2004 – 2012\*

Adjusted to 2012 \$ USD, Millions



Between 2004 and 2012, Washington's \$1.4 billion investment has yielded more than **\$3.0 billion in State fiscal revenues** supported by Boeing Commercial activities, and **more than \$4 billion** supported by aerospace overall.

In 2012, Boeing Commercial operations supported **7.3% of all B&O tax** collected by the State.

\*Estimates reflect total economic impacts, including direct, indirect, and induced revenues due to Boeing Commercial activities, and resulting tax fiscal benefits to the State.

Sources: Washington State Department of Revenue; Washington State Office of Financial Management; Community Attributes Inc.

# WASHINGTON'S INVESTMENT IN AEROSPACE: benefits summary

## FISCAL IMPACTS

## ECONOMIC IMPACTS



Total Taxes  
**\$169.1 Million**

Total Jobs  
64,200  
DIRECT Jobs  
**20,100**

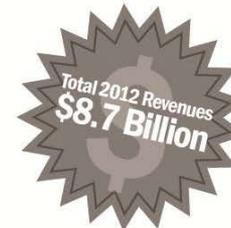
Total Wages & Benefits  
**\$3.6 Billion**  
DIRECT Wages & Benefits  
**\$2.7 Billion**



Total Taxes  
**\$60.0 Million**

Total Jobs  
26,600  
DIRECT Jobs  
**9,500**

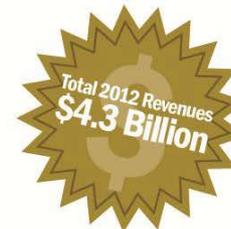
Total Wages & Benefits  
**\$1.5 Billion**  
DIRECT Wages & Benefits  
**\$1.2 Billion**



Total Taxes  
**\$34.3 Million**

Total Jobs  
17,300  
DIRECT Jobs  
**6,600**

Total Wages & Benefits  
**\$1.0 Billion**  
DIRECT Wages & Benefits  
**\$0.9 Billion**



Total Taxes  
**\$132.9 Million**

Total Jobs  
56,600  
DIRECT Jobs  
**19,800**

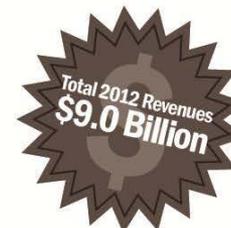
Total Wages & Benefits  
**\$3.2 Billion**  
DIRECT Wages & Benefits  
**\$2.5 Billion**



Total Taxes  
**\$79.3 Million**

Total Jobs  
42,900  
DIRECT Jobs  
**17,000**

Total Wages & Benefits  
**\$2.6 Billion**  
DIRECT Wages & Benefits  
**\$2.2 Billion**



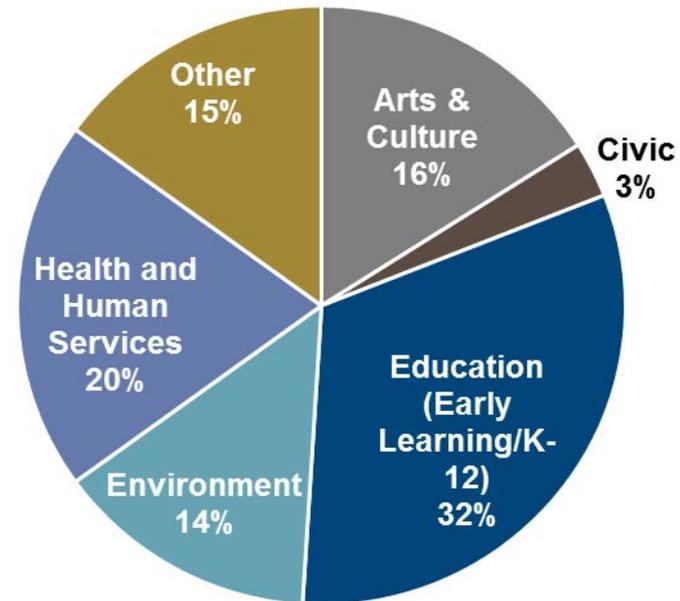
# WASHINGTON'S INVESTMENT IN AEROSPACE: charitable contributions

In 2012, the Boeing Company, its employees, and retirees made charitable contributions of **\$51.8 million** in Washington State.

Since 2000, Boeing has made **84 research grants** to WSU worth **\$5.7 million**.

Boeing executives sit on the Board of Directors for over **100 local non-profits**.

Boeing Charitable Contributions by Focus Area, 2012



# Thank you.

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