



AFA Accomplishments

AFA Enjoys 2009 Legislative Success Despite Record \$9 Billion State Deficit

- **Unemployment Insurance:** Unemployment insurance is a fundamental cost driver in Washington. Washington's UI program is currently the second-highest most expensive program in the nation. Working with the business sector, the AFA urged the passage of legislation that would lower employers UI tax burden. The Legislature passed and the Governor signed critical legislation bringing Washington UI system into federal conformity, making our UI system more competitive with other states.
- **Aerospace Tax Incentives:** The AFA was able to ensure the aerospace tax incentives were maintained despite the huge state deficit.
- **Worker Privacy:** The AFA and other employers opposed union backed legislation that would have prohibited mandated attendance at meetings to discuss labor, religion or politics. The legislation was killed for the third year in a row.
- **Transportation:** Transportation is a top priority for AFA members moving product into and through Washington State. Legislators passed a transportation funding package that will make improvements to 520 and many other critical arterials for AFA businesses.
- **Kenmore Bill:** On behalf of AFA member Kenmore Air, legislation was passed and signed into law by the Governor that exempts sales and use tax on the sale of airplanes used in providing intrastate commuter operations.

Washington Aerospace Training Center

Workforce training is a top priority for AFA members and industry leaders. During 2009, the AFA conducted a survey of it's' membership on training needs and priorities. In September, the AFA joined a delegation to visit Wichita, Kansas to study the states' training facilities.

The result of our hard work is the newly created, Washington Aerospace Training Center established in Snohomish County. Creation of the Washington Aerospace Training Center will serve as a hub in support of Washington State's aerospace industry. An operating agreement was made between the AFA and Edmonds Community College to manage the Training Center. We have made significant progress toward funding the Center.

In October, a \$600,000 grant from the State was awarded to support the Aerospace Training and Research Center to fund equipment and curriculum at the Paine Field center and its counterpart in Spokane. In November, the Washington State Department of Commerce Awarded \$250,000 to the Aerospace Training Center for capital improvements to the facility. Additionally, in November \$600,000 was included in the United States House of Representatives consolidated appropriations bill for Washington Aerospace Training Center. The AFA is continually working to secure additional funding for the Aerospace Training Center.

Aerospace Tax Incentives

The AFA strongly supports extending the reduction of the B&O tax reduction incentive for Part 145 Repair Station to July 1, 2024. The State of Washington currently has 115 certificated repair stations employing approximately 3,400 highly skilled individuals. In 2008 the legislature extended the existing package of aerospace incentives to those companies in the Part 145 business. Data supplied by the Washington State Department of Revenue indicates that 38 of these 115 have taken some form of the incentive package.

The AFA is working to maintain and preserve the incentives package for our FAR Part 145 Repair Stations as a continued stimulus for economic growth. Further, the AFA is working with the State Department of Revenue and accounting professionals to ensure that all eligible Washington aerospace companies are applying for and receiving these tax incentives.

Definition of “Tooling” Change

In partnership with member company ElectroImpact (EI), the AFA worked with the State Department of Revenue to develop a new definition of “tooling”. This new definition allows companies to claim the preferential B&O rate for the majority of in-state commercial airplane product. When Bill 6828 became law, the industry definition of tooling was not included in the actual bill. The drafters of the bill assumed the DOR would know what tooling meant. Instead, an auditor used a dictionary definition of tooling which was quite limited in scope. As a result, the automation components of EI's products did not qualify for the lower rate incentive. Not only did this reduce the incentive overall, but it caused EI to segregate costs in accounting because the two rates applied to their work. Monthly, EI was required to report on both. Now, one rate covers all the manufacturing sales EI does in Washington State for commercial aerospace. As an example, in the coming year, EI will do about \$20m of work in Washington. Forty-percent of that is manufacturing and thus subject to B&O. Of that \$8 million, 75% will be machines and 25% will be fixtures. Previous to the new definition, EI would have paid .00484 on \$6m and .002904 on \$2m, now EI will pay .002904 on the whole \$8m. The savings for EI will be \$12,000 for next year.

2009 Governor’s Summit, Spokane, WA

The AFA and the Inland Northwest Aerospace Consortium teamed together to host the 3rd annual Governor’s Aerospace Summit held in Spokane, WA October 6th and 7th. Attended by over 200 aerospace stakeholders, government leaders and labor, the event focused on the importance of aerospace to the entire state of Washington. Speakers covered a variety of topics critical to maintaining Washington’s strength in the aerospace industry. The AFA is excited about the dialogue between statewide representatives, companies and labor concerning the importance of Washington’s aerospace industry. As other states look for job and revenue growth, we must all work together to ensure Washington remains the number one state in which to do aerospace business.

Aerospace Directory

The AFA developed a Washington Aerospace Industry directory which lists over 300 companies that provide a variety of aerospace services. The AFA will be updating this directory in 2010.

AFA Listens to Members

The AFA developed a form designed for member companies to share details about their business, challenges to growth, employment opportunities, and ideas to create a more competitive environment for Washington aerospace companies.

FAA Certification

The AFA successfully worked with the FAA to ensure timely certification for Washington A&P mechanics.

AFA Leadership Breakfasts

Each year the AFA invites member companies to meet with elected officials. These meetings provide an opportunity for frank discussion about aerospace challenges and priorities. Meetings are held around the state by geographic area.

AFA Sponsors Key Aerospace Symposiums

The AFA supports a number of highly successful events for aerospace companies to network, hear about supplier opportunities and challenges to maintaining Washington as the number one state in which to do aerospace related business. Two such events held in 2009:

Saving Washington Aerospace Summit

August 3, 2009 Lynwood, WA

Speakers included: Cong. Dicks, Snohomish County Executive Aaron Reardon

Boeing Supplier Diversity Aerospace Symposium

August 2009