

**AEROSPACE TAX INCENTIVE REPORT SUMMARY  
FOR TAX YEAR 2009**

**Washington State  
Department of Revenue**

**September 10, 2010**

This is a summary of accountability reports submitted by 221 firms that claimed to have participated in aerospace tax incentives (RCW 82.04.260(10a)) during Calendar Year 2009. This is the most recent year for which reports are available. A firm is required to submit a separate report for each manufacturing site that benefited from the tax incentives. Aerospace firms filed reports for 237 sites. These reports are not confidential and are subject to public disclosure.

Participants in this tax incentive program reported over 77,000 employees in total. Boeing employed about 76 percent of these employees. Aerospace employment was concentrated in two occupational classes: *Computer/Engineering/Mathematics* (23 percent) and *Production* (47 percent).

**TABLE 1.  
Distribution of Aerospace Employees by Occupation**

	<u>No. of emp.</u>	<u>Pcnt. of emp.</u>
Management	6,053	7.8%
Business, financial, and legal operations	5,086	6.6
Computer, mathematical, architecture, and engineering	17,663	22.8
Life, physical, and social science	108	0.1
Community and social services	31	0.0
Education, training, and library	65	0.1
Healthcare practitioners, technical, and support	97	0.1
Protective services, building, & grounds maintenance	1,319	1.7
Sales and service	596	0.8
Office and administrative support	4,261	5.5
Construction and extraction	290	0.4
Installation, maintenance, and repair	3,448	4.5
Production, non-construction trades, and craft	36,620	47.3
Transportation and material moving	1,428	1.8
Other (forest, fishery, agriculture, military, arts, media)	376	0.5
<b>Total</b>	<b>77,441</b>	<b>100%</b>

As shown in Table 2, over 64 percent of employees in the aerospace industry earned more than \$30 an hour in wages. Notably, 94 percent of management employees and 92 percent of employees in the area of *Computer/Engineering/Mathematics* earned over \$30 an hour. Among the lower paid, about 15 percent of the employees in *Protective Services, Building, & Grounds Maintenance* and 19 percent of workers in the *Other* classification made \$15 (or less) an hour.

**TABLE 2.**  
**Percentage Distribution of Employees by Occupation and Wage Bands (All Firms)**

	Min Wage <u>to \$10</u>	<u>\$10.01 to \$15</u>	<u>\$15.01 to \$20</u>	<u>\$20.01 to \$30</u>	<u>\$30.01 &amp; Over</u>
Management	0.1%	1.8%	0.6%	3.3%	94.2%
Business, financial, and legal operations	0.0	0.2	1.2	19.5	79.2
Computer, mathematical, architecture, & engineering	0.0	0.3	0.7	6.8	92.2
Life, physical, and social science	0.0	2.8	2.8	19.6	74.8
Community and social services	0.0	0.0	0.0	3.0	97.0
Education, training, and library	0.0	9.2	4.6	19.9	66.3
Healthcare practitioners, technical, and support	0.0	0.0	10.5	26.7	63.1
Protective services, building, & grounds maintenance	0.3	14.5	10.5	25.7	49.4
Sales and service	0.3	3.3	12.9	26.9	56.5
Office and administrative support	0.4	6.5	17.2	34.5	41.5
Construction and extraction	0.0	0.0	0.0	16.0	84.0
Installation, maintenance, and repair	0.0	4.7	4.0	23.0	68.2
Production, non-construction trades, and craft	0.8	8.2	21.3	22.4	47.1
Transportation and material moving	1.1	4.4	6.0	42.3	46.3
Other (forest, fishery, agriculture, military, arts, media)	2.2	17.2	19.1	18.0	43.5
<b>Total</b>	<b>345</b>	<b>3,965</b>	<b>9,287</b>	<b>14,146</b>	<b>49,666</b>
<b>Percent of Total (%)</b>	<b>0.4</b>	<b>5.1</b>	<b>12.0</b>	<b>18.3</b>	<b>64.1</b>

Table 3 shows that Boeing paid 76 percent of its employees over \$30 an hour. Table 4 shows that other aerospace firms paid only 25 percent of their employees at this level. At the other end of the wage scale, less than 1 percent of Boeing employees were paid \$15 (or less) an hour, while other firms in the industry paid 22 percent of their employees this much. These results confirm the belief that Boeing generally pays its employees better than other firms.

**TABLE 3.**  
**Percentage Distribution of Employees by Occupation and Wage Bands (Boeing)**

	Min Wage <u>to \$10</u>	\$10.01 <u>to \$15</u>	\$15.01 <u>to \$20</u>	\$20.01 <u>to \$30</u>	\$30.01 <u>&amp; Over</u>
Management	0.0%	0.0%	0.5%	0.5%	99.0%
Business, financial, and legal operations	0.0	0.0	0.3	18.2	81.5
Computer, mathematical, architecture, & engineering	0.0	0.0	0.2	3.7	96.2
Life, physical, and social science	0.0	0.0	0.0	16.1	83.9
Community and social services	0.0	0.0	0.0	3.0	97.0
Education, training, and library	0.0	0.0	3.0	21.0	76.0
Healthcare practitioners, technical, and support	0.0	0.0	11.1	24.9	64.4
Protective services, building, & grounds maintenance	0.0	13.1	9.7	25.0	52.6
Sales and service	1.3	9.8	3.7	6.1	79.2
Office and administrative support	0.0	0.3	8.1	33.9	57.7
Construction and extraction	0.0	0.0	0.0	16.0	84.0
Installation, maintenance, and repair	0.0	0.0	0.0	13.2	86.8
Production, non-construction trades, and craft	0.0	0.0	16.6	21.0	62.3
Transportation and material moving	0.0	0.0	0.6	45.9	53.5
Other (forest, fishery, agriculture, military, arts, media)	0.0	0.0	5.6	35.2	59.6
<b>Total</b>	<b>1</b>	<b>175</b>	<b>4,759</b>	<b>9,133</b>	<b>45,064</b>
<b>Percent of Total (%)</b>	<b>0.0</b>	<b>0.3</b>	<b>8.0</b>	<b>15.4</b>	<b>76.2</b>

**TABLE 4.**  
**Percentage Distribution of Employees by Occupation and Wage Bands (Non-Boeing)**

	Min Wage <u>to \$10</u>	\$10.01 <u>to \$15</u>	\$15.01 <u>to \$20</u>	\$20.01 <u>to \$30</u>	\$30.01 <u>&amp; Over</u>
Management	0.3%	7.7%	0.9%	12.6%	78.6%
Business, financial, and legal operations	0.3	2.8	13.9	38.0	45.1
Computer, mathematical, architecture, & engineering	0.0	1.9	4.3	27.3	66.6
Life, physical, and social science	0.0	21.7	21.7	42.9	14.3
Community and social services	0.0	0.0	0.0	0.0	0.0
Education, training, and library	0.0	18.8	6.3	18.7	56.3
Healthcare practitioners, technical, and support	0.0	0.0	0.0	60.0	40.2
Protective services, building, & grounds maintenance	4.0	31.9	19.9	34.1	10.1
Sales and service	0.2	2.4	14.3	30.1	53.0
Office and administrative support	0.9	14.4	29.0	35.3	20.5
Construction and extraction	0.0	0.0	0.0	0.0	0.0
Installation, maintenance, and repair	0.1	19.1	16.3	52.9	11.7
Production, non-construction trades, and craft	2.8	29.2	33.4	26.0	8.6
Transportation and material moving	7.6	31.7	39.8	19.9	1.0
Other (forest, fishery, agriculture, military, arts, media)	2.8	21.5	22.3	13.8	39.6
<b>Total</b>	<b>344</b>	<b>3,789</b>	<b>4,528</b>	<b>5,013</b>	<b>4,602</b>
<b>Percent of Total (%)</b>	<b>1.9</b>	<b>20.7</b>	<b>24.8</b>	<b>27.4</b>	<b>25.2</b>

As shown in Table 5, these accountability reports indicate that 95 percent of the employees in this industry were in permanent, full-time status. The reports also show that at least 9 out of 10 employees were eligible for medical and retirement benefits.

**TABLE 5.**  
**Comparison of Boeing To Other Aerospace Firms – Wages, Employment Status, and Benefits**

		<b>Percent of Employees</b>		
		All Firms	Boeing	Others
<b>Wages</b>	\$30.01 & Over	64.1%	76.2%	25.2%
	\$20.01 to \$30	18.3	15.4	27.4
	\$15.01 to \$20	12.0	8.0	24.8
	\$10.01 to \$15	5.1	0.3	20.7
	Minimum Wage to \$10	0.4	0.0	1.9
<b>Status</b>	Full-Time	95.0%	94.7%	96.0%
	Part-Time	0.6	0.1	2.5
	Temporary	4.4	5.2	1.4
	Hired Through Temp Staff Firms	4.7	5.3	2.9
<b>Benefits</b>	Eligible for Medical	93.9%	94.8%	91.3%
	Eligible for Retirement	92.1	94.8	83.6

Table 6 shows that monthly contributions paid by employers varied considerably. Aerospace firms reported that their share of medical benefit payments was as high as \$1,175 a month for an employee and maximum dental benefits of \$900 a month. The median medical benefit payment was \$308 a month, and the median dental benefit was \$42 a month.

**TABLE 6.**  
**Monthly Contributions Paid by Employer for Each Employee**

	Maximum	Median
<b>Medical</b>	\$1,175	\$308
<b>Dental</b>	900	42

## **RCW 82.32.534**

### **Annual report requirement for tax preferences.**

(1)(a) Every person claiming a tax preference that requires a report under this section must file a complete annual report with the department. The report is due by April 30th of the year following any calendar year in which a person becomes eligible to claim the tax preference that requires a report under this section. The department may extend the due date for timely filing of annual reports under this section as provided in RCW 82.32.590.

(b) The report must include information detailing employment, wages, and employer-provided health and retirement benefits for employment positions in Washington for the year that the tax preference was claimed. However, persons engaged in manufacturing commercial airplanes or components of such airplanes may report employment, wage, and benefit information per job at the manufacturing site for the year that the tax preference was claimed. The report must not include names of employees. The report must also detail employment by the total number of full-time, part-time, and temporary positions for the year that the tax preference was claimed.

(c) Persons receiving the benefit of the tax preference provided by RCW 82.16.0421 or claiming any of the tax preferences provided by RCW 82.04.2909, 82.04.4481, 82.08.805, 82.12.805, or 82.12.022(5) must indicate on the annual report the quantity of product produced in this state during the time period covered by the report.

(d) If a person filing a report under this section did not file a report with the department in the previous calendar year, the report filed under this section must also include employment, wage, and benefit information for the calendar year immediately preceding the calendar year for which a tax preference was claimed.

(2) As part of the annual report, the department may request additional information necessary to measure the results of, or determine eligibility for, the tax preference.

**(3) Other than information requested under subsection (2) of this section, the information contained in an annual report filed under this section is not subject to the confidentiality provisions of RCW 82.32.330 and may be disclosed to the public upon request.**

(4) Except as otherwise provided by law, if a person claims a tax preference that requires an annual report under this section but fails to submit a complete report by the due date or any extension under RCW 82.32.590, the department must declare the amount of the tax preference claimed for the previous calendar year to be immediately due and payable. The department must assess interest, but not penalties, on the amounts due under this subsection. The interest must be assessed at the rate provided for delinquent taxes under this chapter, retroactively to the date the tax preference was claimed, and accrues until the taxes for which the tax preference was claimed are

repaid. Amounts due under this subsection are not subject to the confidentiality provisions of RCW 82.32.330 and may be disclosed to the public upon request.

(5) The department must use the information from this section to prepare summary descriptive statistics by category. No fewer than three taxpayers may be included in any category. The department must report these statistics to the legislature each year by October 1st.

(6) For the purposes of this section:

(a) "Person" has the meaning provided in RCW 82.04.030 and also includes the state and its departments and institutions.

(b) "Tax preference" has the meaning provided in RCW 43.136.021 and includes only the tax preferences requiring a survey under this section.

[2010 c 114 § 103.]