Tax Incentive Accountability

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SPEEA and IAM 751

Efforts continue to tie state's $8.7 billion aerospace tax incentives to jobs and wages

OLYMPIA – Nearly 200 current and former aerospace workers came to the Washington state capitol today to urge legislators to take steps to ensure the nation's largest corporate tax break meets its original intent to "maintain and grow Washington's aerospace workforce" with good-paying jobs.

Passed in a special legislative session in November 2013, the Washington aerospace tax preference law extends $8.7 billion of tax incentives to aerospace companies.

"The Boeing Co. has been able to exploit loopholes in the tax incentive law that allows it to move Washington jobs to places like Oklahoma, Missouri and even China, while still collecting tax breaks here," said Larry Brown, legislative director for Machinists District 751. "Our state has already lost more than 3,600 jobs as a result. More job losses are on the horizon, unless legislators act."

While losing jobs, more than 6,000 Washington aerospace workers earn less than $15 an hour working for Boeing suppliers, who also benefit from the tax break, said Chelsea Orvella, legislative director for SPEEA, IFPTE Local 2001, the union for aerospace engineers and technical workers.

"Their wages are so low many of them rely on food banks and taxpayer-funded public assistance programs to feed their families and keep a roof over their heads," Orvella said. "As a matter of public policy, it makes no sense for our state to subsidize manufacturing jobs that are actually a drain on community resources."

The two unions – which combined represent more than 51,000 workers – are calling on legislators to approve two bills that were introduced in the 2015 session:

- House Bill 2147, sponsored by Rep. June Robinson, (D-Everett), would require Boeing to maintain the Washington state workforce of 83,295 -- the number on its payroll the day the Legislature approved the $8.7 billion tax break. As Boeing moves jobs out of the state, the tax incentive reduces incrementally.

- House Bill 1786, sponsored by Rep. Mia Gregerson (D-SeaTac) would give aerospace suppliers who receive the tax break the option of either paying workers with three years seniority a living wage – defined as the median wage for all workers in Washington state – or paying the same tax rate as non-aerospace manufacturers.

Polling earlier this year shows overwhelming support for amending the tax preference from Washington state residents.

- 67 percent of Washington voters said they support tying tax incentives to job numbers;

- 64 percent of self-identified Republican and independent voters (and 71 percent of Democrats) support adding accountability;

- 60 percent of Eastern Washington voters (and 70 percent from Puget Sound) are supporters.

Union leaders said Washington should follow states like Alabama, Missouri, Oklahoma and South Carolina, which all required Boeing to meet job-creation targets, wage standards – or both – in order to receive preferential tax advantages.

“Other states did it right,” said Jon Holden, president of Machinists District 751. “We need our Legislature to be responsible.”

SPEEA President Ryan Rule said that unless we keep these high-skilled engineering and manufacturing jobs, Washington will see its prominent position as a leader in aerospace slip away.

“Adding accountability puts our state on a level playing field with others competing to build or enhance their own aerospace industry,” Rule said. “It’s right for workers. It’s needed by our state. And, it’s right for Boeing.”

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