

May 20, 2014  
M14-012

To: SPEEA Council Members  
From: SPEEA Legislative & Public Affairs Committee  
Subject: **PRE-SUBMITTED NEW BUSINESS: Performance Conditions & Accountability for Aerospace Tax Preferences**

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### **Background**

Corporate tax breaks are a valuable public investment when they bolster well-paying jobs in local communities, as aerospace has for generations.

We are at a crossroads, however. States and localities are offering exuberant tax packages to entice business investments while corporations are uncoupling themselves from their direct workforce and surrounding communities. The aerospace industry in Washington was recently awarded the largest tax subsidy in U.S. history by any one state - estimated at \$8.7 billion - and weeks later The Boeing Company started announcing engineering work was moving to other states and abroad.

Our public dollars are now increasingly subsidizing a shift toward low-wage labor, contingent workforces and offshore outsourcing while experienced workers lose their jobs. In the case of The Boeing Company in Wichita, Kansas, they reaped decades of public support then shut their doors completely, laying off thousands and leaving factory buildings empty.

SPEEA consistently advocates for protecting the public's interest when taxpayer dollars are leveraged for business growth. The union calls for explicit performance conditions for eligible businesses – tied to quality job creation and economic development – that are measurable, audited and publicly reported. SPEEA is also part of a growing voice of stakeholders calling for recapture (“clawback”) and rescission provisions to recover government revenue when companies fail to meet tax incentive conditions.

At this time of deep layoffs among SPEEA members and others at The Boeing Company and Spirit AeroSystems, it is important that SPEEA reinforce a strong message from the union demanding accountability and worker protections in corporate tax subsidies at all levels of government. Lawmakers must ensure workers, families, communities and taxpayers benefit from public investments in private industry. Otherwise, corporate subsidies become a dangerous drain on revenue for education, transportation, safety and other important public services.

### **SPEEA L&PA Committee Recommendation**

The SPEEA Legislative and Public Affairs Committee recommends passage of this motion.

### **MOTION**

It is moved that: **THE SPEEA COUNCIL only support aerospace and advanced manufacturing tax preferences that include clear performance conditions and accountability measures to ensure liveable-wage and high-tech jobs are supported and the public interest is protected in subsidy programs. It is further moved that the SPEEA Council support legislative and public efforts to ensure that defined performance conditions and accountability measures be applied to all corporate/business tax subsidies.**

#### **Pro's**

- Employers will take maximum advantage of taxpayers without specific protections in the tax preference legislation.
- A standard must be re-established in government that balances worker and community interests with the interests of corporations.

#### **Con's**

- Aerospace companies may chase tax breaks in states with less stringent performance conditions, taking jobs with them.

Passage or adoption of SPEEA legislative or public issues requires a published ballot with a simple majority of seated Council Representatives casting an affirmative vote at a duly constituted SPEEA Council meeting.
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