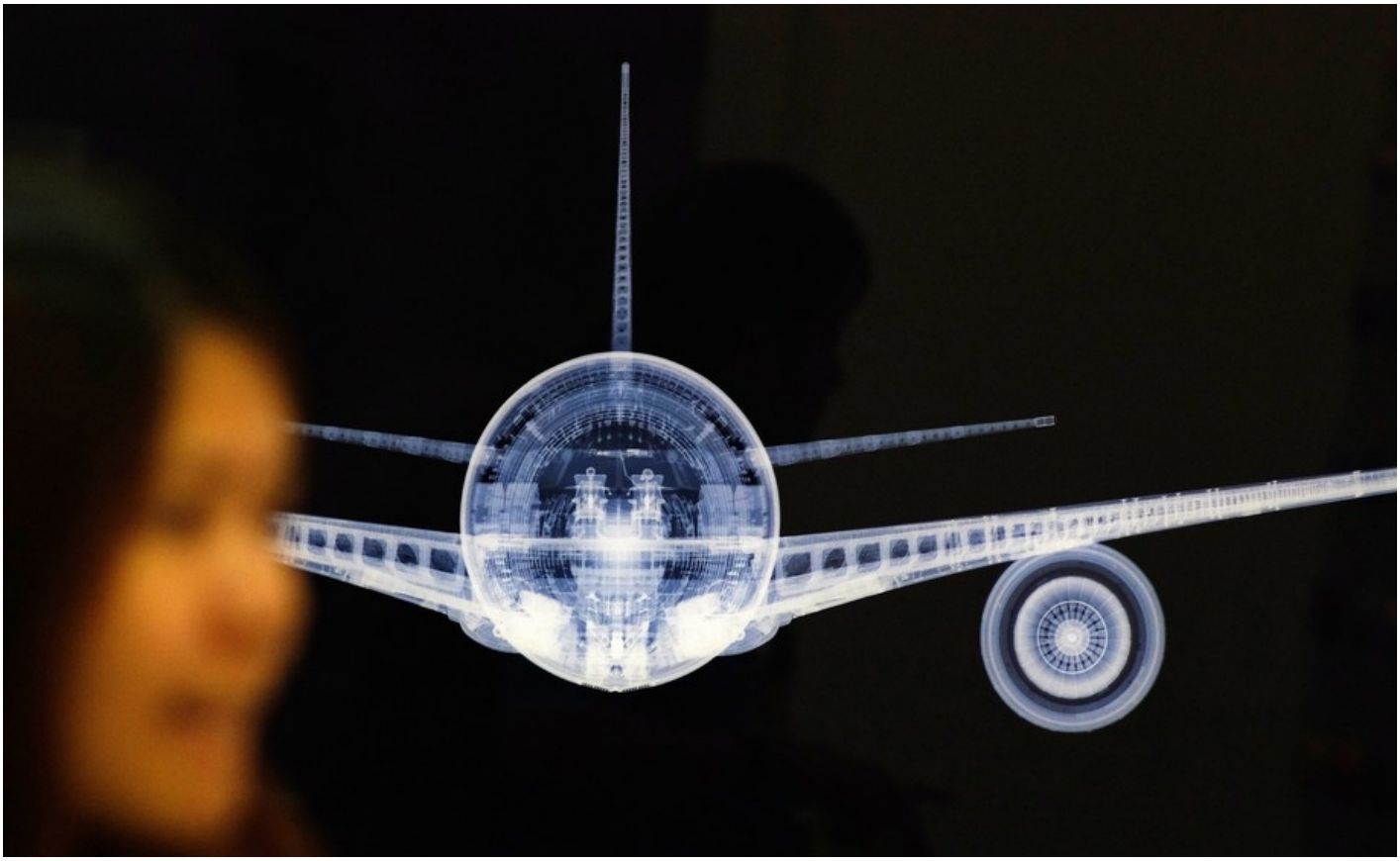
BOEING REVEALS IT GOT $305 MILLION IN TAX BREAKS LAST YEAR—A LOT MORE THAN EVERYONE THOUGHT

News / Manufacturer



Washington state legislatures gave Boeing Co. $8.7 billion in tax incentives extensions back in 2013. This was followed by Boeing jobs continuing to decline as the company cut costs and moved jobs out of state, infuriating unions and workers.

The International Association of Machinists and Aerospace Workers District 751 (IAM 751), the “touch labor” union in the Seattle area for Boeing’s Renton and Everett plants, and the engineers union, SPEEA Local 2001, blasted the Legislature for failure to tie the two together. They had good reason: as soon as Boeing received the tax breaks, it began moving jobs out of state. What galled SPEEA and 751 even more is that jobs moved to states that give tax breaks but demanded jobs in return. The two unions saw jobs leaving Washington (mostly union jobs, at that) and these very jobs going to other states. This enabled Boeing to double-dip the tax breaks, the unions charged.

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Last week, Boeing was required by law to reveal to the public their tax benefits as well as their spending habits. The hope is to show the public a degree of transparency about corporate tax breaks that will allow for more informed decisions. That's the idea.

Boeing announced Friday that it saved $305 million through state tax breaks last year, marking the first time the company has been required by law to publicly disclose such information.

In a statement, the aerospace giant also said it invested more than $13 billion in the state in 2015 - citing tens of millions in community contributions as well as tuition for employees seeking continuing education. Company officials also noted the 777X composite wing center in Everett that's opening next month.

To put this number in perspective to the Washington taxpayer, this level of tax breaks far exceeded most projections on what the public was going to discover.

In 2015, Boeing got tax breaks and credits totaling $305 million — which is 55 percent more than the state estimated the entire aerospace industry would cash in for that year. In 2014, Boeing alone exceeded the tax-break estimates by 19 percent.

The first-of-their-kind figures raise the possibility that the biggest tax break in history was actually lowballed at the time.

The unions are not impressed—and they really shouldn't be.

"As a state, we sent $305 million to Boeing headquarters in Chicago last year, and in return we lost 1,520 jobs," said IAM 751 President Jon Holden in a statement. "You don't need an MBA to figure out that's a really bad return on our state's investment of tax dollars."

The majority of the $13 billion that Boeing has "put into the state" has been spent on facilities that build planes. But building a bunch of stuff and then having less people work there does not seem to be much of a deal. But the hard fact remains: Boeing still employs north of 70,000 people in Washington and those are real jobs that Democrat State sen. Reuven Carlyle (Seattle) can point to. Carlyle was a big proponent of the transparency requirements and believes that when people look through it all and weight the positives and negatives, they will support the tax incentive deal.

Among the specific state tax savings claimed by Boeing in 2015:

• $106 million saved in business and occupation (B&O) taxes due to what the company said was a "record number of airplanes delivered in Washington" and built largely by Machinists union employees.

• $106 million saved though a B&O tax credit for design and development work.

• $51 million saved in sales taxes on construction materials.

Washington has big public education problems right now. Much of those problems have to do with budgeting public education versus privatizing public education with the promises that it'll save us all more money and provide better education to our children. It becomes very difficult to see the good aspects of Boeing's corporate tax welfare and in a better America, this level of incentivizing would not be an acceptable business practice.

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