



4 September 2019

Citizen Commission for Performance Measurement of Tax Preferences
106 11th Ave SW
PO Box 40910
Olympia, WA 98504-0910

cc: Christine J. Lavelle

Attachment: Response to JLARC Sales and Use Tax Exemption, dated 30 November 2018

Subject: Greenpoint Technologies, Inc. Comments Regarding the Legislative Auditor's Recommendation Related to the Sales and Use Tax Exemption for Non-Residents Who Modify Their Large Private Airplanes in Washington

Dear Citizen Commission for Performance Measurement of Tax Preferences,

Greenpoint Technologies, Inc. (Greenpoint) is pleased to submit these comments to the Citizen's Commission for Performance Measurement of Tax Preferences. Greenpoint's comments below address the Legislative Auditor's question on whether the tax preference meets its stated objective, which is to promote the economic development of Washington's aerospace cluster and increase collected tax revenues through promoting a competitive marketplace for storing and modifying noncommercial aircraft.

Greenpoint demonstrates the tax preference is meeting the objective of maintaining and growing the aerospace workforce in Washington and that further legislative clarification is unnecessary. This tax incentive is a key factor in Greenpoint's success in attracting aerospace customers, jobs, and businesses to Washington.

About Greenpoint Technologies, Inc.

Established in 1987, Greenpoint is one of the original Boeing Business Jet Completion Centers providing VIP Boeing aircraft products and custom aircraft interiors. Greenpoint creates a superior client experience and uses a proven completion process which integrates all disciplines in-house, including design, engineering, manufacturing, installation, certification and post-delivery customer support. Greenpoint is known for its exceptional standards: we have a ninety-nine percent (99%) on-time delivery rate, award-winning designs, high-quality interiors, and repeat customer relationships representing the quality of service provided.

Greenpoint is highly respected in the business of VIP Aircraft Completions and we have won numerous awards in the industry, including:

- The Golden Eagle Award by Boeing IDS for ultimate supplier quality;
- 17th Annual Northwest Design Awards (NWDA), Exotic Retreats Winner for 787-9 Design; and
- Seattle Business Magazine, Washington's 100 Best Companies to Work For (multiple years).

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11724 NE 195th Street | Bothell, WA 98011 | Phone 425.828.2777 | Fax 425.827.6105

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Greenpoint has three (3) locations in Washington, including the company headquarters in Bothell, Washington; a commercial manufacturing facility in Marysville, Washington; and a modification (hangar) facility in Moses Lake, Washington.

Teamwork is Greenpoint's cornerstone value and the foundation for our thirty (30) years of success. Greenpoint works closely with Boeing and our suppliers, including Aviation Technical Services (ATS), to accomplish our interior completions. Over our long company history, we have grown deep roots in Washington.

For additional information, please see to the attached presentation and visit our website available here: <https://www.greenpoint.com/>.

1. Is there evidence that the tax preference achieved its purpose, as noted in the 2019 tax preference reports?

The 2013 Legislature approved ESSB 5882, which exempts, among other things, the imposition of sales or use tax on the sales of goods and services related to the alteration or improvement of non-resident-owned aircraft weighing more than 41,000 pounds (Boeing 737s and larger). The bill has allowed Greenpoint to bring several VIP 787 aircraft and additional work to Moses Lake, WA for completion, attracting clients who would have otherwise completed their aircraft elsewhere. There are nine (9) states other than Washington that provide a tax exemption for large airplanes purchased by non-residents.

The VIP aircraft completion market is very competitive with sixteen (16) completion centers and a limited market base. The competition is located around the world, with four (4) completion centers in the United States and only one (1), Greenpoint, in Washington.

The tax preference has brought VIP aircraft interior completion business to Washington, encouraging our job growth. Greenpoint employs 178 employees in Washington:

- Bothell, WA: 141 employees
- Marysville, WA: 26 employees
- Moses Lake, WA: 11 employees

The average employee compensation rate is \$98,950.

Greenpoint employs the following trades:

- Engineering (Avionics, Certification, Stress, Design, Wire Installation, Structures, Test)
- Electrical Craftspeople
- Design
- Sales and Marketing
- Legal
- Program Management
- Procurement
- Manufacturing (Machinist, Fabricators, Builders, Painters, Continuous Improvement)
- Environmental, Health and Safety
- Quality
- Information Technology

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Greenpoint's VIP completions typically are completed over the course of two (2) to three (3) years. Since the inception of the tax exemption, Greenpoint has performed four (4) VIP Completions in Washington; see the attached presentation for more details.

Greenpoint believes the tax preference has met its stated objective to promote the economic development of Washington's aerospace cluster and increase collected tax revenues through promoting a competitive marketplace for storing and modifying large, noncommercial aircraft.

2. Do you believe this preference provides benefits in addition to those stated in its intended or inferred purpose?

Greenpoint has a stellar reputation within the VIP aircraft completion market with many repeat customers. We are an ambassador to Washington by bringing our customers, and their representative staff members, to the state. Our customers also contribute to the economy by visiting the state and installing their program teams in the state, many for 12-18 months. Our customer representatives stay in hotels, rent vehicles, go to restaurants, and sitesee while they are in town working in the Seattle area and Moses Lake – one even bought property in Moses Lake. Please see below customer testimonials in regard to Greenpoint's reputation and business:

- "Together, Kestrel Aviation and Greenpoint produced an outstanding long-haul corporate aircraft in all respects, setting the bar for all future 787 BBJ cabin completions from both a technical and an aesthetic perspective." – Stephen Vella, Kestrel Aviation Management
- "It has been wonderful to work with the experts at Greenpoint to conceive and create this aircraft's exquisite interior design, as their team made our visions an astounding reality." – Edie Rodriguez, Crystal CEO and President
- "As a repeat customer, I trust Greenpoint's team to always be professional and passionate about delivering the very best in a VIP aircraft." – Larry Hinebaugh, Aviation Consulting Group
- "I truly realized that our initial decision to work with Greenpoint was correct. Great teamwork, great people! We hope we can work together in the near future." – Hideto Shimooka, Private Wings Corporation
- "Great staff, excellent management, our decision to work with Greenpoint was perfect for our program." – BBJ3 Customer Representative

Additionally, community service is one of our core values; Greenpoint supports many community service organizations. One of the events we do every year is Rebuilding Together, which helps a local family repair their home by providing our skilled employees to rebuild decks, replace appliances, flooring, etc. Our employees look forward to participating and jump at the chance to provide assistance. We are heavily involved in other community service events and philanthropy to include:

- Special Olympics of Washington
- Big Brothers and Big Sisters of Snohomish County
- Boys and Girls Club of America
- Hopelink
- Northwest Harvest
- DAWN – Domestic Abuse Women's Network
- Adopt-a-Family and Angel Tree

There are many intangible benefits to having Greenpoint in Washington, and the tax preference provides an ability for our business to be located here.

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4600 Carillon Point | Kirkland, WA 98033 | Phone 425.828.2777 | Fax 425.827.6105

3. Do you believe the taxes associated with any increased economic activity stimulated by this tax preference exceed the preference's loss of tax revenue?

Greenpoint believes the taxes associated with any increased economic activity stimulated by this tax preference exceed the preference's loss of any tax revenue. As a business located in Washington over the course of the last year (January – November 2018) we contributed twelve million thirty-nine thousand seven hundred and eighty-nine dollars (\$12,039,789) to Washington businesses.

Greenpoint has strong and long-term relationships with our Washington vendors and contributed one million nine hundred thirty-seven thousand one hundred twenty-eight dollars (\$1,937,128) to Washington suppliers. This number will fluctuate depending on our programs and when we purchase supplies and products. As our programs may last up to twenty-four (24) to thirty-six (36) months, we source normally at the beginning of the program based on need and lead-times.

We pride ourselves on using local suppliers and vendors in the state in which we are located and have relationships with 526 Washington vendors, eighty-seven (87) of which are aerospace-specific vendors. We have cultivated our relationships with Washington suppliers and vendors over the past thirty (30) years.

If not for this tax preference, our customers would select a completion center outside of Washington where sales or use taxes would not be imposed.

Summary

Greenpoint agrees with the recommendation to continue the sales and use tax exemption for Non-Residents who Modify Their Large Private Airplanes in Washington. The exemption is integral for customers in selecting Greenpoint instead of a different completion center, which brings the business to Washington.

We will also attend the hearing scheduled for 05 September 2019 to provide oral testimony and answer any questions you may have in regard to the importance of maintaining this tax preference in Washington.

Sincerely,



Mr. Bret Neely
Executive Vice President
Greenpoint Technologies, Inc.

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