Washington Aerospace B&O Tax Preferences (RCW 82.04.260 / 82.04.4461): Why Pure Space Firms Are Excluded

Pillar: WA Council & Record | **Basis:** RCW 82.04.260 / 82.04.4461 / WAC 458-20-267 | **Primary Source:** WA Legislature / WA Dept. of Revenue | **As Of:** Verified Nov 16, 2026

Washington's targeted aerospace B&O tax preferences—including the 0.9% non-manufacturing development rate and preproduction development credits under RCW 82.04.260 and 82.04.4461—are statutorily tied to commercial airplanes and FAA-certificated components under WAC 458-20-267, leaving pure space activities with no space-specific state tax incentive.

Documented Policy & Site-Selection Record

• Statutory Definition: Under RCW 82.04.260, RCW 82.04.4461, and WAC 458-20-267, Washington's aerospace tax preferences apply to 'commercial airplanes,' their component parts, FAA Part 145 repair tooling, and related development.

• Why Pure Space Is Excluded: Rockets, launch vehicles, and orbital satellites designed exclusively for space flight generally do not meet the statutory definition of a commercial airplane or its components.

• Tax Consequence: Pure-space manufacturers and R&D teams generally report under standard Manufacturing or Service and Other Activities B&O classifications rather than preferential aerospace rates.

• No Space-Specific State Tax Incentive: As of November 16, 2026, the sourced record shows no space-specific state tax credit or B&O rate in Washington.

WA Aerospace B&O; Preferences vs. Pure-Space Status

Statute / Rule	Covered Activity	Pure-Space Status
RCW 82.04.260	Preferential B&O rates for commercial airplane manufacturing	Excluded unless commercial airplane component
RCW 82.04.4461	B&O credit for aerospace product development expenditures	Excluded for space-only R&D
WAC 458-20-267	DOR rule defining 'aerospace product' via commercial aviation	Requires binding DOR ruling for dual-use
Space-Specific Tax Incentive	Dedicated launch/satellite B&O or R&D credit	None in sourced record (Nov 2026)

Founder, Staffer & Site-Selector Takeaways

• Founder & Finance Takeaway: Do not assume 'aerospace' in Washington tax law covers orbital hardware; request a binding WA DOR ruling if building dual-use aviation/space components.

• Policy Takeaway: Expanding RCW 82.04 definitions to cover commercial space vehicles and satellites is one of the clearest statutory levers available to the Legislature.

Cross-Cluster Links & Primary Sources

• **WA Space Cluster Hub (#1382):** https://bcesg.org/washington-space-cluster-census/

• **Blue Origin WA Profile:** https://bcesg.org/blue-origin-washington-space-cluster-profile/

• **Stoke Space WA Profile:** https://bcesg.org/stoke-space-washington-space-cluster-profile/

• **SpaceX (Redmond) WA Profile:** https://bcesg.org/spacex-redmond-washington-space-cluster-profile/

• **Boeing Defense Space & Security Profile:** https://bcesg.org/boeing-defense-space-security-puget-sound-profile/

• **RCW 82.04.260 (WA Aerospace B&O Classifications):** https://app.leg.wa.gov/RCW/default.aspx?cite=82.04.260

• **RCW 82.04.4461 (WA Aerospace Development Credit):** https://app.leg.wa.gov/RCW/default.aspx?cite=82.04.4461

• **WAC 458-20-267 (WA Aerospace Tax Rule):** https://app.leg.wa.gov/WAC/default.aspx?cite=458-20-267

Provenance Note: Sourced from RCW 82.04.260, RCW 82.04.4461, and WAC 458-20-267. Informational only; not tax or legal advice.