



California Government and Its A&D Industry

The Los Angeles Chapter February 2014 Meeting

Presentation by

Al Muratsuchi

California Assemblymember for the 66th District

Article by

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A State of indifference. The capitalization of the word “State” might provide a clue that what’s being referenced is the State of California rather than the condition of aerospace within the state. In reality, there’s a dual message.

Assemblymember Al Muratsuchi, covering California’s 66th district that is commonly described as the South Bay, was one of the presenters at February’s Los Angeles chapter meeting. Invited by and identified as “one of the good guys” by A&DF co-founder Ivan Rosenberg, Assemblymember Muratsuchi talked to those of us in attendance about the challenges and struggles that he and other like-minded legislators face relative to creating and preserving jobs within the California aerospace industry.

If you were asked this question, “What California industry provides the greatest revenue to the state coffers?” what would your answer be? Agriculture? Definitely a possibility. Just travel up or down Highway 5 through the Central Valley and one gets a sense of how ubiquitous farming and agriculture (Ag) is in our state. Arts & Entertainment (A&E)? Certainly Southern California has been a huge contributor to this industry. Aerospace?

Maybe in a vacuum you might have objectively answered Ag or A&E but since this is an aerospace-oriented group and publication, I suspect that might have swayed you to the answer behind the third curtain. According to a very recently prepared AT Kearney report entitled *California Aerospace Industry Economic Impact Study* (due for public consumption in mid-March), the annual revenue generated by aerospace is basically equal to the combined revenue of Ag and A&E, somewhere in the neighborhood of \$61.6 billion.

Then why is there such “indifference” within the state toward retention of aerospace businesses? That’s the quandary facing Assemblymember Muratsuchi. During his campaign

events, one thing was clear to the Assemblymember. Aerospace had touched many within his district. He couldn't make a stop without running into a current or retired aerospace engineer or someone affiliated with the industry. In the Assemblymember's mind, aerospace "built the middle class in the South Bay."

Although Assemblymember Muratsuchi's background was far removed for aerospace . . . former prosecutor and School Board member . . . he hit the ground running soon after taking office in 2013. In short order he created the Select Committee on Aerospace, formed an aerospace advisory committee, of which Ivan Rosenberg is a member, and was appointed to the Governor's Military Council to preserve existing bases in California.

One of the Assemblymember's first activities was to visit SpaceX, a former Northrup manufacturing plant in his district. What began from scratch, SpaceX now employs 3,300 people. But the Assemblymember learned quickly that their continued existence in the South Bay was in jeopardy. The County Assessor was attempting to levy a tax that would have cost SpaceX \$1,000,000 for each rocket they built.

AB777 was born from this experience. Assemblymember Muratsuchi introduced this bill to exempt spaceflight businesses from having to incur such hefty taxes. His efforts have paid off. AB777 was recently supported by the State Board of Equalization and passed the Assembly two weeks ago.

Continuing his commitment to improve conditions for aerospace companies, the Assemblymember was the lead author of AB93. Introduced in 2013 and signed by the Governor, AB93 emphasizes the continued need for California support of the aerospace industry.

But there's so much more to accomplish, as Assemblymember Muratsuchi points out. Southern California could lose approximately 3,000 jobs by the end of 2015 when the C-17 plant in Long Beach is scheduled to produce its last plane. An attempt by local legislators to lure the Boeing production of their 777 airplane into that C-17 facility recently failed. Although some have suggested that the State could have provided more incentives to Boeing, the Assemblymember assured the group that California representatives negotiated in earnest. Only when Boeing workers in the state of Washington "capitulated" by giving up their pensions . . . better to have a job without pensions than no job at all . . . was this effort foiled.

Asked, before concluding his remarks, what those in aerospace can do to help him push his initiatives, Assemblymember Muratsuchi responded by asking for help.

- Let him know what challenges are being faced.
- Keep him informed of when California companies are being poached by other states.
- Share ideas for solutions.
- Get involved. Attended such gatherings as the annual Aerospace Week being held in Sacramento from March 24th through 26th.
- Become media savvy to tell the story of successes like SpaceX.

Assemblymember Muratsuchi can't fight this battle alone. He needs help and welcomes your support. He can be reached at 310-326-2164 or assemblymember.muratsuchi@assembly.ca.gov.



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