

Message from the Governor



*Frank Keating
Governor of the
State of Oklahoma*

Oklahoma's aviation and aerospace industry has a proud heritage and plays a major role in the socioeconomic development of our state. We have a strong technical labor force which supports this labor-intensive industry.

The industry provides more than 143,000 jobs, proof of the vital importance of the industry to the state. Oklahoma will continue to be a supportive partner in the aviation and aeronautics industry.

In a nutshell....

The aviation and aerospace industry impacts the Oklahoma economy in the following ways:

- **143,000 jobs**
- **\$4.7 billion in payroll**
- **\$11.7 billion in industrial output**
- **\$77.0 million in state income tax revenue**
- **\$60.6 million in state sales tax revenue**

Aviation and the aerospace industry generate 10.0 percent of industrial output, 7.6 percent of employment and 10.3 percent of payroll in the Oklahoma economy by way of the economic multiplier effect.

The Economic Impact of Aviation and the Aerospace Industry in Oklahoma.

Oklahomans enjoy strong historical ties with aviation and the aerospace industry. Aviation and the aerospace industry are very important in the Oklahoma economy: one of every thirteen workers in Oklahoma owe their jobs, either directly or indirectly, to aviation and aerospace. Using proprietary employment and payroll data combined with a survey of airport operators, this study estimates the size and economic impact of the aviation and aerospace industry in Oklahoma. The study also examines the rate of employment growth of this important industry.

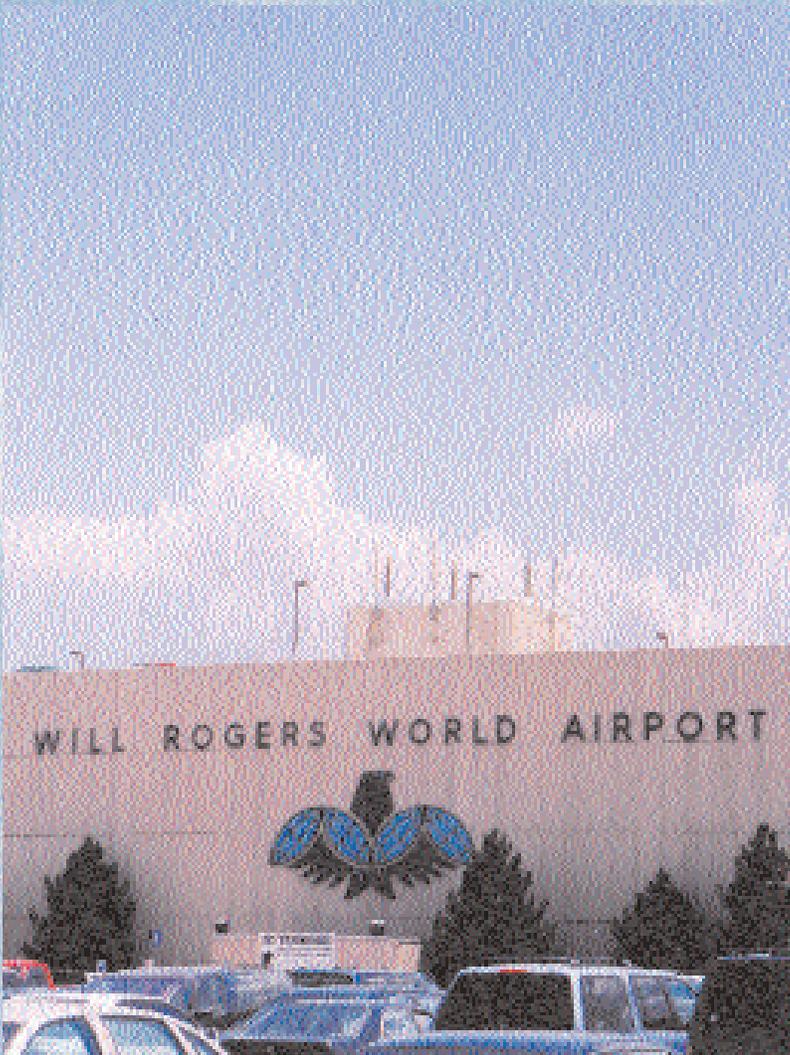
In addition to those employed directly by the industry, aviation and aerospace indirectly support many other jobs in the Oklahoma economy through the multiplier effect. This can be illustrated by an example: an Oklahoma aircraft manufacturer will purchase some of the components it needs from other manufacturing companies located in the state. These companies will, in turn, purchase some materials from local suppliers, and so on. Payroll generated by the airplane manufacturer will create additional payroll in the companies that supply aircraft components.

The increased payroll results in greater spending for items such as housing, food, transportation, and entertainment. Thus, the manufacture of additional aircraft creates economic ripples that spread throughout the economy. In fact, for every 100 new jobs in aviation and aerospace in Oklahoma, an additional 126 jobs are generated by the multiplier effect.

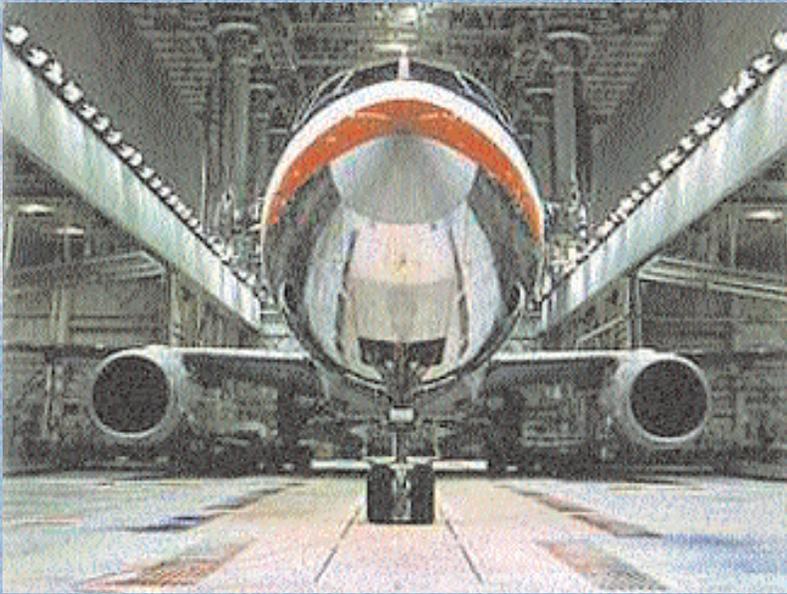
The study divides the aviation and aerospace industry into three major sectors:

Air transportation

- including civilian airports, airlines, air freight and air cargo, airline reservation centers, and local spending by out-of-town passengers on commercial airlines.



Will Rogers World Airport in Oklahoma City



Aircraft manufacturing and repair

- including private sector manufacturing of aircraft, aircraft engines, and aircraft parts. The American Airlines aircraft maintenance facility in Tulsa, with 11,999 employees, is the largest private sector establishment in Oklahoma. In addition, companies such as Boeing, Northrop, Chromalloy, Gulfstream Aerospace, and Tristar Aerospace employ hundreds of Oklahomans in a variety of locations.

American Airlines Maintenance and Engineering Center in Tulsa.

Federal Government and Military Aviation

- including Tinker Air Force Base, Altus Air Force Base, Vance Air Force Base, Henry Post Field at Ft. Sill, Air National Guard facilities and the Mike Monroney Aeronautical Center. With more than 21,000 employees, Tinker Air Force Base is the largest employing establishment in Oklahoma.



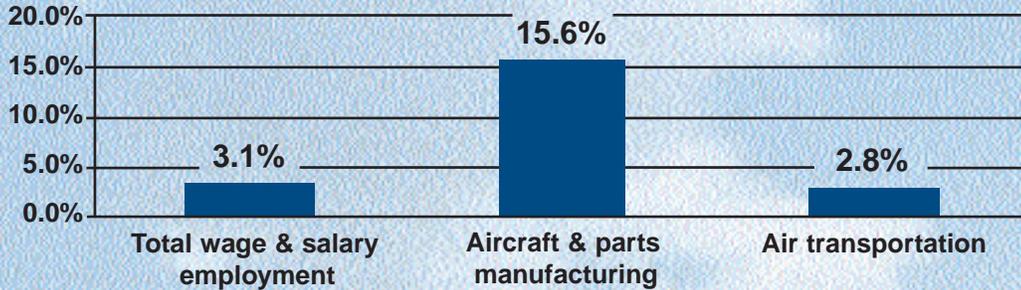
AWAC planes at Tinker Air Force Base in Midwest City, Oklahoma.

Aircraft Manufacturing is Growing Rapidly in Oklahoma.

The Oklahoma aviation industry has experienced rapid rates of growth in recent years. Employment in aircraft and parts manufacturing rose at an average annual rate of 15.6 percent from 1996 to 1999. Employment in air transportation also increased at a robust 2.8 percent annual rate from 1996 to 1999.



Annual Average Rates of Employment Growth, (January-January) 1996-1999



In a nutshell...

The aviation and aerospace industry has a major positive economic impact on the State of Oklahoma's industrial output, personal income, employment, and state tax revenues. The economic impact of the industry is shown below for the three major aviation and aerospace sectors.

Air Transportation

- \$6.6 billion in industrial output
- \$2.0 billion in personal income
- 64,400 jobs
- \$36.8 million in state income tax revenue
- \$30.6 million in state sales tax revenue

Aircraft Manufacturing and Repair

- \$1.7 billion in industrial output
- \$552 million in personal income
- 15,800 jobs
- \$19.3 million in state income tax revenue
- \$8.9 million in state sales tax revenue

Federal Government and Military Aviation

- \$3.5 billion in industrial output,
- \$2.1 million in personal income
- 63,400 jobs
- \$20.8 million in state income tax revenue
- \$21.1 million in state sales tax revenue



Number of Oklahoma Airports

Commercial airports -----	5
Reliever airports -----	6
Tourism and recreation airports-----	5
General aviation airports -----	107
Total -----	123

The Oklahoma Quality Jobs Program

The innovative Oklahoma Quality Jobs Program provides a special cash incentive to locate or expand in Oklahoma. It is a simple, straightforward, easy to access and understand:

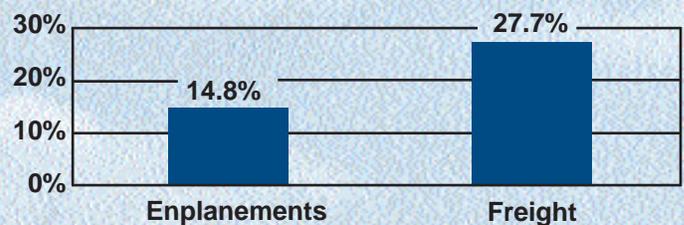
- The program provides quarterly cash payments of up to 5 percent of new taxable payroll directly to a qualifying company for up to ten years.
- To qualify, a company must be a central administrative office, manufacturer, a research and development company or a listed service company with 75 percent of total sales to out-of-state customers. The company must achieve a \$2.5 million taxable payroll for any four consecutive quarters during the first 12 quarters in the program.
- The amount of each company's incentive is determined through a cost-benefit analysis prepared by the Oklahoma Department of Commerce. Payments cannot exceed 5 percent of payroll and for most businesses will be in the 4 percent range.
- All businesses must offer basic health insurance coverage to all employees, and 80 percent of employees must work at least 25 hours per week.

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Commercial Air Transportation is Growing

Oklahoma's major commercial airports, Will Rogers World Airport in Oklahoma City and Tulsa International Airport, have experienced a steady rise in air travel. Total enplanements increased by nearly 15 percent from 1993 to 1998, while total freight rose by an impressive 27 percent.

Growth at Oklahoma's Major Commercial Airports, 1993-1998



- Companies that receive incentive payments also may be eligible for the five-year ad valorem tax exemption (manufacturing), free industry training program, foreign trade zone and freeport benefits and other technical/financial assistance programs.
- Smaller companies that create ten jobs or more may qualify for cash payments through the Oklahoma Small Employer Quality Jobs Program.

To discover whether you qualify, contact:

Oklahoma Aeronautics and Space Commission
Oklahoma Department of Transportation
200 NE 21st Street
Oklahoma City, OK 73105
(405) 521-2377

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Economic Impact of Aviation and the Aerospace Industry in Oklahoma

