

ARIZONA: AEROSPACE & DEFENSE INDUSTRY





THE ARIZONA ADVANTAGE

563

ARIZONA IS HOME TO MORE THAN
563 AEROSPACE & DEFENSE
ESTABLISHMENTS

197

ARIZONA IS A TOP FIVE STATE FOR
A&D MANUFACTURING
EMPLOYMENT, WITH 197 A&D
MANUFACTURING
ESTABLISHMENTS

33,000

MORE THAN 33,000 PEOPLE ARE
EMPLOYED BY ARIZONA'S A&D
MANUFACTURING
ESTABLISHMENTS

Arizona is among the top states in the nation for the aerospace & defense (A&D) industry. Its dry, sunny climate, geographic location, business-friendly and innovative culture, and unwavering commitment to America's military make it an attractive choice for A&D companies. Factor in affordable wages, the low cost of living, and some of the nation's lowest corporate and individual income tax rates, and Arizona is tough to beat.

A&D is one of the state's six key sectors and continues to thrive in Arizona.

Arizona has a high concentration of A&D industry leaders; a skilled, talented workforce employed in the industry; numerous military operations; and continual research and development initiatives in the private sector and at the university level. These factors ensure Arizona will remain at the forefront of the A&D industry's most critical advances.

AN ATTRACTIVE CHOICE FOR AEROSPACE & DEFENSE MANUFACTURING COMPANIES

There are more than 1,200 companies in the Arizona A&D supply chain database.

Arizona is among the top five states in the country in A&D manufacturing employment, with 197 A&D manufacturing establishments that employ more than 33,000 people. In 2018, the PwC Aerospace Manufacturing Attractiveness report ranked Arizona among the top four states in the nation for aerospace manufacturing attractiveness based on labor, infrastructure, industry, economy cost, tax policy, and other criteria.

Every year, Arizona's A&D companies export billions of dollars worth of products and parts. Among the items produced in Arizona are: guided missiles and space vehicles; search, detection, navigation and guidance instruments; aircraft, aircraft engines and parts; helicopters; and small arms, ordnance and accessories.


AEROSPACE & DEFENSE EXPORTS

- **Top 11 state for Aerospace & Defense export products in the nation**

- **Aerospace & Defense products made up 13% of Arizona's total exports for 2017**

- **\$2.72 billion total Aerospace & Defense exports in 2017**





"JUST A FEW YEARS AGO, THERE WERE CONCERNS IN MANY STATES -- INCLUDING ARIZONA -- THAT CONGRESSIONALLY IMPOSED SEQUESTRATION AND ITS AUTOMATIC CUTS IN DEFENSE FUNDING COULD NEGATIVELY AFFECT THE AEROSPACE AND DEFENSE INDUSTRY. **THE INDUSTRY IN ARIZONA DIDN'T JUST SURVIVE THAT THREAT, IT THRIVED.** TODAY, IT IS AMONG THE STRONGEST INDUSTRY SECTORS IN ARIZONA -- THE SEVENTH LARGEST IN THE NATION -- AND CONTINUES TO GROW."

- SANDRA WATSON, PRESIDENT & CEO OF THE ARIZONA COMMERCE AUTHORITY

ARIZONA IS EDUCATING THE FUTURE AEROSPACE & DEFENSE WORKFORCE

Arizona has a young, skilled and available workforce and world-class universities feeding the A&D talent pipeline with career-ready workers. In 2017, A&D employed 55,084 Arizonans with an estimated annual payroll of \$4.92 billion dollars. The state's workforce in various A&D sectors ranks among the top ten states in the country.

2ND LARGEST

GUIDED MISSILES AND SPACE VEHICLE MANUFACTURING

13,176 employees

5TH LARGEST

AEROSPACE AND DEFENSE MANUFACTURING

33,261 employees

6TH LARGEST

AVIATION MAINTENANCE

16,739 employees

8TH LARGEST

AVIATION AND AEROSPACE SERVICES

21,823 employees



ARIZONA OFFERS PROGRAMS DESIGNED TO ENHANCE THE SUCCESS OF AEROSPACE & DEFENSE COMPANIES

Arizona State University (ASU) has around 21,000 students enrolled in engineering programs, including nearly 700 aerospace engineering students. *U.S. News and World Report 2018* ranked ASU fourth in the nation for their undergraduate Supply Chain Management / Logistics program.

The University of Arizona (UA) in Tucson offers a wide range of activities and academic opportunities to more than 2,600 engineering students. *U.S. News and World Report 2018* ranked UA third for its management information systems program.

Northern Arizona University (NAU) has developed a curriculum that aligns perfectly with the state's aerospace and defense initiatives. This includes diverse astrophysics programs, mechanical engineering, aerospace studies, adaptive materials and systems, composites and optics.

Embry-Riddle Aeronautical University, with a location in Prescott, is the only fully accredited, aviation-oriented university in the world. It has a total undergraduate enrollment of 2,377. In 2018, *U.S. News and World Report* ranked Embry-Riddle first in the country for its aerospace, aeronautical and astronautical engineering program at schools where no doctorate is offered.

The Maricopa County Community College System (MCCCS) has 202,000 students enrolled. Many of the community colleges offer specialized programs in automation, welding and advanced manufacturing, each based on local employer input. The system also offers specialized programs for employers, including Boeing and Caterpillar.

Pima Community College's Aviation Technology Programs are commercial aviation-oriented and provide pathways to the aviation maintenance field. Specifically, Pima Community College provides an aviation technology associate degree, an aircraft airframe mechanics certificate, an aircraft general mechanics certificate, an aircraft powerplant mechanics certificate, an aircraft structural repair certificate and an avionics technician certificate.

Western Maricopa Education Center (West-MEC) offers high school students opportunities to train for jobs in growing industries, including aerospace and defense. West-MEC students can complete a two-year program in aviation maintenance technology which prepares them for a career in aircraft repair and maintenance. After completing the program, the students are able to test for FAA Airframe and Powerplant certification. West-MEC also offers a two-year avionics/drone electronics program that allows students to test for the Federal Communications Commission certification.

The East Valley Institute of Technology (EVIT) prepares high school students for careers in aerospace and defense through its aviation program, offering dual enrollment with the Maricopa County Community College System for pilot systems, aviation, and ground school and flight training classes.



4.9%

Arizona has one of the lowest corporate tax rates in the country at 4.9%, the fourth lowest among states with said tax. This is the result of a multi-year phasedown. For the last twenty years, Arizona has been trending toward lower taxes. Both individual and corporate income tax rates have been reduced several times since the 1990s. In 2006, Arizona lowered its income tax brackets across the board.

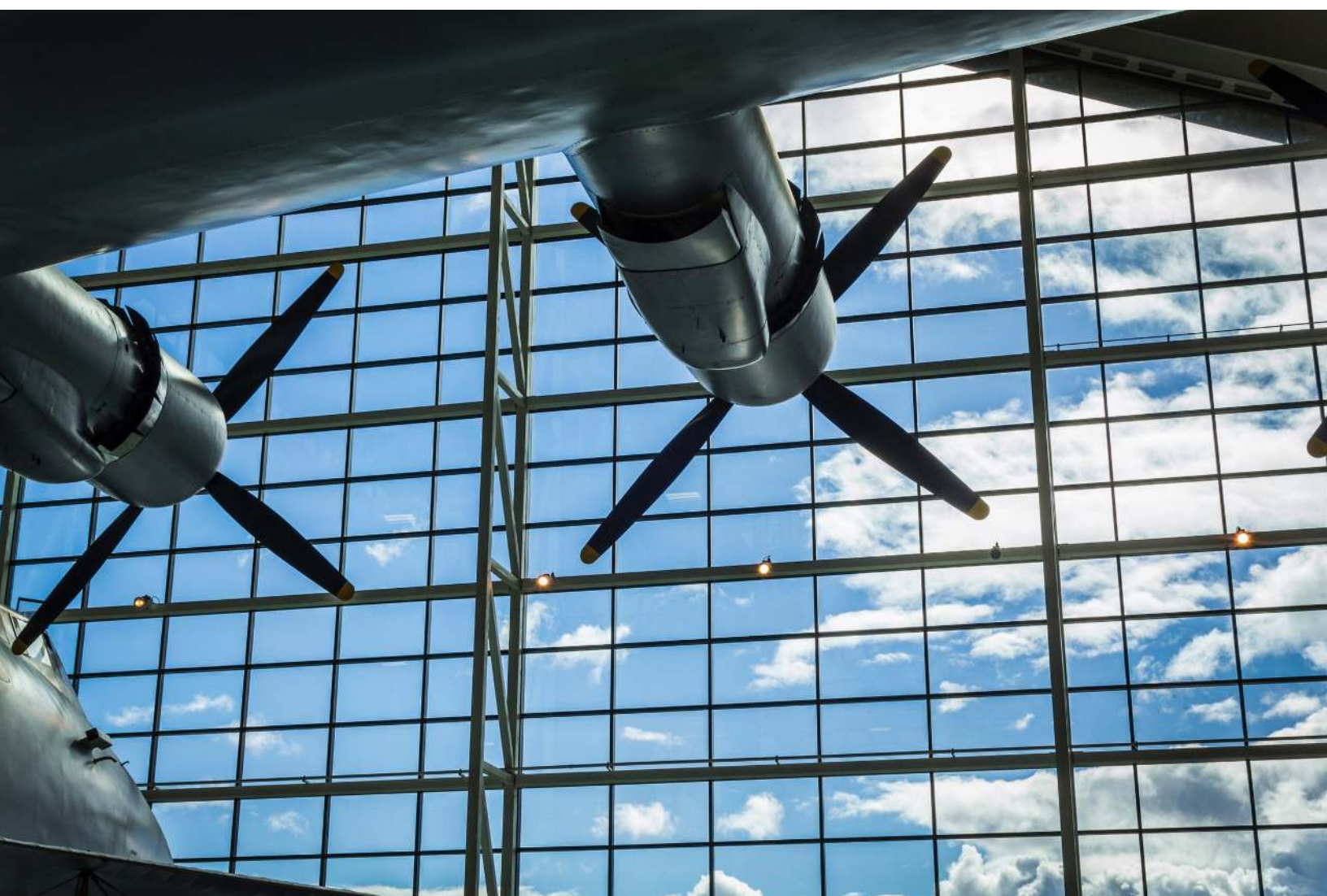
Arizona also offers low office and industrial lease rates in sharp contrast to other major markets like New York City, San Francisco and Los Angeles. Insurance costs for worker's compensation and unemployment insurance are lower in Arizona than California and New York.

States are more competitive in the battle for jobs when they have an environment that allows job creators to concentrate on innovation and expansion, rather than looking over their shoulder in anticipation of new regulations or legal actions. Since taking office, Governor Doug Ducey has issued annual executive orders renewing his moratorium on all new regulatory rulemaking by state agencies, allowing businesses to enjoy a stable regulatory environment and the confidence to expand and create new jobs. Governor Ducey eliminated 676 regulatory burdens in 2017, saving taxpayers \$48 million.

Arizona has a readily-available labor force of nearly 3.4 million workers and the state's 132 post-secondary institutions continue to produce top-tier, skilled talent with the education and skills necessary to compete in the industries of today.

With an enrollment of 477,861 (including online students) in the state's public and private higher educational institutions, companies have access to a consistent talent pipeline.

Arizona's public universities have been honored with distinguished rankings, including “#1 Most Innovative” (Arizona State University) and one of the “Top 50 Public Institutions” (University of Arizona). Four Maricopa Community Colleges were ranked among the top 50 community colleges in the country. Arizona schools swept the top five high school rankings, and six of the top eight, according to *U.S. News & World Report*.





ARIZONA

COMMERCE AUTHORITY

Arizona has become an international hub for A&D and the ACA plays a leading role, ensuring the state maintains its globally competitive position in the industry. With its vast network of contacts and resources in A&D, the ACA helps companies considering expanding in or relocating to Arizona by providing a comprehensive suite of services including custom site selection, labor market analysis and statewide connectivity to those in the industry.

Arizona offers a competitive suite of financial programs to fit companies' various needs. Companies can explore tax credit options for job creation and research & development. Arizona also recognizes foreign trade zones and military reuse zones.

For details on how Arizona's low cost of doing business, educated workforce and streamlined regulations can help your business grow, visit www.azcommerce.com.