



Aviation industry eyes tax breaks

By William Pack - Express-News
Web Posted: 08/10/2010 6:36 CDT

Port San Antonio's aerospace industry expects strong growth as key players move into the commercial marketplace, but it may need a tax break to stay competitive, aerospace officials said Tuesday.

Leaders from the Kelly Aviation Center, the Boeing Co. and the port — which was created from the former Kelly AFB — were upbeat in their outlook during a roundtable discussion held in conjunction with a Greater San Antonio Chamber of Commerce luncheon featuring Gov. Rick Perry.

Both Kelly Aviation and Boeing are planning to add more work with private commercial firms to offset some of the losses anticipated in their work with the military maintaining and repairing aircraft in San Antonio.

Jim Perschbach, a lawyer who chairs the chamber's aerospace committee, said a mix of factors, including the area's work force capabilities and low business costs, have created opportunities for the industry that never have existed before.

"I hope in 10 years, we can say it's an industry that has tripled or quadrupled in size," he said.

But Perschbach said later Tuesday that he's worried about a state tax that could make it difficult for those companies to compete for commercial contracts.

Taxes on business inventories could increase local aerospace bids enough to give companies in other states an advantage, Perschbach said.

He is talking with legislative leaders and "anyone who will listen" to see if cities like San Antonio that were affected by military base closings could qualify for special zones where those taxes can be eliminated, capped or restructured. The 1995 decision to close Kelly AFB would qualify San Antonio.

Wayne Alexander, chairman of the Port San Antonio board, said the port also will push for funds to improve roads, drainage and other infrastructure at the facility.

He said with that tax assistance and infrastructure improvements, a facility that currently employs about 14,000 people could grow to 30,000 people within 10 years.

Chuck Artymovich, Kelly Aviation's general manager, said military contracting is not going away. But he saw more growth potential in commercial operations.

Kelly has added a contract to repair an engine used on smaller, commercial cargo planes this year and expects to add another commercial engine contract next year.

Boeing's local center has been certified to work on the aerospace giant's long-anticipated commercial 787 Dreamliner aircraft, though the start date for that work is uncertain.

Michael Wright, program director for the KC-135 and the KC-10 program at Boeing, said that work is likely to add 400 jobs to the more than 1,800 people Boeing employs locally. He expects the aircraft to complete flight tests and get to San Antonio soon.

"We have a great future and we're going to be here a long time," Wright said.

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