

Mesa identifies tax incentives to keep MD Helicopters in city

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With out-of-state competition intensifying to lure MD Helicopters from Mesa, city officials have outlined [tax](#) breaks available to the firm by relocating to Phoenix-Mesa Gateway Airport.

Although the city and the state have little latitude to offer financial incentives, the airport's designation as a military reuse zone and its federal trade zone status would benefit MD with thousands of dollars in tax savings, city and airport officials said.

But the city is in an uphill battle to overcome lucrative offers from Texas to land the company, city officials say.

"We're trying to move heaven and Earth to get them here," Grayson County, Texas, Judge Drue Bynum said Wednesday. "We have really been going after this one hard. They are a good company."

On top of what Texas communities are proffering, the state of Texas will provide additional financial incentives that Mesa and Arizona cannot match, Mesa City Manager Chris Brady said.

"The difference, we were told by the company working this for MD, is that the state of Texas would be putting up significant dollars to offset the cost of land and training a workforce," said Brady, who came to Mesa from San Antonio. "Governor Napolitano has gotten personally involved in trying to keep MD here, but she doesn't have the same (financial) tools that other governors do."

Brady is among Mesa officials who believe Gateway Airport, with its large parcels of open space to meet MD's demand for a 100-acre site, is still in the hunt.

The helicopter firm also could reap breaks in sales and property [taxes](#) through use of the airport's military reuse zone, said the airport's executive director, Lynn Kusy, and forgo customs tariffs in a federal trade zone on helicopters shipped to foreign countries.

The inducement is part of Mesa's bid to compete with three out-of-state communities, two of them in northern Texas, vying to land MD, one of the city's top-paying employers.

The offers are being analyzed by Cushman & Wakefield, a real-estate consulting [business](#) hired by MD's chief executive, Lynn Tilton, a Wall Street financier and founder of Patriarch Partners, MD's parent.

Offers from Texas include a bid by Bynum, the presiding officer of a court of commissioners that is trying to land MD at North Texas Regional Airport/Perrin Field north of Dallas.

Bynum said he and other Texas officials, including Secretary of State Phil Wilson, met recently over dinner with Tilton, other MD executives and representatives from Cushman & Wakefield to outline the group's offer.

"We can give her an attainment area not restricted by EPA restrictions, we can give her water, unrestricted airspace and, most importantly, the ease of doing a deal," Bynum said. "In Texas, the county-commissioners court doesn't have the bureaucratic red tape. If we tell you we're going to get the deal done, we're going to get the deal done."

Any deal to land a company in Texas is "hard to buck," said Mesa Chamber of Commerce President Charlie Deaton.

"The state has got so much money and can throw it at anybody they want," he said.

Despite pressure from the business community to keep MD from moving, Deaton said the loss of the firm won't be because of a lack of effort by the city.

"At some point there is only so much we can do," Brady said.

Tilton told *The Arizona Republic* in November that she was looking elsewhere to locate the company because Mesa was seeking to increase the company's rent at Falcon Field Airport.

Gateway Airport emerged last week on Cushman & Wakefield's list of four possible new sites for the firm, leaving Falcon Field out of the picture.

Mesa officials said they didn't know the names of the other communities but published reports in Texas said Fort Worth's Alliance Airport is under consideration.

Negotiations between Mesa and MD over a new lease agreement began in July, when Tilton and Randy Walti, MD's general counsel, met with Airport Director Corinne Nystrom to hammer out an accord subject to approval by the City Council.

Talks broke down later, and Tilton said MD couldn't afford the rent hike proposed by the city.

She said MD wanted to keep the plant, 400 employees and high-paying jobs in Mesa, but that won't happen unless the firm can negotiate an affordable lease.

"We want to stay," Tilton said at the time. "We've made a major investment in this community and want to be given something back for what we're bringing."

Mesa Economic Development Director Bill Jabjiniak and Kusy said MD's loss would be a blow to the city and vowed to do everything they could to keep the firm from leaving.

"They're a wonderful aerospace-manufacturing company and we want them to stay," Kusy said Wednesday.