

P.E.I. OFFERS ONLY REBATE SPECIFIC TO AEROSPACE SECTOR

News / Finance



Ask any aerospace company on P.E.I. what attracted them to the Island and somewhere in the answer will be P.E.I.'s Aerospace Tax Rebate program. Take for example MDS Coating based at Slemmon Park, which develops and manufactures coatings primarily for gas turbine engines. They moved to P.E.I. in 2003.

"We had offices in Ottawa and Montreal and they weren't big enough to accommodate the orders we were getting, so we looked around at multiple jurisdictions throughout North America and P.E.I. at the time had a great fit," explained MDS vice-president Kerry Butler. "Between the base closing and the federal incentives, provincial incentives and the business environment here, P.E.I. won out."

In 1993, the PEI government created its Aerospace Tax Rebate, which is offered to aerospace companies with 20 or more employees or a payroll ([paystubs creator](#)) in excess of \$700,000. The companies get a rebate on all corporate income tax paid to the province, as well as a full rebate of all real property tax relating to ownership or rental of spaces in Prince Edward Island.

Aerospace MDS 1 known

MDS Coating has a significant research and development team at its facility at Slemon Park. (Nancy Russell/CBC)

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It made economic sense for MDS Coating, even with customers shipping parts to them from around the world, usually sent by courier.



Kerry Butler of MDS Coating said P.E.I. was the "best fit" when the company was looking to expand in 2003. (Nancy Russell/CBC)

Tax rebate 'significant' to landing Tronos

Tronos Jet, another aerospace tenant at Slemon Park, also sat up and took notice of the aerospace rebate. Tronos leases a fleet of BAE 146 aircraft — maintaining and repairing them, then sending them to customers around the world.

In 2004, Tronos was looking for a place to set up shop in North America.

'It makes economic sense for us to be here.' - *Mark Coffin, Tronos CEO*

"We decided this was an advantageous place to bring them, do some maintenance to them and turn them back into South America," explained Tronos CEO Mark Coffin.

"The province at the time — and today — still has very good programs for businesses to start up, that allow for some cost savings, and the facility itself was here," he added.

The Tronos executive also describes the aerospace tax rebate as "significant."

"When you look at your planning, it's probably the biggest driver as to why we're here ... For us, it makes economic sense for us to be here."

Aerospace Tronos 4 Mark Coffin

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Tronos CEO Mark Coffin says the aerospace tax rebate is significant to his company's long term planning. (Nancy Russell/CBC)

Other jurisdictions regularly come knocking

But Tronos, like many of the other P.E.I. based companies, is always being courted by other jurisdictions, eager to land the aerospace jobs.

'The tax rebate seems to be working very well. Some of the companies will tell you that was the starting point. The finishing point is usually the way of life and the skilled workers we have as Islanders.' - *Heath MacDonald*

"I've been approached by four or five in the last year that want to talk to us about re-locating or expanding operations to their facilities," admitted Coffin.

So why does Tronos stay?

"We're established here and we have a loyalty to our employees," replied Coffin. "I myself live here as well and have no interest in moving and there is the continuation of the rebate programs and funding opportunities from ACOA for innovative products."

Government support for the industry in P.E.I. does extend beyond the tax rebate system.

For example, Tronos received \$96,000 from ACOA and more than \$550,000 from the provincial government for its water bomber project, converting passenger planes to firefighting aircraft. And Vector, another P.E.I. aerospace company, received a \$4,020,986 loan from the province in connection with its most recent test cell.

Aerospace Tronos 2

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The hangar where Tronos stores some of its fleet. (Nancy Russell/CBC)

Aerospace tax rebate extended to 2022

In 2012, the P.E.I. government announced it was extending the Aerospace Tax Rebate program for another ten years.

The companies that receive it are 3 Points Aviation, MDS Coating Technologies, Honeywell, Tronos, Action Aero, Vector Aerospace, and Tube Fab.

In 2015, the province contributed \$6.5 million through the Aerospace Tax Rebate program, compared to \$3 million in 2011.

P.E.I.'s Minister of Economic Development, Heath MacDonald, says the rebates are competitive and are a good investment of Island tax dollars.

"Every jurisdiction has their benefits for trying to bring companies into their areas. The tax rebate seems to be working very well. Some of the companies will tell you that was the starting point. The finishing point is usually the way of life and the skilled workers we have as Islanders."

Aerospace Tronos 1

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Tronos owns a fleet of 20 BAE 146 aircraft that it maintains at Slemon Park. (Nancy Russell/CBC)

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