

BUSINESS

Amazon to get \$2.8B in aid from NYC, state on \$2.5B investment in HQ2

Experts who study economic development incentives said the tax and grant package may be overly generous.

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Amazon will receive at least \$2.8 billion in aid from New York State and New York City for its planned second headquarters in Long Island City, Queens — and potentially millions of dollars more if the payroll exceeds 25,000 people, officials said Tuesday.

The online retailer from Seattle said it will invest \$2.5 billion in the project, also known as HQ2.

Amazon is in line to receive New York State's largest economic development incentive package ever: \$1.5 billion, consisting of up to \$1.2 billion in tax credits on 25,000 jobs over 10 years, plus a one-time grant of \$325 million for office space.

In addition, New York City is expected to reduce property taxes on the Long Island City buildings used by Amazon by \$386 million over time. The city also will provide a \$3,000 tax credit per year for every Amazon job created in Queens over a dozen years, for a projected savings of nearly \$900 million.

If the retailer surpasses its goal of 25,000 workers in Long Island City, it will receive additional state aid.

The state incentives, from Empire State Development, the state's primary business-aid agency, would increase to \$1.7 billion if Amazon creates 40,000 jobs over 15 years, officials said Tuesday.

"We are extremely proud to have brought the largest deal in ESD history to New York State," said agency CEO Howard Zemsky.

Previously, that record was held by GlobalFoundries Inc., a manufacturer of computer chips that received up to \$1.37 billion over 15 years from the state to build a \$4 billion factory in Malta, north of Albany.



Gov. Andrew M. Cuomo greets John Schoettler, vice president for global real estate and facilities at Amazon, during Tuesday's Manhattan news conference on Amazon's decision to move its second headquarters to Long Island City, Queens.
Photo Credit: Yeong-Ung Yang

Zemsky and others said the Amazon jobs will pay, on average, more than \$150,000 per year. The state tax breaks equal \$48,000 per job over a decade, officials said.

Experts who study economic development incentives said Tuesday the Amazon package may be overly generous.

“This is a positive development for New York State ...The question is are the taxpayers overpaying for Amazon to come to Queens, and it looks like they might be,” said David J. Friedfel, director of state studies at the nonpartisan Citizens Budget Commission, which has been critical of economic development programs.

He also said the state Legislature will have to raise the cap on the Excelsior Jobs Program, which provides employers a tax credit equal to 6.85 percent of the wages for each new job, to honor the commitment made to Amazon this week.

The Amazon incentives are opposed by State Sen. Michael Gianaris (D-Astoria), who is expected to become the No. 2 leader in the legislature’s upper chamber when Democrats take control in January.