



HOW PROPOSED TAXPAYER SUBSIDIES FOR  
AMAZON HQ2 CAN STILL BE STOPPED

DECEMBER, 2018

*"We have a crumbling subway system, record homelessness, public housing that is in crisis, overcrowded schools, sick people without health insurance and an escalating affordable crisis,... Is anyone asking if we should be giving nearly \$3 billion in public money to the world's richest company, valued at \$1 trillion?"*

— City Council Speaker Corey Johnson

Source: 'New York City Council holds contentious hearing on Queens Amazon headquarters' abcNews7 report, By Karen Matthews; Wednesday, December 12, 2018 05:29PM  
<https://abc7ny.com/politics/nyc-council-holds-contentious-hearing-on-amazon-headquarters>

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This report gives an overview of Amazon's business model and how it harms workers and communities. It takes a look at the proposed \$3 billion in corporate giveaways and highlights key ways that HQ2 would harm New York communities. Finally, it provides concrete ways that elected officials in New York can stop one of the largest corporate giveaways in New York history.

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# INTRODUCTION



*On November 13, Governor Cuomo, Mayor de Blasio, and Amazon.com, Inc. announced that the e-commerce giant would seek to build a massive corporate hub (part of what they originally billed as their second headquarters or HQ2) in Long Island City, Queens.*

On November 13, Governor Cuomo, Mayor de Blasio, and Amazon.com, Inc. announced that the e-commerce giant would seek to build a massive corporate hub (part of what they originally billed as their second headquarters or HQ2) in Long Island City, Queens.

In exchange for locating in Queens, **Amazon may receive as much as \$3 billion in taxpayer subsidies** in the form of tax credits, capital grants, land-use fast-tracking, and property tax abatements.<sup>1</sup>

Jeff Bezos, the CEO of Amazon, is the world's richest living person, and the company he runs is valued at

<sup>1</sup> Riley Edwards, "Breaking Down the Amazon HQ2 Deal: Facts and Takeaways," Citizens Budget Commission, November 21, 2018, <https://cbcny.org/research/breaking-down-amazon-hq2-deal>. <https://www.goodjobsfirst.org/sites/default/files/docs/pdfs/Statement%20day%20after%20HQ2%20finalized%2011-14-18%20V5.pdf>.

nearly \$1 trillion.<sup>2</sup> Bezos makes the average annual salary of one of his warehouse workers every 11.5 seconds.<sup>3</sup>

**This isn't a man, or a company, that needs or deserves subsidies from the taxpayers of New York.**

Even without taxpayer subsidies, Amazon's HQ2 will threaten affordable housing, accelerate gentrification, strap the struggling public infrastructure, and hurt local communities — problems similar to those faced by non-elite communities in Seattle, where Amazon's current headquarters is located.<sup>4</sup>

Moreover, Amazon's predatory business model<sup>5</sup> is built on avoiding taxes, killing smaller businesses, and profiting off the surveillance and sale of



customer data.<sup>6</sup> Amazon provides critical data infrastructure that enables the Trump administration's deportation machine.<sup>7</sup> Most of Amazon's 500,000 person workforce are in warehouses where the company imposes grueling standards,<sup>8</sup> skirts benefits,<sup>9</sup> and discourages unionization.<sup>10</sup>

- 2 David Streitfeld, "Amazon Hits \$1,000,000,000,000 in Value, Following Apple," *New York Times*, September 4, 2018, <https://www.nytimes.com/2018/09/04/technology/amazon-stock-price-1-trillion-value.html?module=inline>. Bloomberg Billionaires Index, Accessed December 12, 2018: <https://www.bloomberg.com/billionaires/>
- 3 Simone Stolzoff, "Jeff Bezos will still make the annual salary of his lowest-paid employees every 11.5 seconds," *Quartz*, October 2, 2018, <https://qz.com/work/1410621/jeff-bezos-makes-more-than-his-least-amazon-paid-worker-in-11-5-seconds/>
- 4 Matthew Yglesias, "The tragedy of Amazon's HQ2 selections, explained," *Vox*, November 9, 2018, <https://www.vox.com/policy-and-politics/2018/11/9/18067908/amazon-hq-2-new-york-virginia-dc-lic-crystal-city>; Gregory Scruggs, "Why NYC should hope it loses Amazon's HQ2 sweepstakes," *City & State New York*, January 24, 2018, <https://www.cityandstateny.com/articles/opinion/why-new-york-city-should-hope-it-loses-the-amazon-hq2-sweepstakes.html>; Dennis Green, "'We do have sewage problems': Long Island City, where Amazon will reportedly put part of HQ2, badly needs infrastructure upgrades," *Business Insider*, November 7, 2018, <https://www.businessinsider.com/amazon-hq2-long-island-city-needs-infrastructure-upgrades-2018-11>; Jacob Passy, "What Amazon's HQ2 will mean for housing prices," *MarketWatch*, November 14, 2018, <https://www.marketwatch.com/story/what-amazons-hq2-means-for-homeowners-home-buyers-and-renters-in-the-chosen-city-2017-10-20>; Monica Nickelsburg, "New study shows how Amazon has impacted Seattle rents," *Geekwire*, November 1, 2017, <https://www.geekwire.com/2017/new-study-shows-amazons-growth-impacted-seattle-rents/>.
- 5 Lina M. Khan, "Amazon's Antitrust Paradox," Vol. 126, Number 3, January 2017, *Yale Law Journal*, <https://www.yalelawjournal.org/note/amazons-antitrust-paradox>.
- 6 Olivia LaVecchia and Stacy Mitchell, "Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities," *Institute for Local Self-Reliance*, November 2016, [https://ilsr.org/wp-content/uploads/2016/11/ILSR\\_AmazonReport\\_final.pdf](https://ilsr.org/wp-content/uploads/2016/11/ILSR_AmazonReport_final.pdf), 39, 58, 65-67; David Pegg, "From Seattle to Luxembourg: how tax schemes shaped Amazon," *The Guardian*, April 25, 2018, <https://www.theguardian.com/technology/2018/apr/25/from-seattle-to-luxembourg-how-tax-schemes-shaped-amazon>; Jathan Sadowski, "Companies are making money from our personal data – but at what cost?" *The Guardian*, August 31, 2016, <https://www.theguardian.com/technology/2016/aug/31/personal-data-corporate-use-google-amazon>.
- 7 "Who's Behind ICE? The Tech and Data Companies Fueling Deportations," *Mijente, the Immigrant Defense Project, and the National Immigration Project of the National Lawyers Guild*, October 2018, [https://mijente.net/wp-content/uploads/2018/10/WHO%E2%80%99S-BEHIND-ICE-The-Tech-and-Data-Companies-Fueling-Deportations\\_v3-.pdf](https://mijente.net/wp-content/uploads/2018/10/WHO%E2%80%99S-BEHIND-ICE-The-Tech-and-Data-Companies-Fueling-Deportations_v3-.pdf), 1.
- 8 Olivia LaVecchia and Stacy Mitchell, "Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities," *Institute for Local Self-Reliance*, November 2016, [https://ilsr.org/wp-content/uploads/2016/11/ILSR\\_AmazonReport\\_final.pdf](https://ilsr.org/wp-content/uploads/2016/11/ILSR_AmazonReport_final.pdf), 37. "What's Wrong with Amazon," *Retail, Wholesale and Department Store Union*, November 28, 2018, [https://d3n8a8pro7vnm.cloudfront.net/rwdsu/pages/480/attachments/original/1543959297/Whats\\_Wrong\\_With\\_Amazon\\_-\\_website.pdf?1543959297](https://d3n8a8pro7vnm.cloudfront.net/rwdsu/pages/480/attachments/original/1543959297/Whats_Wrong_With_Amazon_-_website.pdf?1543959297), 5.
- 9 Note: Until very recently the average wage of an Amazon warehouse worker was just \$12.32 per hour or \$25,625 a year. See: [https://ilsr.org/wp-content/uploads/2016/11/ILSR\\_AmazonReport\\_final.pdf](https://ilsr.org/wp-content/uploads/2016/11/ILSR_AmazonReport_final.pdf), 38. Following public pressure, Amazon announced it would be raising base pay to \$15 per hour but this came with a hidden cost. The company quietly cut workers' monthly bonuses and stock options, which some Amazon workers have said will ultimately reduce their overall pay. See: <https://www.nbcnews.com/tech/tech-news/amazon-cuts-bonuses-leads-questions-about-wage-hike-n916466>; <https://www.vox.com/the-goods/2018/10/11/17963778/amazon-pay-increase-bonuses-stock-options>.
- 10 Olivia LaVecchia and Stacy Mitchell, "Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities," *Institute for Local Self-Reliance*, November 2016, [https://ilsr.org/wp-content/uploads/2016/11/ILSR\\_AmazonReport\\_final.pdf](https://ilsr.org/wp-content/uploads/2016/11/ILSR_AmazonReport_final.pdf), 46, 41; Janet Burns "Report: Amazon's Anti-Union Training Is Revealed In Leaked Video," *Forbes*, September 27, 2018, <https://www.forbes.com/sites/janetwburns/2018/09/27/amazons-anti-union-training-strategy-revealed-in-leaked-video/#59c7e2d9606>; Julie Bort, "Amazon Now Employs Over Half a Million People, and It Plans to Hire Thousands More," *Business Insider*, October 27, 2017, <https://www.inc.com/business-insider/jeff-bezos-amazon-employees-hiring-spree-second-largest-company-behind-walmart.html>.

## The Memorandum of Understanding Between Amazon & New York City and State, Announced to Great Fanfare and Controversy, is Far from a Done Deal

Community leaders, activists and voters in Queens—and across New York City and all of New York State—are coming together to fight Amazon's proposed HQ2 that would:

- Push working people out of their homes in Queens and beyond<sup>11</sup>
- Strain an already struggling public transit system and overcrowded school system<sup>12</sup>
- Displace New York small businesses,<sup>13</sup> and
- Deepen inequality dividing New Yorkers while hurting low-income communities and communities of color.<sup>14</sup>

### Elected officials in New York State can Act Now.

It's still possible to stop the massive taxpayer subsidies that Governor Cuomo and Mayor de Blasio have proposed giving away to Amazon. The Assembly and Senate each have veto power on key elements of the proposed HQ2 deal.

It's possible to require more transparency, accountability, and public participation from state and city economic development agencies on all their deals, including this one.

And it's possible to move our city and our state towards public policies that benefit all New Yorkers, not just the corporate elite.

Representatives of the New York State Assembly and Senate Majority Conferences can push for a veto at the **Public Authorities Control Board** (PACB), which will have to approve this project.<sup>15</sup>

And the Legislature can refuse to authorize the **state budget funding** necessary in order to pay for the lavish and wasteful subsidies included in the MOU between the Mayor, the Governor, and Amazon.<sup>16</sup>

This report gives an overview of Amazon's business model and how it harms workers and communities. It takes a look at the proposed \$3 billion in corporate giveaways and highlights key ways that HQ2 would harm New York communities.

Finally, it provides concrete ways that elected officials in New York can **stop one of the largest corporate giveaways in New York history.**<sup>17</sup>

11 "New York City Neighborhood Data Profiles: QN02: Woodside/Sunnyside," NYU Furman Center, Accessed December 12, 2018, <http://furmancenter.org/neighborhoods/view/woodside-sunnyside>; Kari Paul, "Amazon HQ2 could push 800 people into homelessness, economist says," MarketWatch, November 19, 2018, <https://www.marketwatch.com/story/amazon-hq2-could-push-800-people-into-homelessness-economist-says-2018-11-16>

12 Katie Honan, "Amazon's Attention Raises Hopes, Fears for Long Island City," Wall Street Journal, November 7, 2018, <https://www.wsj.com/articles/amazons-attention-raises-hopes-fears-for-long-island-citys-infrastructure-1541633800>.

13 Olivia LaVecchia and Stacy Mitchell, "Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities," Institute for Local Self-Reliance, November 2016, [https://ilsr.org/wp-content/uploads/2016/11/ILSR\\_AmazonReport\\_final.pdf](https://ilsr.org/wp-content/uploads/2016/11/ILSR_AmazonReport_final.pdf), 6.

14 Matthew Yglesias, "The tragedy of Amazon's HQ2 selections, explained," Vox, November 9, 2018, <https://www.vox.com/policy-and-politics/2018/11/9/18067908/amazon-hq-2-new-york-virginia-dc-lic-crystal-city>; Mike Rosenberg, "Seattle Rents for Offices Soaring Much Faster Than Elsewhere," Seattle Times, February 20, 2018, <https://www.seattletimes.com/business/real-estate/seattle-rents-for-offices-soaring-much-faster-than-elsewhere/>

15 Dana Rubinstein, "One way the opposition might stymie the Amazon deal," Politico, November 14, 2018, <https://www.politico.com/states/new-york/city-hall/story/2018/11/14/one-way-the-opposition-might-stymie-the-amazon-deal-696405>

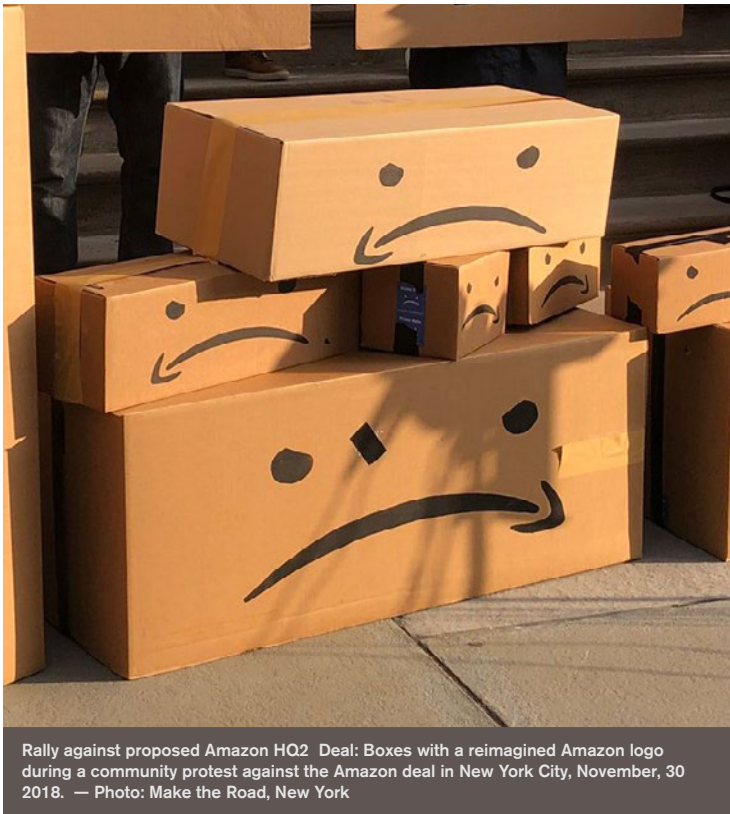
16 Grace Rauh, "3 Ways Amazon's NYC Deal Could Get Stalled," New York 1, November 21, 2018 <http://www.ny1.com/nyc/all-boroughs/politics/2018/11/22/some-ways-amazon-nyc-deal-hq2-could-get-stalled>.

17 Good Jobs First, Subsidy Tracker, Accessed December 10, 2018: <https://subsidytracker.goodjobsfirst.org/prog.php?statesum=NY>.



# BAD DEAL FOR TAXPAYERS

*Details on the Three Billion Dollar HQ2 Tax Giveaway*



Rally against proposed Amazon HQ2 Deal: Boxes with a reimagined Amazon logo during a community protest against the Amazon deal in New York City, November, 30 2018. — Photo: Make the Road, New York

*New York City and State officials are luring Amazon to Queens with a variety of proposed tax credits, capital grants, property tax abatements, and infrastructure investments.*

They propose giving the company a backdoor rezoning that avoids the city's lengthy land use review process.<sup>18</sup>

While Amazon claims that the subsidies would total \$1.85 billion in performance-based direct incentives,<sup>19</sup> national experts at the Citizens Budget Commission and Good Jobs First predict that Amazon's New York incentive package would exceed \$3 billion.<sup>20</sup> In return, with respect to jobs, Amazon said it would create 25,000 high-paid tech jobs.<sup>21</sup>

18 Memorandum of Understanding Between New York State Urban Development Corporation, New York State Urban Development Corporation, the City of New York, and Amazon.com Services, Inc, November 12, 2018, [https://www.nycedc.com/sites/default/files/filemanager/NYC\\_MOU.pdf](https://www.nycedc.com/sites/default/files/filemanager/NYC_MOU.pdf), 2; Daniel Geiger, "Cuomo likely to steer Amazon project around City Council," Crain's New York Business, November 9, 2018, [https://www.craigslist.com/real-estate/cuomo-likely-steer-amazon-project-around-city-council?utm\\_source=daily-alert-friday&utm\\_medium=email&utm\\_campaign=20181109&utm\\_content=article1-headline](https://www.craigslist.com/real-estate/cuomo-likely-steer-amazon-project-around-city-council?utm_source=daily-alert-friday&utm_medium=email&utm_campaign=20181109&utm_content=article1-headline); Dareh Gregorian, "All the things New Yorkers fear about Amazon's HQ2 (and a little optimism)," NBC News, November 27, 2018, <https://www.nbcnews.com/tech/tech-news/despite-pushback-amazon-hq2-np-4-nyc-experts-say-n938531>; Sam Raskin, "Amazon's HQ2 deal with New York, explained," Curbed New York, November 16, 2018, <https://ny.curbed.com/2018/11/16/18098589/amazon-hq2-nyc-queens-long-island-city-explained>.

19 "Amazon Selects New York City and Northern Virginia for New Headquarters," Amazon Press release, November 13, 2018, <https://press.aboutamazon.com/news-releases/news-release-details/amazon-selects-new-york-city-and-northern-virginia-new>.

20 "Taxpayer Costs Far Understated, Exceed \$4.6 Billion Good Jobs First: Amazon HQ2, HQ3 Subsidy Awards Costly, Not Yet Fully Accounted For," Good Jobs First Press Release, November 14, 2018, <https://www.goodjobsfirst.org/sites/default/files/docs/pdfs/Statement%20day%20after%20HQ2%20finalized%2011-14-18%20V5.pdf>. Riley Edwards, "Breaking Down the Amazon HQ2 Deal: Facts and Takeaways," Citizens Budget Commission, November 21, 2018, <https://cbcny.org/research/breaking-down-amazon-hq2-deal>.

21 Memorandum of Understanding Between New York State Urban Development Corporation, New York State Urban Development Corporation, the City of New York, and Amazon.com Services, Inc, November 12, 2018, [https://www.nycedc.com/sites/default/files/filemanager/NYC\\_MOU.pdf](https://www.nycedc.com/sites/default/files/filemanager/NYC_MOU.pdf); "Amazon Selects New York City and Northern Virginia for New Headquarters," Amazon Press release, November 13, 2018, <https://press.aboutamazon.com/news-releases/news-release-details/amazon-selects-new-york-city-and-northern-virginia-new>.

These types of economic development incentives are not an efficient way to solve unemployment. In fact, research shows that, on average, less than a quarter of jobs associated with these types of subsidy programs go to local residents who would otherwise be unemployed.<sup>22</sup> Applied to the HQ2 deal, that means an estimated 19,000 of the 25,000 jobs promised would not go to un-or-underemployed New Yorkers.

The memorandum of understanding (MOU) between Amazon and New York City and State is designed to let the company override community objections and avoid scrutiny from local officials.



## DETAILS OF THE MEMORANDUM OF UNDERSTANDING

If implemented, the proposed deal would leave New York taxpayers indebted to and overruled by Amazon for years to come. Here's how:

- 1. CUTS OUT PUBLIC INPUT:** The project is structured as a "General Project Plan" — an unusual development process that Cuomo indicated Amazon requested during negotiations.<sup>23</sup> This allows the project to bypass the New York City Council's usual land use process which requires community input.<sup>24</sup>
- 2. MASSIVE TAX BREAKS REQUIRE LEGISLATIVE APPROVAL:** The tax credits promised to Amazon are so huge that the state legislature would be compelled to pass new laws in order to meet them. While the state committed to giving Amazon \$1.2 billion through the Excelsior Job Program over the next 10 years, current New York state law caps the money that can be awarded through the program.<sup>25</sup> That means if Amazon brings the jobs it has committed to, the New York State legislature will have to approve an increase in the State's Excelsior budget to comply with the deal.<sup>26</sup>
- 3. NO LOCAL OR IN-STATE HIRE COMMITMENTS:** Some analysts estimate New York State and New York City will pay \$112,000 per Amazon job in tax breaks.<sup>27</sup> But there is no reason to expect that Amazon's new campus will translate to high quality jobs for the New Yorkers who need them the most. Governor Cuomo and Mayor de Blasio failed to secure any local hire requirements from the company.<sup>28</sup>

<sup>22</sup> Timothy J. Bartik, "Who Benefits From Economic Development Incentives? How Incentive Effects on Local Incomes and the Income Distribution Vary with Different Assumptions about Incentive Policy and the Local Economy," W.E. Upjohn Institute, 2018, Technical Report No. 18-034, [https://research.upjohn.org/cgi/viewcontent.cgi?article=1037&context=up\\_technicalreports](https://research.upjohn.org/cgi/viewcontent.cgi?article=1037&context=up_technicalreports), 83-84.

<sup>23</sup> Rosa Goldensohn, "City Council decries Amazon deal after being shut out of process," Politico, November 13, 2018, <https://www.politico.com/states/new-york/albany/story/2018/11/13/city-council-decries-amazon-deal-after-being-shut-out-of-process-694628>.

<sup>24</sup> Rosa Goldensohn, "City Council decries Amazon deal after being shut out of process," Politico, November 13, 2018, <https://www.politico.com/states/new-york/albany/story/2018/11/13/city-council-decries-amazon-deal-after-being-shut-out-of-process-694628>. A "General Project Plan" is being used instead of NYC's Uniform Land Use Review Procedure (ULURP) which requires community hearings and input: <https://www1.nyc.gov/assets/planning/download/pdf/applicants/applicant-portal/lur.pdf>.

<sup>25</sup> Riley Edwards, "Breaking Down the Amazon HQ2 Deal: Facts and Takeaways," Citizens Budget Commission, November 21, 2018, <https://cbcny.org/research/breaking-down-amazon-hq2-deal>.

<sup>26</sup> Riley Edwards, "Breaking Down the Amazon HQ2 Deal: Facts and Takeaways," Citizens Budget Commission, November 21, 2018, <https://cbcny.org/research/breaking-down-amazon-hq2-deal>.

<sup>27</sup> "Taxpayer Costs Far Understated, Exceed \$4.6 Billion Good Jobs First: Amazon HQ2, HQ3 Subsidy Awards Costly, Not Yet Fully Accounted For," Good Jobs First Press Release, November 14, 2018, <https://www.goodjobsfirst.org/sites/default/files/docs/pdfs/Statement%20day%20after%20HQ2%20finalized%2011-14-18%20V5.pdf>; Riley Edwards, "Breaking Down the Amazon HQ2 Deal: Facts and Takeaways," Citizens Budget Commission, November 21, 2018, <https://cbcny.org/research/breaking-down-amazon-hq2-deal>.

<sup>28</sup> Memorandum of Understanding Between New York State Urban Development Corporation, New York State Urban Development Corporation, the City of New York, and Amazon.com Services, Inc, November 12, 2018, [https://www.nycedc.com/sites/default/files/filemanager/NYC\\_MOU.pdf](https://www.nycedc.com/sites/default/files/filemanager/NYC_MOU.pdf).



#### 4. POSSIBLE TAX SHELTER FOR BILLIONAIRE

**BEZOS:** Amazon claims that, as part of the development and construction of its Long Island City campus, the company will invest approximately \$2.5 billion into New York.<sup>29</sup> However, because the site is located in a newly-created federal Opportunity Zone, much of that expense will likely create a federal tax shelter for any wealthy investors, company executives, and/or developers who invest in the project<sup>30</sup> — possibly including billionaire Amazon CEO Jeff Bezos himself. Not surprisingly, the press releases from Amazon and the New York government did not cite this additional tax incentive or estimate its cost to the U.S. treasury.<sup>31</sup> New York State, which uses the federal model to calculate an individual's adjusted gross income, will also stand to lose personal income tax revenue as a result of this tax break.<sup>32</sup>

*The \$3 billion subsidy package is a bad deal for New York taxpayers — particularly because the money being devoted to Amazon would create three times more jobs if invested in infrastructure and community needs.<sup>33</sup>*



- 29 "Amazon Selects New York City and Northern Virginia for New Headquarters," Amazon Press release, November 13, 2018, <https://press.aboutamazon.com/news-releases/news-release-details/amazon-selects-new-york-city-and-northern-virginia-new>.
- 30 "New York State Recommends 514 Census Tracts for Designation Under Federal Opportunity Zone Program" Empire State Development Press Release, April 20, 2018, <https://esd.ny.gov/esd-media-center/press-releases/new-york-state-recommends-514-census-tracts-designation-under>; Map of Queens Opportunity Zones available here: <https://esd.ny.gov/sites/default/files/NYC-Region-Queens-OZ.pdf>; Janet Novak, "Triple Play Tax Break: New Opportunity Zone Funds Cut Your Taxes Three Ways," Forbes, August 31, 2018 <https://www.forbes.com/sites/janetnovack/2018/07/18/triple-play-tax-break-new-opportunity-zone-funds-cut-your-taxes-three-ways/#50d94a756ee3>.
- 31 "Amazon Selects New York City and Northern Virginia for New Headquarters," Amazon Press release, November 13, 2018, <https://press.aboutamazon.com/news-releases/news-release-details/amazon-selects-new-york-city-and-northern-virginia-new>; "Mayor de Blasio and Governor Cuomo Announce Amazon Selects Long Island City for New Corporate Headquarters," Press Release, November 13, 2018, <https://www1.nyc.gov/office-of-the-mayor/news/552-18/mayor-de-blasio-governor-cuomo-amazon-selects-long-island-city-new-corporate#0>.
- 32 "The Tax Benefits of Investing in Opportunity Zones," Economic Innovation Group, January 2018, <https://eig.org/wp-content/uploads/2018/01/Tax-Benefits-of-Investing-in-Opportunity-Zones.pdf>, 1; The Laws of New York, Tax, Article 22 "Section 612 New York adjusted gross income of a resident individual," Accessed December 12, 2018, <https://www.nysenate.gov/legislation/laws/TAX/612>; Briefing Book "Key Elements of the U.S. Tax System: Capital Gains," Tax Policy Center, Accessed December 12, 2018, <https://www.taxpolicycenter.org/briefing-book/how-are-capital-gains-taxed>.
- 33 Bryce Covert, "Infrastructure Spending Creates Thousands Of Jobs, Billions In Growth And Reduces The Deficit," ThinkProgress, May 6, 2014, <https://thinkprogress.org/infrastructure-spending-creates-thousands-of-jobs-billions-in-growth-and-reduces-the-deficit-1c87961e2f2/>; Linda Levine, "Job Loss and Infrastructure Job Creation Spending During the Recession," Cornell University ILR School, October 2, 2009, [https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1686&context=key\\_workplace](https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1686&context=key_workplace), 7.



## How Could \$3 Billion be Invested in Our Communities If It Weren't Lining Amazon's Pockets?

Instead of funding Amazon giveaways, the New York State and City governments could fund a range of timely and important projects:

- \$3 BILLION in investments in infrastructure and public goods including housing, transportation, clean energy, and clean water projects would create over 75,000 good-paying jobs, many or most of them unionized.<sup>34</sup>
- \$3 BILLION could help create or preserve over 66,000 units of affordable housing in New York City.<sup>35</sup>
- \$3 BILLION could repair the boilers, piping, and radiators across the full New York City Housing Authority system. The 400,000 people who make these apartments their home could have more reliable heat if the city funded repairs.<sup>36</sup>
- \$3 BILLION could be put towards emergency funding to fix the subway service. While it's not the estimated \$19 billion infrastructure investment required to fund the subway, it would be a start.<sup>37</sup>
- New York State could use that \$3 BILLION to start paying back the \$4.2 billion it owes school districts, following a 2006 court ruling that found the state was violating the state constitution by chronically underfunding schools in low-income communities and communities of color.<sup>38</sup>
- For \$800 million a year, the City University of New York could also become completely tuition-free.<sup>39</sup> Nearly half of CUNY's operating budget comes from tuition—\$784 million comes from students while the rest comes from aid and grants. That means an annual investment of \$800 million would translate to free college for all CUNY students.<sup>40</sup>



- 34 Bryce Covert, "Infrastructure Spending Creates Thousands Of Jobs, Billions In Growth And Reduces The Deficit," ThinkProgress, May 6, 2014, <https://thinkprogress.org/infrastructure-spending-creates-thousands-of-jobs-billions-in-growth-and-reduces-the-deficit-1c87961e2f2/>; Linda Levine, "Job Loss and Infrastructure Job Creation Spending During the Recession," Cornell University ILR School, October 2, 2009, [https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1686&context=key\\_workplace](https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1686&context=key_workplace).
- 35 J. David Goodman, "De Blasio Bolsters Affordable Housing, but at What Price?," New York Times, March 4, 2018, <https://www.nytimes.com/2018/03/04/nyregion/de-blasio-affordable-housing-cost.html>
- 36 Luis Ferre-Sadurni, "What Will It Cost to Fix New York's Public Housing?," New York Times, July 2, 2018, <https://www.nytimes.com/2018/07/02/nyregion/nycha-public-housing-fix.html>.
- 37 Emma G. Fitzsimmons, "A Sweeping Plan to Fix the Subways Comes With a \$19 Billion Price Tag," New York Times, May 22, 2018, <https://www.nytimes.com/2018/05/22/nyregion/nyc-subway-byford-proposal.html>.
- 38 Marina Marcou-O'Malley, "Educational Racism: Andrew Cuomo's Record of Underfunding Public Schools in Black & Latino Communities," Alliance for Quality Education, September 2018, <https://www.aqeny.org/2018/09/11/report-educational-racism-cuomos-record-of-underfunding-schools-in-black-latino-communities/>.
- 39 Bob Hennelly, "Making CUNY free again: Council to explore possibilities," PSC CUNY, September 2016, <https://www.psc-cuny.org/clarion/september-2016/making-cuny-free-again-council-explore-possibilities>.
- 40 Bob Hennelly, "Making CUNY free again: Council to explore possibilities," PSC CUNY, September 2016, <https://www.psc-cuny.org/clarion/september-2016/making-cuny-free-again-council-explore-possibilities>.

# BAD DEAL FOR OUR NEIGHBORHOODS

*How the Proposed HQ2 Deal Is Harmful to New York Communities*

*Amazon's HQ2 will threaten affordable housing, accelerate gentrification, strap the struggling public infrastructure, and hurt local communities — problems similar to those faced by many communities in Seattle, where Amazon's current headquarters is located.<sup>41</sup>*

## HERE ARE SIX WAYS THAT HQ2 WILL HARM NEW YORK NEIGHBORHOODS:

### 1. AMAZON HQ2 WOULD FUEL THE DISPLACEMENT OF NEW YORK'S TENANTS:

New York's housing crisis is well-documented and getting worse. Over half of New York's renters are rent burdened, meaning that they spend more than 30 percent of their income on housing.<sup>42</sup>

**In Community Board 2, where Amazon plans to locate HQ2, nearly 82 percent of low-income tenants are rent burdened.<sup>43</sup>**

Homelessness is steadily rising in New York where over 89,000 people across the state are homeless each night.<sup>44</sup> Early estimates indicate that Amazon HQ2 could push an additional 830 people in New York City into homelessness.<sup>45</sup>

<sup>41</sup> Matthew Yglesias, "The tragedy of Amazon's HQ2 selections, explained," Vox, November 9, 2018, <https://www.vox.com/policy-and-politics/2018/11/9/18067908/amazon-hq-2-new-york-virginia-dc-lic-crystal-city>.

<sup>42</sup> "Think Your Rent Is High? Documenting New York City's Severest Rent Burdens," Citizens Budget Commission, October 11, 2018, [https://cbcny.org/research/think-your-rent-high?utm\\_source=Think+Your+Rent+Is+High](https://cbcny.org/research/think-your-rent-high?utm_source=Think+Your+Rent+Is+High).

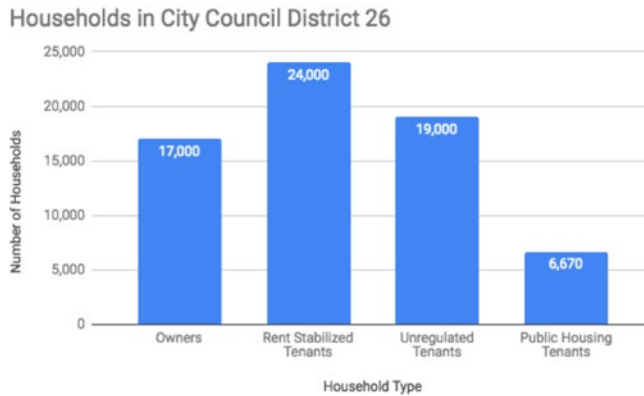
<sup>43</sup> "New York City Neighborhood Data Profiles: QN02: Woodside/Sunnyside," NYU Furman Center, Accessed December 12, 2018, <http://furmancenter.org/neighborhoods/view/woodside-sunnyside>.

<sup>44</sup> "HUD 2017 Continuum of Care Homeless Assistance Programs Homeless Populations and Subpopulations," U.S. Department of Housing and Urban Development, November 7, 2017, <https://www.hudexchange.info/resource/reportmanagement/published/>.

<sup>45</sup> Kari Paul, "Amazon HQ2 could push 800 people into homelessness, economist says," MarketWatch, November 19, 2018, <https://www.marketwatch.com/story/amazon-hq2-could-push-800-people-into-homelessness-economist-says-2018-11-16>.



In June 2019, tenant protections for rent stabilized households will expire.<sup>46</sup> Tenants in unstabilized apartments already have no basic protections at all. This means that 43,000 households in Long Island City are vulnerable to imminent rent hikes and potential displacement (see chart).



Source, NYC City Council District 26: Community Service Society<sup>47</sup>

In the last decade New York has lost 425,000 apartments that rent for less than \$900 a month — a rate that is affordable to households making \$36,000 a year.<sup>48</sup> The share of apartments affordable to low-income households has declined by 50 percent since 2002.<sup>49</sup> Meanwhile, the city's affordable housing program is not producing nearly enough housing to meet the need.<sup>50</sup>

Amazon's entry to Long Island City would make this crisis even worse. According to a recent study, the Amazon-driven "jobs boom" in Seattle accounted for 63 percent of the spike in rents in the Seattle neighborhood where it is headquartered.<sup>51</sup> The limited number of available units in Queens,<sup>52</sup> plus the number of tenants without any basic protections, means Amazon's effects are likely to be felt across the city's most diverse borough.<sup>53</sup>

**2. NEW YORKERS WON'T BENEFIT FROM HQ2 JOBS OR FROM A COMPANY WITH A BAD TRACK RECORD OF HIRING WOMEN AND PEOPLE OF COLOR** — Amazon has made no commitment to hire un-or-underemployed New Yorkers for the 25,000 promised jobs.<sup>54</sup> This is especially troubling because research shows that, on average, less than a quarter of jobs associated with these types of subsidy programs go to local residents who would otherwise be unemployed.<sup>55</sup>

And there is little reason, based on the company's past hiring practices, to expect that it would hire from Queens' diverse communities. According to Amazon's 2016 Equal Employment Opportunity Commission (EEOC) report, 93 percent of executive and officers

46 "New Coalition of Affordable Housing Industry Leaders, Tenant Advocates and Labor Calls for Crucial Reforms to State Rent Laws," *Enterprise*, Accessed December 12, 2018, <https://www.enterprisecommunity.org/news-and-events/news-releases>.

47 Thomas J. Waters, "The Geography—and New Politics—of Housing in New York City," *Community Service Society*, November 12, 2018, <http://www.cssny.org/news/entry/the-geography-and-new-politics-of-housing-in-new-york-city>.

48 New York City Comptroller Scott Stringer, "The Gap is Still Growing: New York City's Continuing Housing Affordability Challenge," September 26, 2018, <https://comptroller.nyc.gov/reports/the-gap-is-still-growing-new-york-citys-continuing-housing-affordability-challenge/>.

49 Thomas J. Waters, "Our Fast Analysis of the 2017 New York City Housing and Vacancy Survey," *Community Service Society*, August 10, 2018, <http://www.cssny.org/news/entry/2017-hvs-fast-analysis>.

50 Brendan Cheney "City's Affordability Crisis is at the Lowest Incomes," *Politico*, Data Sources: Department of Housing Preservation and Development; Citizens Budget commission, November 30, 2018, Posted via Twitter: <https://twitter.com/brendancheney/status/1068526308211081216>.

51 Monica Nickelsburg, "New study shows how Amazon has impacted Seattle rents," *Geekwire*, November 1, 2017, <https://www.geekwire.com/2017/new-study-shows-amazons-growth-impacted-seattle-rents/>.

52 New York City Housing Preservation and Development "Selected Initial Findings of the 2017 New York City Housing and Vacancy Survey," February 9, 2018, <https://www1.nyc.gov/assets/hpd/downloads/pdf/about/2017-hvs-initial-findings.pdf>.

53 Gus Lubin, "Queens has more languages than anywhere in the world — here's where they're found," *Business Insider*, February 15, 2017, <https://www.businessinsider.com/queens-languages-map-2017-2>; Alexandra Star, "In New York's Multinational Astoria, Diversity Is Key To Harmony," *National Public Radio*, March 30, 2015, <https://www.npr.org/sections/codeswitch/2015/03/30/393339438/in-new-yorks-multinational-astoria-diversity-is-key-to-harmony>.

54 The New York Times Editorial Board, "New York's Amazon Deal Is a Bad Bargain," *New York Times*, November 13, 2018, <https://www.nytimes.com/2018/11/14/opinion/new-yorks-amazon-deal.html>.

55 Timothy J. Bartik, "Who Benefits From Economic Development Incentives? How Incentive Effects on Local Incomes and the Income Distribution Vary with Different Assumptions about Incentive Policy and the Local Economy," *W.E. Upjohn Institute*, 2018, Technical Report No. 18-034, [https://research.upjohn.org/cgi/viewcontent.cgi?article=1037&context=up\\_technicalreports](https://research.upjohn.org/cgi/viewcontent.cgi?article=1037&context=up_technicalreports), 83-84.

are white.<sup>56</sup> Black and Hispanic/Latino workers combined only make up 7 percent of executives, managers, and professionals.<sup>57</sup> Women are also underrepresented at Amazon in every job category except “administrative services,” where women make up 65 percent of the workforce.<sup>58</sup>

**3. AMAZON’S PREDATORY BUSINESS PRACTICES ALREADY HURT NEW YORK’S SMALL BUSINESSES — AND HQ2 WOULD LIKELY DISPLACE LOCAL BUSINESSES** — Amazon’s aggressive growth has fueled a sharp decline in independent retail businesses.<sup>59</sup> The impacts are twofold.

One is that the popularization of online shopping has drawn customers away from local shops and bodegas.<sup>60</sup> Prime Now in particular has potential to kill local bodegas and small retailers.<sup>61</sup>

But there is additional impact on Queens businesses: rent costs. Small businesses need affordable commercial spaces to be financially viable, and HQ2 is likely to cause Queens commercial real estate prices to skyrocket.

In the past 3 years, during an Amazon-driven “boom,” office rents in Seattle rose 31 percent — 2.5 times faster than the national average.<sup>62</sup> A spike in commercial real estate prices would have huge ramifications in New York City where 98 percent of the 200,000 businesses are small businesses, employing more than half of the city’s private sector workforce.<sup>63</sup>

Queens’ small businesses would likely be threatened with displacement. Given that New York is home to 3.1 million immigrants, who own 52 percent of New York’s small businesses, it is likely immigrant small business owners would be impacted in large numbers.<sup>64</sup>

**4. AMAZON HQ2 COULD STRAIN LONG ISLAND CITY’S ALREADY OVERBURDENED SCHOOL SYSTEM** — Schools in Long Island City are overburdened after years of residential development and gentrification without adequate development of schools.<sup>65</sup> This is impacting a diverse student body. For instance, Long Island City High School is currently 93.5 percent people of color.<sup>66</sup>

56 Amazon’s 2016 Equal Employment Opportunity Employer Information Report, Accessed December 2, 2018, [https://images-na.ssl-images-amazon.com/images/G/01/DiversityCampaign2016\\_Q3/EEO-1\\_2016\\_consolidated\\_V525968886.pdf](https://images-na.ssl-images-amazon.com/images/G/01/DiversityCampaign2016_Q3/EEO-1_2016_consolidated_V525968886.pdf)

57 Amazon’s 2016 Equal Employment Opportunity Employer Information Report, Accessed December 2, 2018, [https://images-na.ssl-images-amazon.com/images/G/01/DiversityCampaign2016\\_Q3/EEO-1\\_2016\\_consolidated\\_V525968886.pdf](https://images-na.ssl-images-amazon.com/images/G/01/DiversityCampaign2016_Q3/EEO-1_2016_consolidated_V525968886.pdf)

58 Amazon’s 2016 Equal Employment Opportunity Employer Information Report, Accessed December 2, 2018, [https://images-na.ssl-images-amazon.com/images/G/01/DiversityCampaign2016\\_Q3/EEO-1\\_2016\\_consolidated\\_V525968886.pdf](https://images-na.ssl-images-amazon.com/images/G/01/DiversityCampaign2016_Q3/EEO-1_2016_consolidated_V525968886.pdf)

59 Olivia LaVecchia and Stacy Mitchell, “Amazon’s Stranglehold: How the Company’s Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities,” Institute for Local Self-Reliance, November 2016, [https://ilsr.org/wp-content/uploads/2016/11/ILSR\\_AmazonReport\\_final.pdf](https://ilsr.org/wp-content/uploads/2016/11/ILSR_AmazonReport_final.pdf), 6.

60 Olivia LaVecchia and Stacy Mitchell, “Amazon’s Stranglehold: How the Company’s Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities,” Institute for Local Self-Reliance, November 2016, [https://ilsr.org/wp-content/uploads/2016/11/ILSR\\_AmazonReport\\_final.pdf](https://ilsr.org/wp-content/uploads/2016/11/ILSR_AmazonReport_final.pdf), 6.

61 Stacy Liberatore, “Amazon to battle the bodega: Shopping giant to open convenience stores and even a drive through to sell groceries,” Daily Mail, October 11, 2016, <https://www.dailymail.co.uk/sciencetech/article-3832906/Amazon-battle-bodega-Shopping-giant-open-convenience-stores-drive-sell-groceries.html>; Russell Redman, “Whole Foods, Amazon steam ahead with Prime Now,” Supermarket News, September 26, 2018, <https://www.supermarketnews.com/online-retail/whole-foods-amazon-steam-ahead-prime-now>

62 Mike Rosenberg, “Seattle Rents for Offices Soaring Much Faster Than Elsewhere,” Seattle Times, February 20, 2018, <https://www.seattletimes.com/business/real-estate/seattle-rents-for-offices-soaring-much-faster-than-elsewhere/>

63 “Small Business First Better Government. Stronger Businesses,” City of New York Small Business First Program, <https://www1.nyc.gov/assets/smallbizfirst/downloads/pdf/small-business-first-report.pdf>, 3.

64 “State of Our Immigrant City,” NYC Mayor’s Office of Immigrant Affairs, March 2018, [https://www1.nyc.gov/assets/immigrants/downloads/pdf/moia\\_annual\\_report\\_2018\\_final.pdf](https://www1.nyc.gov/assets/immigrants/downloads/pdf/moia_annual_report_2018_final.pdf), 6.

65 Christina Veiga, Alex Zimmerman, Reema Amin, “Four ways Amazon’s arrival in New York City could impact public schools,” Chalkbeat, November 13, 2018, <https://chalkbeat.org/posts/ny/2018/11/13/how-amazon-could-affect-new-york-city-schools/>; Katie Honan, “Amazon’s Attention Raises Hopes, Fears for Long Island City,” Wall Street Journal, November 7, 2018, <https://www.wsj.com/articles/amazons-attention-raises-hopes-fears-for-long-island-citys-infrastructure-1541633800>.

66 New York Department of Education data, Accessed December 7, 2018, [https://docs.google.com/spreadsheets/d/1JliqtBxn1fbDYH\\_pYnYb\\_dcfGZ2OKcgI8qHglkT\\_7D0/edit#gid=283568696](https://docs.google.com/spreadsheets/d/1JliqtBxn1fbDYH_pYnYb_dcfGZ2OKcgI8qHglkT_7D0/edit#gid=283568696).



Seven out of the neighborhood's nine schools are overcrowded and one Long Island City elementary school is operating at over 200 percent capacity.<sup>67</sup> Some schools are so overcrowded that children go to lunch at 9:30 am because cafeterias cannot accommodate the students.<sup>68</sup>

New York State —which owes LIC schools millions in overdue funding, including over \$3.6 million to the Long Island City High School alone,<sup>69</sup> is putting money into this HQ2 deal instead of public education.

To add insult to injury, the proposed deal would give Amazon a large Department of Education (DOE) office building — one that LIC community members

had been fighting to convert into schools and a community center.<sup>70</sup> While Amazon committed to building one middle school in Long Island City, LIC would still face overcrowding even if a fraction of Amazon employees locate to the neighborhood.<sup>71</sup>

## 5. AMAZON HQ2 WOULD EXACERBATE INEQUALITY AND CREATE A PRIVATE INFRA-STRUCTURE FOR TECH ELITES —

The influx of 25,000 high-paid workers into an area with already-strained infrastructure will have the greatest impact on low-income residents who will not have access to the taxpayer-funded facilities Amazon hopes to build.

Amazon's proposed HQ2 location is just a mile from the Queensbridge Houses, the largest public housing complex in the country.<sup>72</sup> The median household income in the neighborhood is \$15,843.<sup>73</sup>

The 25,000 workers Amazon wants to bring to Long Island City are expected to earn an average of \$150,000 per year.<sup>74</sup> That's more than nine times what someone in Queensbridge Houses makes a year,<sup>75</sup> and more than twice the the current \$63,420 median income in Queens.<sup>76</sup> In fact, these Amazon workers would be in the top 20 percent of income earners in the New York metro area.<sup>77</sup>

67 "A Tale of Two Rezoning: Taking a Harder Look at CEQR," The Municipal Art Society of New York, 2018, <https://www.mas.org/pdf/ceqr-report-final-small.pdf>, 4.

68 "Too Crowded to Learn: Queens Schools Continue to Face Chronic Overcrowding Conditions," Make the Road New York, May 2011, [https://maketheroadny.org/wp-content/uploads/2018/06/MRNY-Too\\_Crowded\\_to\\_Learn-Queens\\_Schools\\_Campaign-Report\\_MAY\\_2011.pdf](https://maketheroadny.org/wp-content/uploads/2018/06/MRNY-Too_Crowded_to_Learn-Queens_Schools_Campaign-Report_MAY_2011.pdf), 8.

69 Campaign for Fiscal Equity, "What is my school owed?" calculator, Accessed December 12, 2018, <http://www.whatismyschoolowed.com/>.

70 Leonie Haimson & Sabina Omerhodzic, "Amazon Will Only Exacerbate Long Island City School Overcrowding," Gotham Gazette, November 27, 2018, <http://www.gothamgazette.com/opinion/8101-amazon-will-only-exacerbate-long-island-city-school-overcrowding>.

71 Jake Bittle, "NYC and Amazon Have a School Plan for HQ2 Families: Wait and See," CityLab, December 4, 2018, <https://www.citylab.com/life/2018/12/nyc-school-system-search-amazon-hq2-families-kids/577237/>

72 Corey Kilgannon, "Amazon's New Neighbor: The Nation's Largest Housing Project," New York Times, November 12, 2018, <https://www.nytimes.com/2018/11/12/nyregion/amazon-queens-queensbridge-houses.html>.

73 Corey Kilgannon, "Amazon's New Neighbor: The Nation's Largest Housing Project," New York Times, November 12, 2018, <https://www.nytimes.com/2018/11/12/nyregion/amazon-queens-queensbridge-houses.html>.

74 Memorandum of Understanding Between New York State Urban Development Corporation, New York State Urban Development Corporation, the City of New York, and Amazon.com Services, Inc, November 12, 2018, [https://www.nycedc.com/sites/default/files/filemanager/NYC\\_MOU.pdf](https://www.nycedc.com/sites/default/files/filemanager/NYC_MOU.pdf), 1.

75 Corey Kilgannon, "Amazon's New Neighbor: The Nation's Largest Housing Project," New York Times, November 12, 2018, <https://www.nytimes.com/2018/11/12/nyregion/amazon-queens-queensbridge-houses.html>

76 "State of New York City's Housing and Neighborhoods in 2017," NYU Furman Center, 2017, [http://furmancenter.org/files/sotc/SOC\\_2017\\_Full\\_2018-08-01.pdf](http://furmancenter.org/files/sotc/SOC_2017_Full_2018-08-01.pdf), 85.

77 Richard Fry and Rakesh Kochhar, "Are you in the American middle class? Find out with our income calculator," Pew Research Center, September 6, 2018, <http://www.pewresearch.org/fact-tank/2018/09/06/are-you-in-the-american-middle-class/>



**6. NEW HELIPAD FOR BILLIONAIRES, OLD HELLISH SUBWAYS FOR THE PEOPLE** — While Queens residents continue to face unreliable subway service and packed trains, Amazon's CEO Jeff Bezos won't have that problem. **City and state officials agreed to let Amazon install a helicopter landing pad near the new facility for Amazon Executives, at taxpayers' expense.**<sup>78</sup>

The MTA estimates that it needs to spend \$37 billion over the next 10 years to fix the overcrowded and unreliable subway system.<sup>79</sup> Meanwhile, as part of the deal, Amazon would only contribute \$600 million over forty years to support transit and infrastructure development.<sup>80</sup>

**Amazon is unlikely to bring broad-based economic prosperity for all New Yorkers.**

While technology companies like Amazon can generate huge economic growth, San Francisco and Seattle show that the benefits largely do not go to low-income communities and communities of color. The business models of Silicon Valley's tech companies result in high wealth concentration. A few high earners receive massive gains while working people face financial instability and falling wages.<sup>81</sup> The tech sector's economic growth

does not translate to widely shared prosperity for local communities, who struggle with rising costs of housing, childcare, transportation, food, and healthcare.<sup>82</sup>

### **A Race To The Bottom For America's Cities**

**The Amazon H2Q process clearly revealed the lengths public officials will go to accommodate powerful corporations in a broken economic development system.**

New York City was one of two sites selected by Amazon following a splashy year-long bidding war among cities. Elected officials fell for this publicity stunt. Newark, New Jersey proposed \$7 billion in Amazon incentives (the largest package in the state's history).<sup>83</sup> Boston proposed an "Amazon Task Force" of city employees who would work on behalf of Amazon, while Fresno, California proposed a joint fund overseen by city officials and Amazon executives.<sup>84</sup> Mayor de Blasio lit Manhattan's iconic Empire State Building orange one night,<sup>85</sup> and Governor Cuomo went so far as to say he would change his name to "Amazon Cuomo" to secure the HQ2 deal.<sup>86</sup> In the end 238 North American cities submitted bids totaling billions of dollars in government subsidies for Amazon.<sup>87</sup>

78 Soo Youn, "Amazon is coming to Queens. So are the helicopters," ABC News, November 13, 2018, <https://abcnews.go.com/Business/amazon-coming-queens-helicopters/story?id=59166196>; Ryan Grenoble, "New York Taxpayers Are Buying A Helipad For The Richest Man In The World," Huffington Post, November 13, 2018, [https://www.huffingtonpost.com/entry/amazon-jeff-bezos-new-york-helipad\\_us\\_5beb2569e4b0caeec2bec952](https://www.huffingtonpost.com/entry/amazon-jeff-bezos-new-york-helipad_us_5beb2569e4b0caeec2bec952).

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80 Gersh Kuntzman, "Sweetheart Deal for Amazon Includes Tiny 'Infrastructure Fund' for City," StreetsBlog NYC, November 13, 2018, <https://nyc.streetsblog.org/2018/11/13/breaking-sweet-deal-for-amazon-includes-large-infrastructure-fund-for-city/>.

81 Louise Auerhahn, Chris Benner, Jeffrey Buchanan, Bob Brownstein, and Gabriela Giusta, "Innovating Inequality? How tech's business models concentrate wealth while shortchanging workers," Working Partnerships USA, October 2018, <https://wpusa.org/files/reports/InnovatingInequality.pdf>, 3.

82 Amy Liu, "The urgency to achieve an inclusive economy in the Bay Area," Brookings Institute, June 7, 2018, <https://www.brookings.edu/research/the-urgency-to-achieve-an-inclusive-economy-in-the-bay-area/>.

83 Erin Banco, "The 10 largest N.J. subsidy deals before the \$7B Amazon bid," NJ.com, December 14, 2017, [https://www.nj.com/news/index.ssf/2017/12/top\\_10\\_most\\_expensive\\_nj\\_subsidies\\_before\\_7bn\\_amaz.html](https://www.nj.com/news/index.ssf/2017/12/top_10_most_expensive_nj_subsidies_before_7bn_amaz.html)

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85 Rich Calder and Carl Campanile, "New York's most iconic buildings go orange in bid to woo Amazon," MarketWatch, October 19, 2017, <https://www.marketwatch.com/story/new-yorks-most-iconic-buildings-go-orange-in-bid-to-woo-amazon-2017-10-19>

86 Jeffrey Dastin, David Shepardson "Amazon plans to split second headquarters in two cities: sources," Reuters, November 5, 2018, <https://www.reuters.com/article/us-amazon-com-headquarters/amazon-plans-to-split-second-headquarters-in-two-cities-sources-idUSKCN1NA2HM>.

87 David Dayen, "The HQ2 Scam: How Amazon Used a Bidding War to Scrape Cities' Data," November 9, 2018, *In These Times*, <http://inthesetimes.com/article/21571/the-hq2-scam-how-amazon-used-a-bidding-war-to-scrape-cities-data>.

# BAD COMPANY

## How This Trillion-Dollar Corporation Hurts Workers, Immigrants, & Small Businesses; Collaborates With Hate Groups; Avoids Taxes

### AMAZON: BAD COMPANY FOR WORKERS

With HQ2, Amazon is presenting itself as a high-road job creator — but the truth is far more disturbing.<sup>88</sup> In reality, Amazon imposes grueling standards,<sup>89</sup> skirts benefits<sup>90</sup>, and discourages unionization for its warehouse and logistics workers — the majority of its 500,000 person workforce.<sup>91</sup>

Amazon's predatory business model<sup>92</sup> is built on avoiding taxes, smothering smaller businesses, selling technologies that enable government surveillance, and selling customer data.<sup>93</sup>

Amazon's warehouse management subjects workers to grueling and pressure-filled shifts<sup>94</sup> and demands workers meet production quotas that can be set 60 times higher than the industry standard.<sup>95</sup>

88 "Amazon Selects New York City and Northern Virginia for New Headquarters," Amazon Press release, November 13, 2018, <https://press.aboutamazon.com/news-releases/news-release-details/amazon-selects-new-york-city-and-northern-virginia-new>.

89 Olivia LaVecchia and Stacy Mitchell, "Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities," Institute for Local Self-Reliance, November 2016, [https://ilsr.org/wp-content/uploads/2016/11/ILSR\\_AmazonReport\\_final.pdf](https://ilsr.org/wp-content/uploads/2016/11/ILSR_AmazonReport_final.pdf), 41, 46; Janet Burns "Report: Amazon's Anti-Union Training Is Revealed In Leaked Video," Forbes, September 27, 2018, [https://d3n8a8pro7vhm.cloudfront.net/rwdsu/pages/480/attachments/original/1543959297/Whats\\_Wrong\\_With\\_Amazon\\_-\\_website.pdf?1543959297](https://d3n8a8pro7vhm.cloudfront.net/rwdsu/pages/480/attachments/original/1543959297/Whats_Wrong_With_Amazon_-_website.pdf?1543959297), 5.

90 Jason Abbruzzese, David Ingram and Michael Cappetta, "Amazon cuts to bonuses lead to questions about wage hike," NBC News, October 3, 2018, <https://www.nbcnews.com/tech/tech-news/amazon-cuts-bonuses-leads-questions-about-wage-hike-n916466>; Chavie Lieber, "Amazon's pay increase cut bonuses and stock options. So it's raising wages again," Vox, October 11, 2018, <https://www.vox.com/the-goods/2018/10/11/17963778/amazon-pay-increase-bonuses-stock-options>.

91 Olivia LaVecchia and Stacy Mitchell, "Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities," Institute for Local Self-Reliance, November 2016, [https://ilsr.org/wp-content/uploads/2016/11/ILSR\\_AmazonReport\\_final.pdf](https://ilsr.org/wp-content/uploads/2016/11/ILSR_AmazonReport_final.pdf), 41, 46; Janet Burns "Report: Amazon's Anti-Union Training Is Revealed In Leaked Video," Forbes, September 27, 2018, <https://www.forbes.com/sites/janetwburns/2018/09/27/amazons-anti-union-training-strategy-revealed-in-leaked-video/#59c7e2d9606>; Julie Bort, "Amazon Now Employs Over Half a Million People, and It Plans to Hire Thousands More," Business Insider, October 27, 2017, <https://www.inc.com/business-insider/jeff-bezos-amazon-employees-hiring-spree-second-largest-company-behind-walmart.html>.

92 Lina M. Khan, "Amazon's Antitrust Paradox," Vol. 126, Number 3, January 2017, Yale Law Journal, <https://www.yalelawjournal.org/note/amazons-antitrust-paradox>.

93 Olivia LaVecchia and Stacy Mitchell, "Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities," Institute for Local Self-Reliance, November 2016, [https://ilsr.org/wp-content/uploads/2016/11/ILSR\\_AmazonReport\\_final.pdf](https://ilsr.org/wp-content/uploads/2016/11/ILSR_AmazonReport_final.pdf), 58, 65-67; David Pegg, "From Seattle to Luxembourg: how tax schemes shaped Amazon," The Guardian, April 25, 2018, <https://www.theguardian.com/technology/2018/apr/25/from-seattle-to-luxembourg-how-tax-schemes-shaped-amazon>; Jathan Sadowski, "Companies are making money from our personal data — but at what cost?" The Guardian, August 31, 2016, <https://www.theguardian.com/technology/2016/aug/31/personal-data-corporate-use-google-amazon>.

94 "What's Wrong with Amazon," Retail, Wholesale and Department Store Union, November 28, 2018, [https://d3n8a8pro7vhm.cloudfront.net/rwdsu/pages/480/attachments/original/1543959297/Whats\\_Wrong\\_With\\_Amazon\\_-\\_website.pdf?1543959297](https://d3n8a8pro7vhm.cloudfront.net/rwdsu/pages/480/attachments/original/1543959297/Whats_Wrong_With_Amazon_-_website.pdf?1543959297), 5.

95 Olivia LaVecchia and Stacy Mitchell, "Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities," Institute for Local Self-Reliance, November 2016, [https://ilsr.org/wp-content/uploads/2016/11/ILSR\\_AmazonReport\\_final.pdf](https://ilsr.org/wp-content/uploads/2016/11/ILSR_AmazonReport_final.pdf), 37.

The company reportedly tracks every action workers take while performing job duties, and penalizes workers for deviating from company standards.<sup>96</sup>

Even bathroom breaks are strictly monitored — according to reports from workers, they are expected to take no more than six-minute timed bathroom breaks or risk penalty.<sup>97</sup> When one journalist went undercover at an Amazon warehouse, he documented workers peeing in bottles to save time.<sup>98</sup>

**Not only are Amazon warehouse jobs difficult, they are often dangerous.** One report found that seven Amazon workers have died on the job since 2013.<sup>99</sup> Many instances of injuries go unreported and liability is avoided through the use of subcontractors.<sup>100</sup> According to one Amazon warehouse worker, “they treat us like disposable parts.”<sup>101</sup>

**Amazon is a fiercely anti-union company.** Workers who seek to improve working conditions by unionizing have faced Amazon managers trained in union avoidance.<sup>102</sup> A leaked training video suggests that managers are taught to identify and quell “warning signs” that employees may be engaged in organizing activity.<sup>103</sup> According to the video, these signs can include workers raising concerns on behalf of other workers.<sup>104</sup>

**The majority of Amazon’s Black and Latino workforce are employed as warehouse workers, suffering the brunt of Amazon’s egregious practices.** According to Amazon’s 2016 EEOC report, almost all of Amazon’s Black or Latino workers are concentrated in the warehouses, where people of color collectively make up 58 percent of all laborers.<sup>105</sup>

## AMAZON: BAD COMPANY FOR IMMIGRANT COMMUNITIES

**Amazon’s Cloud Bolsters Trump’s Attacks on Immigrants** — Amazon is fueling the Trump administration’s deportation machine and bolstering the work of Immigration and Customs Enforcement (ICE) by providing key data infrastructure to the federal government.

Cloud computing has become increasingly critical to the immigration enforcement system, facilitating info-sharing across local, state, and federal enforcement agencies. A recent report from Mijente, the Immigrant Defense Project, and the National Immigration Project of the National Lawyers Guild revealed Amazon is contracted by the Department of Homeland Security (DHS) to develop the backbone infrastructure for its data management systems,

96 Olivia LaVecchia and Stacy Mitchell, “Amazon’s Stranglehold: How the Company’s Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities,” Institute for Local Self-Reliance, November 2016, [https://ilsr.org/wp-content/uploads/2016/11/ILSR\\_AmazonReport\\_final.pdf](https://ilsr.org/wp-content/uploads/2016/11/ILSR_AmazonReport_final.pdf), 37.

97 Nina Shapiro, “Under pressure, afraid to take bathroom breaks? Inside Amazon’s fast-paced warehouse world,” *Seattle Times*, July 2, 2018, <https://www.seattletimes.com/business/amazon/under-pressure-afraid-to-take-bathroom-breaks-inside-amazons-fast-paced-warehouse-world/>.

98 Dennis Green, “54 workers became sick and one is in critical condition after a can of bear repellent released fumes in an Amazon warehouse,” *SFGate*, December 5, 2018, <https://www.sfgate.com/technology/businessinsider/article/amazon-amzn-peed-in-bottles-under-cover-author-5072830.php>.

99 “What’s Wrong with Amazon,” *Retail, Wholesale and Department Store Union*, November 28, 2018, [https://d3n8a8pro7vhmx.cloudfront.net/rwdsu/pages/480/attachments/original/1543959297/Whats\\_Wrong\\_With\\_Amazon\\_-\\_website.pdf?1543959297](https://d3n8a8pro7vhmx.cloudfront.net/rwdsu/pages/480/attachments/original/1543959297/Whats_Wrong_With_Amazon_-_website.pdf?1543959297), 5.

100 Olivia LaVecchia and Stacy Mitchell, “Amazon’s Stranglehold: How the Company’s Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities,” Institute for Local Self-Reliance, November 2016, [https://ilsr.org/wp-content/uploads/2016/11/ILSR\\_AmazonReport\\_final.pdf](https://ilsr.org/wp-content/uploads/2016/11/ILSR_AmazonReport_final.pdf), 38.

101 Dennis Green, “54 workers became sick and one is in critical condition after a can of bear repellent released fumes in an Amazon warehouse,” *SFGate*, December 5, 2018, <https://www.sfgate.com/technology/businessinsider/article/amazon-amzn-peed-in-bottles-under-cover-author-5072830.php>.

102 “What’s Wrong with Amazon,” *Retail, Wholesale and Department Store Union*, November 28, 2018, [https://d3n8a8pro7vhmx.cloudfront.net/rwdsu/pages/480/attachments/original/1543959297/Whats\\_Wrong\\_With\\_Amazon\\_-\\_website.pdf?1543959297](https://d3n8a8pro7vhmx.cloudfront.net/rwdsu/pages/480/attachments/original/1543959297/Whats_Wrong_With_Amazon_-_website.pdf?1543959297), 7-8.

103 Janet Burns “Report: Amazon’s Anti-Union Training Is Revealed In Leaked Video,” *Forbes*, September 27, 2018, <https://www.forbes.com/sites/janetwburns/2018/09/27/amazons-anti-union-training-strategy-revealed-in-leaked-video/#7159edfd6068>.

104 Janet Burns “Report: Amazon’s Anti-Union Training Is Revealed In Leaked Video,” *Forbes*, September 27, 2018, <https://www.forbes.com/sites/janetwburns/2018/09/27/amazons-anti-union-training-strategy-revealed-in-leaked-video/#5aea71136068>.

105 Amazon’s 2016 Equal Employment Opportunity Employer Information Report, Accessed December 2, 2018, [https://images-na.ssl-images-amazon.com/images/G/01/DiversityCampaign2016\\_Q3/EEO-1\\_2016\\_consolidated\\_V525968886.pdf](https://images-na.ssl-images-amazon.com/images/G/01/DiversityCampaign2016_Q3/EEO-1_2016_consolidated_V525968886.pdf).

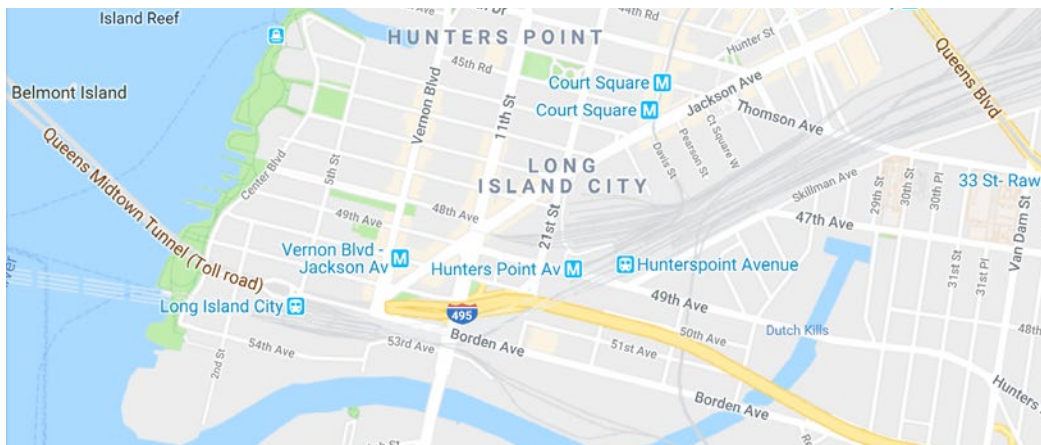


which currently comprises 10 percent of DHS' \$44 million budget.<sup>106</sup>

Amazon Web Services (AWS) is the biggest broker of cloud storage space in the world and serves as DHS's database for immigration case management systems and biometric data for 230 million individuals, which include fingerprint, face, and iris records.<sup>107</sup> It is the largest contractor in DHS' migration of the agency's \$6.8 billion IT portfolio to the cloud and has more federal authorizations to maintain government data than any other tech company,<sup>108</sup> making it the primary holder of data that facilitates mass surveillance, deportation, and immigrant detention.<sup>109</sup> Recently, Amazon also pitched its Rekognition video analysis service to ICE, which would identify faces in surveillance videos.<sup>110</sup>

## AMAZON: BAD COMPANY ON HATE AND RACISM

**Amazon's platform is used to sell racist and white supremacist products and content.** Amazon allows racist, Islamophobic, and anti-Semitic movements to generate revenue and spread ideas through its platforms and services.<sup>111</sup> As a recent report from Action Center on Race and the Economy and Partnership for Working Families revealed, Amazon's weak and poorly enforced policies have enable hate groups to use Amazon's platforms. The company has been unresponsive, or slow to respond, when these products have been reported in the past.<sup>112</sup>



Amazon's proposed HQ2 location is in Queens, one of the most diverse communities in the country. People of color make up over 60 percent of the borough. Forty-eight percent of Queens residents are immigrants and over 800 languages are spoken in the borough.

Source: U.S. Census Bureau, <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF> & <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF> & <https://www.businessinsider.com/queens-languages-map-2017-2>

Photo courtesy of Google Maps.

106 "Who's Behind ICE? The Tech and Data Companies Fueling Deportations," Mijente, the Immigrant Defense Project, and the National Immigration Project of the National Lawyers Guild, October 2018, [https://mijente.net/wp-content/uploads/2018/10/WHO%E2%80%99S-BEHIND-ICE\\_-The-Tech-and-Data-Companies-Fueling-Deportations\\_v3-.pdf](https://mijente.net/wp-content/uploads/2018/10/WHO%E2%80%99S-BEHIND-ICE_-The-Tech-and-Data-Companies-Fueling-Deportations_v3-.pdf), 1.

107 "Who's Behind ICE? The Tech and Data Companies Fueling Deportations," Mijente, the Immigrant Defense Project, and the National Immigration Project of the National Lawyers Guild, October 2018, [https://mijente.net/wp-content/uploads/2018/10/WHO%E2%80%99S-BEHIND-ICE\\_-The-Tech-and-Data-Companies-Fueling-Deportations\\_v3-.pdf](https://mijente.net/wp-content/uploads/2018/10/WHO%E2%80%99S-BEHIND-ICE_-The-Tech-and-Data-Companies-Fueling-Deportations_v3-.pdf), 5.

108 "Who's Behind ICE? The Tech and Data Companies Fueling Deportations," Mijente, the Immigrant Defense Project, and the National Immigration Project of the National Lawyers Guild, October 2018, [https://mijente.net/wp-content/uploads/2018/10/WHO%E2%80%99S-BEHIND-ICE\\_-The-Tech-and-Data-Companies-Fueling-Deportations\\_v3-.pdf](https://mijente.net/wp-content/uploads/2018/10/WHO%E2%80%99S-BEHIND-ICE_-The-Tech-and-Data-Companies-Fueling-Deportations_v3-.pdf), 5.

109 "Who's Behind ICE? The Tech and Data Companies Fueling Deportations," Mijente, the Immigrant Defense Project, and the National Immigration Project of the National Lawyers Guild, October 2018, [https://mijente.net/wp-content/uploads/2018/10/WHO%E2%80%99S-BEHIND-ICE\\_-The-Tech-and-Data-Companies-Fueling-Deportations\\_v3-.pdf](https://mijente.net/wp-content/uploads/2018/10/WHO%E2%80%99S-BEHIND-ICE_-The-Tech-and-Data-Companies-Fueling-Deportations_v3-.pdf), 5-6.

110 Tom Krazit, "Amazon Web Services pitched ICE on using its Rekognition face-recognition cloud service," GeekWire, October 23, 2018, <https://www.geekwire.com/2018/amazon-web-services-pitched-ice-using-rekognition-face-recognition-cloud-service/>.

111 "Delivering Hate: How Amazon's Platforms Are Used to Spread White Supremacy, Anti-Semitism, and Islamophobia and How Amazon Can Stop It," Action Center on Race & The Economy, Partnership for Working Families, July 2018, <https://static1.squarespace.com/static/58d8a1bb3a041137d463d64f/t/5b3e4dd403ce6479df046dd1/1530809814928/Delivering+Hate+-+Jul+2018.pdf>, 1-2.

112 "Delivering Hate: How Amazon's Platforms Are Used to Spread White Supremacy, Anti-Semitism, and Islamophobia and How Amazon Can Stop It," Action Center on Race & The Economy, Partnership for Working Families, July 2018, <https://static1.squarespace.com/static/58d8a1bb3a041137d463d64f/t/5b3e4dd403ce6479df046dd1/1530809814928/Delivering+Hate+-+Jul+2018.pdf>, 1-2; James Doubek, "Amazon Pulls Some Nazi-Themed, Offensive Items After Criticism, But Many Remain," NPR, August 3, 2018, <https://www.npr.org/2018/08/03/635221620/amazon-removes-some-racist-items-from-its-site-after-criticism-but-many-remain>.

## AMAZON: BAD COMPANY ON TAX AVOIDANCE

**Amazon has used government subsidies and tax avoidance to grow.<sup>113</sup>** Extracting profitable tax breaks from state and local governments has been a key part of Amazon's expansion model for years.<sup>114</sup> **Since 2000, Amazon has been able to quietly secure at least \$1.613 billion in subsidies from state, city, and county governments, mostly to build its warehouses and data centers.<sup>115</sup>**

According to the Institute for Local Self-Reliance, as Amazon's business exploded between 2005 and 2014, the company built 77 fulfillment centers —more than half of those were funded by government subsidies totaling \$613 million.<sup>116</sup> As of 2017, the company had nearly 100 fulfillment centers in 25 states.<sup>117</sup> The proposed New York HQ2 deal eclipses this already astronomical total of government subsidies.

**Amazon also has a persistent and long-term track record of tax avoidance.<sup>118</sup>**

Amazon was able to avoid state sales taxes for many years and only started collecting sales tax nationwide in 2017.<sup>119</sup> The National Conference of State Legislatures estimates that states lost \$23.3 billion in sales tax collection from all companies' online sales in a single year.<sup>120</sup>

**In 2017 Amazon paid zero federal taxes.** While Amazon reported \$5.6 billion in U.S. profits in 2017, Amazon's financials indicate the company used tax credits and tax breaks to pay zero federal taxes last year.<sup>121</sup> In prior years, the company paid a paltry average tax rate of 13 percent on all its federal, state, local, and foreign taxes.<sup>122</sup> Meanwhile the federal corporate tax rate at the time was 35 percent.<sup>123</sup>

113 Charlie Thaxton, "Amazon's HQ2 Circus Is Nothing New—It's Been Playing Governments Since the Beginning," *Fortune*, November 21, 2018, <http://fortune.com/2018/11/21/amazon-hq2-tax-breaks-subsidies/>; Matthew Gardner, "Amazon Inc. Paid Zero in Federal Taxes in 2017, Gets \$789 Million Windfall from New Tax Law," Institute on Taxation and Economic Policy, February 2018, <https://itep.org/amazon-inc-paid-zero-in-federal-taxes-in-2017-gets-789-million-windfall-from-new-tax-law/>; Linda Qiu, "Does Amazon Pay Taxes? Contrary to Trump Tweet, Yes," *New York Times*, August 16, 2017, <https://www.nytimes.com/2017/08/16/us/politics/trump-amazon-taxes.html>; U.S. Securities and Exchange Commission, "AMAZON COM INC Form 10-K Period: DEC.31.17 Date Filed: FEB.02.18," <http://services.corporate-ir.net/SEC.Enhanced/SecCapsule.aspx?c=97664&fid=15414896>, 65; "Amazon Tracker: Subsidies Awarded to Amazon: at least \$1,613,000,000... and Counting!" *Good Jobs First*, November 2018, <https://www.goodjobsfirst.org/amazon-tracker>.

114 Charlie Thaxton, "Amazon's HQ2 Circus Is Nothing New—It's Been Playing Governments Since the Beginning," *Fortune*, November 21, 2018, <http://fortune.com/2018/11/21/amazon-hq2-tax-breaks-subsidies/>; Matthew Gardner, "Amazon Inc. Paid Zero in Federal Taxes in 2017, Gets \$789 Million Windfall from New Tax Law," Institute on Taxation and Economic Policy, February 2018, <https://itep.org/amazon-inc-paid-zero-in-federal-taxes-in-2017-gets-789-million-windfall-from-new-tax-law/>.

115 "Amazon Tracker: Subsidies Awarded to Amazon: at least \$1,613,000,000... and Counting!" *Good Jobs First*, November 2018, <https://www.goodjobsfirst.org/amazon-tracker>.

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117 Janelle Jones and Ben Zipperer, "Unfulfilled promises Amazon fulfillment centers do not generate broad-based employment growth," Economic Policy Institute, February 1, 2018, <https://www.epi.org/publication/unfulfilled-promises-amazon-warehouses-do-not-generate-broad-based-employment-growth/>.

118 Linda Qiu, "Does Amazon Pay Taxes? Contrary to Trump Tweet, Yes," *New York Times*, August 16, 2017, <https://www.nytimes.com/2017/08/16/us/politics/trump-amazon-taxes.html>.

119 Olivia LaVecchia and Stacy Mitchell, "Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities," Institute for Local Self-Reliance, November 2016, [https://ilsr.org/wp-content/uploads/2016/11/ILSR\\_AmazonReport\\_final.pdf](https://ilsr.org/wp-content/uploads/2016/11/ILSR_AmazonReport_final.pdf), 7; Darla Mercado, "The holiday is over: Amazon will collect sales taxes nationwide on April 1," *CNBC*, March 24, 2017 <https://www.cnn.com/2017/03/24/the-holiday-is-over-amazon-will-collect-sales-taxes-nationwide-on-april-1.html>.

120 "Collecting E-Commerce Taxes: E-Fairness Legislation" National Conference of State Legislatures, November 14, 2014, <http://www.ncsl.org/research/fiscal-policy/collecting-ecommerce-taxes-an-interactive-map.aspx>

121 U.S. Securities and Exchange Commission, "AMAZON COM INC Form 10-K Period: DEC.31.17 Date Filed: FEB.02.18," <http://services.corporate-ir.net/SEC.Enhanced/SecCapsule.aspx?c=97664&fid=15414896>, 65. Matthew Gardner, "Amazon Inc. Paid Zero in Federal Taxes in 2017, Gets \$789 Million Windfall from New Tax Law," Institute on Taxation and Economic Policy, February 2018, <https://itep.org/amazon-inc-paid-zero-in-federal-taxes-in-2017-gets-789-million-windfall-from-new-tax-law/>

122 Linda Qiu, "Does Amazon Pay Taxes? Contrary to Trump Tweet, Yes," *New York Times*, August 16, 2017, <https://www.nytimes.com/2017/08/16/us/politics/trump-amazon-taxes.html>

123 Linda Qiu, "Does Amazon Pay Taxes? Contrary to Trump Tweet, Yes," *New York Times*, August 16, 2017, <https://www.nytimes.com/2017/08/16/us/politics/trump-amazon-taxes.html>

# BAD BILLIONAIRE

## *Billionaire Bezos and His Tireless Pursuit of Profit*

### **The Richest Living Person in The World**

*Bezos, who founded Amazon after leaving a Wall Street job in 1994, is the richest living person in the world<sup>124</sup> and makes the average annual salary of one of his warehouse workers in just 11.5 seconds.<sup>125</sup>*

His net worth — \$138 billion<sup>126</sup> — stands in stark contrast to half of Amazon's employees who until recently made less than \$28,000 a year on average.<sup>127</sup> There is no income tax in Washington, so none

of Bezos's income supports the state where he lives.<sup>128</sup> Despite owning three linked apartments in The Century building on Central Park West worth at least \$17 million,<sup>129</sup> Bezos is currently a resident of Washington State.<sup>130</sup> Unless Bezos resides in New York 184 days a year, he will not be required to pay state income taxes.<sup>131</sup>

And it's possible that Bezos could take advantage of aspects of the New York HQ2 deal to avoid federal capital gains taxes on his personal fortune.

He stands to get sizeable tax breaks if he invests in the LLCs that will control key parcels in the newly-created federal Long Island City Opportunity Zone,<sup>132</sup> which creates a federal tax shelter for wealthy investors, company executives, and/or developers — possibly including Bezos himself.<sup>133</sup>

<sup>124</sup> Bloomberg Billionaires Index, Accessed December 12, 2018, <https://www.bloomberg.com/billionaires/>

<sup>125</sup> Simone Stolzoff, "Jeff Bezos will still make the annual salary of his lowest-paid employees every 11.5 seconds," Quartz, October 2, 2018, <https://qz.com/work/1410621/jeff-bezos-makes-more-than-his-least-amazon-paid-worker-in-11-5-seconds/>

<sup>126</sup> "#1 Jeff Bezos" Bloomberg Billionaires Index, <https://www.bloomberg.com/billionaires/profiles/jeffrey-p-bezos/>, Net Worth as of 12/6/2018

<sup>127</sup> Matt Day, "Amazon workers' median pay in 2017: \$28,446," Seattle Times, April 19, 2018, <https://www.seattletimes.com/business/amazon/amazon-workers-median-pay-in-2017-28446/>

<sup>128</sup> Lester Black, "Bezos Has \$150 Billion, Saves Hundreds of Millions in Washington Income Tax," The Stranger, July 16, 2018, <https://www.thestranger.com/slog/2018/07/16/29260492/bezos-has-150-billion-saves-hundreds-of-millions-in-washington-income-tax>

<sup>129</sup> Leah Ginsberg, "How Jeff Bezos, now the richest person in the world, spends his billions," CNBC, July 27, 2017, <https://www.cnbc.com/2017/07/27/how-richest-man-alive-jeff-bezos-spends-his-billions.html>

<sup>130</sup> Lester Black, "Bezos Has \$150 Billion, Saves Hundreds of Millions in Washington Income Tax," The Stranger, July 16, 2018, <https://www.thestranger.com/slog/2018/07/16/29260492/bezos-has-150-billion-saves-hundreds-of-millions-in-washington-income-tax> [fact check good]

<sup>131</sup> New York State Department of Taxation and Finance "Income Tax Definitions," Accessed December 13, 2018, [https://www.tax.ny.gov/pit/file/pit\\_definitions.htm](https://www.tax.ny.gov/pit/file/pit_definitions.htm)

<sup>132</sup> "New York State Recommends 514 Census Tracts for Designation Under Federal Opportunity Zone Program" Empire State Development Press Release, April 20, 2018, <https://esd.ny.gov/esd-media-center/press-releases/new-york-state-recommends-514-census-tracts-designation-under>; Map of Queens Opportunity Zones available here: <https://esd.ny.gov/sites/default/files/NYC-Region-Queens-OZ.pdf>;

<sup>133</sup> Triple Play Tax Break: New Opportunity Zone Funds Cut Your Taxes Three Ways. Janet Novak, Forbes August 31, 2018 <https://www.forbes.com/sites/janetnovack/2018/07/18/triple-play-tax-break-new-opportunity-zone-funds-cut-your-taxes-three-ways/#50d94a756ee3>



## Bezos is Ramping Up Amazon's Lobbying and has Opposed Community Campaigns

In the last five years, **Bezos has increased Amazon's lobbying expenditures by 400 percent, a greater rate of change than any other major tech firm.** The company has also lobbied more federal government agencies than any other firm, on issues ranging from taxes to criminal justice. Observers note that Amazon's interest in policy and politics coincides with its increasing business dealings with the federal government, as a contractor for DHS and other agencies.<sup>134</sup>

At the local level, Amazon recently opposed a Seattle initiative to address the city's homelessness crisis. Under Seattle's plan, businesses earning over \$20 million a year would be taxed 26 cents per employee per hour to raise millions for affordable housing.<sup>135</sup> Under intense pressure from Amazon, Seattle repealed the tax.<sup>136</sup>

It appears that Bezos sought to offset criticism of Amazon's political activity with philanthropy—which, unlike public policy, residents have no say over or view into. A few months after defeating the Seattle tax to address homelessness, Bezos announced the Day One Fund, focusing on homelessness and preschool education. Bezos' investment in Day One Fund only amounts to about 1.5 percent of his total net worth.<sup>137</sup> As of 2017, Bezos was ranked last in charitable giving among the United States' top 10 billionaires.<sup>138</sup>



<sup>134</sup> Spencer Soper, Naomi Nix, Ben Brody and Bill Allison, "Amazon's Jeff Bezos Can't Beat Washington, So He's Joining It: The Influence Game," *Bloomberg*, February 14, 2018, <https://www.bloomberg.com/graphics/2018-amazon-lobbying/>

<sup>135</sup> Steven M. Rosenthal and Richard C. Auxier, "Seattle's Head Tax is a Fine Idea, Given the Circumstances," *Tax Policy Center*, May 11, 2018, <https://www.taxpolicycenter.org/taxvox/seattles-head-tax-fine-idea-given-circumstances>

<sup>136</sup> Maya Kosoff, "Amazon Crushes a Small Tax That Would Have Helped the Homeless," *Vanity Fair*, June 12, 2018, <https://www.vanityfair.com/news/2018/06/amazon-seattle-repeal-head-tax-homelessness>

<sup>137</sup> Sara Salinas, "Amazon's Jeff Bezos launches a \$2 billion 'Day One Fund' to help homeless families and create preschools," *CNBC*, September 13, 2018, <https://www.cnn.com/2018/09/13/bezos-launches-day-one-fund-to-help-homeless-families-and-create-preschools.html>; "#1 Jeff Bezos" *Bloomberg Billionaires Index*, <https://www.bloomberg.com/billionaires/profiles/jeffrey-p-bezos/>

<sup>138</sup> Robert Frank, "Jeff Bezos ranks last in charitable giving among top 10 billionaires in US," *CNBC*, September 20, 2017, <https://www.cnn.com/video/2017/09/20/jeff-bezos-ranks-last-in-charitable-giving-among-top-10-billionaires-in-us.html>

# CONCLUSION AND RECOMMENDATIONS

*Amazon's massive expansion in Long Island City is not a done deal. It is still possible to stop the massive taxpayer subsidies that Governor Cuomo and Mayor de Blasio have proposed giving away to Amazon.*

It's possible to require more transparency, accountability and public participation from state and city economic development agencies on all their deals, including this one. And it's possible to move our city and our state towards public policies that benefit all New Yorkers, not just the corporate elite.

**While a Memorandum of Understanding was released,<sup>139</sup> the city has not signed a binding contract.<sup>140</sup> The time is now to push back against this egregious corporate giveaway.**

<sup>139</sup> Memorandum of Understanding Between New York State Urban Development Corporation, New York State Urban Development Corporation, the City of New York, and Amazon.com Services, Inc, November 12, 2018, [https://www.nycedc.com/sites/default/files/filemanager/NYC\\_MOU.pdf](https://www.nycedc.com/sites/default/files/filemanager/NYC_MOU.pdf).

<sup>140</sup> New York Times Editorial Board, "New York's Amazon Deal Is a Bad Bargain," New York Times, November 14, 2018, <https://www.nytimes.com/2018/11/14/opinion/new-yorks-amazon-deal.html>.

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<sup>142</sup> Dana Rubinstein, "One way the opposition might stymie the Amazon deal," Politico, November 14, 2018, <https://www.politico.com/states/new-york/city-hall/story/2018/11/14/one-way-the-opposition-might-stymie-the-amazon-deal-696405>

Despite Cuomo, de Blasio, and Bezos' best efforts to ram this deal through, the Amazon HQ2 project will require approval from the leadership of the New York State Assembly and Senate, whose representatives on the Public Authorities Control Board have veto power.<sup>141</sup> Our elected officials should not have closed-door meetings without real input from those who will be most affected.

## **What Can Be Done to Stop the \$3 Billion Giveaway and Who Has the Power to Stop It?**

**It's Time For A Veto from the Public Authorities Control Board.** The Public Authorities Control Board (PACB) has not approved key elements of this Amazon proposal. A unanimous vote would be required for the HQ2 deal to move forward<sup>142</sup> — that means that either the Assembly or Senate representative on the board can stop, slow, or change the proposed deal, even if Governor Cuomo continues to support it.

The PACB's current three voting members include Robert Mujica Jr., who serves as a representative of the Governor; Assemblywoman Amy Paulin, who is

the Assembly Majority Representative; and Senator James L. Seward, who is the Senate Majority Representative.<sup>143</sup>

According to Empire State Development, the state's economic development arm, the PACB must approve certain financing deals, including the proposal to treat the deal under the "General Project Plan" approach, which would force the project through without the New York City Council review processes, which are otherwise required by law to check abusive corporate development deals.<sup>144</sup>

Unanimous PACB approval is also required on other parts of the Amazon deal like the \$500 million state grant.<sup>145</sup>

**That means the Assembly and Senate each have veto power on key elements of the proposed HQ2 deal.**

*"The fact that massive public subsidies are helping eliminate affordable housing units is just the latest reason this bad deal needs to be torn up and thrown away,"*

— STATE SENATOR MICHAEL GIANARIS  
Representative of Long Island City

Quote Source:

<https://www.businessinsider.in/amazons-8-million-square-foot-hq2-site-in-long-island-city-will-use-land-previously-designated-for-affordable-housing/articleshow/66659922.cms>

## **The State Assembly and Senate Should Not Authorize New Funding for the Amazon Deal**

Amazon expects to generate \$1.2 billion in tax incentives from the New York State Excelsior Jobs Program in the next 10 years, but the state is capping Excelsior benefits and the program budget is slated to decrease to just \$36 million in 2024.<sup>146</sup>

The State Legislature will need to authorize more funding to deliver on the Amazon giveaways outlined in the MOU<sup>147</sup> — and could block or change the deal through budget negotiations.

The Relocation and Expansion Abatement Program (REAP), which could provide Amazon up to \$1.44 billion in benefits for relocating to Queens, expires in 2020.<sup>148</sup> The State Assembly and the State Senate could very well decide not to renew this tax credit program.

**The fact is that Governor Cuomo and Mayor de Blasio are making promises to Amazon with money they can't ensure — they're passing the cost of this bad deal onto taxpayers for many years into the future.**

143 "About the Public Authorities Control Board," New York State, Accessed December 13, 2018, <https://www.budget.ny.gov/agencyGuide/pacb/aboutPACB.html>

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147 Grace Rauh, "3 Ways Amazon's NYC Deal Could Get Stalled," New York 1, November 21, 2018 <http://www.ny1.com/nyc/all-boroughs/politics/2018/11/22/some-ways-amazon-nyc-deal-hq2-could-get-stalled>.

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## HQ1: The Cautionary Tale of Amazon in Seattle

The city of Seattle—the location of Amazon's original headquarters—is a cautionary tale for New York and DC. Amazon's rapid growth in Seattle has exacerbated the city's affordable housing and homelessness crises, and the company has used its economic and political power to block the city government from addressing these issues.<sup>149</sup>

Amazon's office space in Seattle's South Lake Union neighborhood quadrupled since 2007, bringing lots of high-paid tech workers with it.<sup>150</sup> According to a recent study, the Amazon-driven “jobs boom” accounted for 63 percent of the spike in rents in South Lake Union.<sup>151</sup> Across Seattle, housing prices have shot up by 73 percent in the past five years while rents have gone up 31 percent in the same time.<sup>152</sup> The lack of affordable housing is broadly and deeply felt. Seattle declared a homelessness state of emergency in 2015,<sup>153</sup> and in 2018 more people were sleeping outside in Seattle than ever before.<sup>154</sup>

Instead of helping the city address these issues, Amazon actively organized against a measure designed to address the housing crisis.<sup>155</sup> This citywide bill would have

levied a tiny tax on companies making more than \$20 million annually. Amazon would have had to pay a mere 26 cents per Seattle employee per hour. **The first two years of this tax would have cost Amazon one hundredth of 1 percent of its \$178 billion in revenues. The tax would have raised over \$70 million each year to tackle Seattle's housing and homelessness crisis.**<sup>156</sup>

After the tax was proposed, Amazon halted construction on a new building in Seattle and indicated it would consider moving 7,000 jobs out of Seattle.<sup>157</sup> After it was passed, Amazon teamed up with other businesses to mount a campaign to repeal the tax by ballot measure.<sup>158</sup> In the face of monied opposition, the City Council that had initially passed the proposal voted to repeal the tax.

After the repeal, Amazon's public statement indicated the company was “deeply committed” to addressing homelessness and “will continue to invest in local nonprofits like Mary's Place and FareStart,”<sup>159</sup> to which they have donated space for 200 beds<sup>160</sup> and mere \$1 million to respectively.<sup>161</sup> Jeff Bezos makes \$1 million in less than 5 minutes.<sup>162</sup> There are currently over 12,000 homeless people in Seattle.<sup>163</sup>

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<https://www.theatlantic.com/technology/archive/2018/06/how-amazon-helped-kill-a-seattle-tax-on-business/562736/>

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# RESOURCE LIST

*Lawmakers or journalists who want more information on Amazon's business practices can consult the following national experts*

## Good Jobs First

- Contact: Greg LeRoy
- <https://www.goodjobsfirst.org>

## Mijente

- Contact: Jacinta Gonzalez
- <https://mijente.net/notechforice>

## Action Center on Race and the Economy

- Contact: Maurice BP-Weeks & Saqib Bhatti
- <https://www.acrecampaigns.org>

## Institute for Local Self-Reliance

- Contact: Stacy Mitchell
- <https://ilsr.org>

## Partnership for Working Families

- Contact: Mariah Montgomery
- <http://www.forworkingfamilies.org>

## Fiscal Policy Institute

- Contact: Ron Deutsch
- <http://fiscalpolicy.org>

## APPENDIX—NEW YORK'S AMAZON GIVEAWAYS

### Excelsior Jobs Program

- » Amazon will receive \$1.2 billion in Excelsior Job Program tax credits over the next 10 years.<sup>164</sup> The Excelsior Job Program Amazon must employ 25,000 new employees by June 2028 to qualify.<sup>165</sup>

### Empire State Development Capital Grant

- » New York State will reimburse Amazon up to \$505 million to build it's Long Island City campus.<sup>166</sup> This grant is performance based and requires Amazon to deliver on its job commitments.<sup>167</sup>

### Industrial and Commercial Abatement Program (ICAP)

- » Amazon will receive property-tax abatements for up to 25 years in return for building commercial real estate in Long Island City. The Amazon HQ2 is eligible for a 100 percent tax break for 11 years and a partial break for the next four years. In total, Amazon would avoid paying an estimated \$386 million in taxes.<sup>168</sup>

### Relocation and Expansion Abatement Program (REAP)

- » Amazon will receive money for relocating to what the city terms a "revitalization area." Amazon is set to receive \$3,000 for 12 years for each new full-time Amazon employee. Assuming Amazon brings 25,000 tech workers to its new Long Island

City office, it can receive \$900 million from the REAP credit by 2039. If it brings 40,000 workers, this REAP Credit could reach \$1.44 billion.<sup>169</sup>

### Additional Infrastructure Subsidy of Unstated Cost

- » Amazon will be exempt from property taxes under the deal. Instead it can make payments in lieu of property taxes (PILOTs) on all of its buildings in Long Island City. This PILOT will divert revenue from the City's general fund to the New York City Economic Development Corporation to fund projects in Long Island City benefitting Amazon and its staff.<sup>170</sup> Neither the cost of this diversion, nor the value of the property tax discount, has been publicly stated.<sup>171</sup>
- » » New York State law caps the money that can be awarded through the Excelsior Program at \$183 million in 2019. It will decrease to \$36 million in 2024. That means if Amazon employs 25,000 people in the next ten years, the State Legislature would be asked to increase these funding caps to accommodate the Amazon deal.<sup>172</sup>

<sup>164</sup> Riley Edwards, "Breaking Down the Amazon HQ2 Deal: Facts and Takeaways," Citizens Budget Commission, November 21, 2018, <https://cbcny.org/research/breaking-down-amazon-hq2-deal>.

<sup>165</sup> Riley Edwards, "Breaking Down the Amazon HQ2 Deal: Facts and Takeaways," Citizens Budget Commission, November 21, 2018, <https://cbcny.org/research/breaking-down-amazon-hq2-deal>.

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