



NEWARK MAKES IT ONTO LIST OF 20 FINALISTS FOR AMAZON'S SECOND HEADQUARTERS

JOHN REITMEYER | JANUARY 19, 2018

Online giant promises \$5B investment and as many as 50,000 jobs. City and state have offered \$7B in tax incentives to try to land the project



Newark has landed on the list of final contenders for Amazon's proposed second corporate headquarters, putting the rebounding city in the same company as major metro centers like New York, Los Angeles, and Boston.

Just making it onto the online retail giant's list of 20 finalists – which Amazon executives in Seattle revealed yesterday morning – was enough to thrill local officials, who said it validates their recent efforts to revitalize Newark and brand it as an ideal

location for emerging technology companies.

"It means that world-class corporations and organizations like Amazon have recognized the success of our administration's efforts to build a stronger city that welcomes business, is open to innovation, and at the cutting edge of technology and transportation," Mayor Ras Baraka said.

But the city's standing as a finalist for a project that Amazon is calling its "HQ2" – backed by up to **\$7 billion** in state and local tax incentives thanks in part to legislation former Gov. Chris Christie signed into law before he left office earlier this week – also has the potential to be a boost for the entire region. The company is promising to pour up to \$5 billion in new investment into the new headquarters, and hire as many as 50,000 employees. Two of the other cities on the list are New York and Philadelphia, either of which would also contribute to New Jersey's financial health.

No luck for Jersey City

Jersey City Mayor Steven Fulop alluded to that regional impact in a message posted on social media after the list of finalists was released yesterday.

"While disappointed Jersey City isn't here, I'm still happy for Newark and we are eager to contribute anyway (sic) we can to see Newark get over the goal line. It would be a positive for the entire region," Fulop said.

According to yesterday's announcement from Amazon, the company will now work with the 20 finalists over the coming months to "dive deeper into their proposals" and get more information about a "future partnership." The company also confirmed a final decision is expected later this year.

In addition to Newark, the remaining finalists are Atlanta, GA; Austin, TX; Boston, MA; Chicago, IL; Columbus, OH; Dallas, TX; Denver, CO; Indianapolis, IN; Los Angeles, CA; Miami, FL; Montgomery County, MD; Nashville, TN; New York City; Northern Virginia; Philadelphia, PA; Pittsburgh, PA; Raleigh, NC; Toronto, ON; and Washington, D.C.

Founded in 1994, Amazon was initially set up as an online bookseller. Since then, it has become one of the world's largest companies, maybe its largest retailer, with more than 380,000

employees. Its current corporate headquarters in Seattle, where the company started, covers eight million square feet. And Amazon estimates the Seattle campus generates as much as \$1.4 billion annually in direct and indirect economic activity for the city.

Newark officials 'think big'

The company announced **its search** for a new corporate headquarters last summer, and Newark was among 238 locations from across North America that submitted proposals. While many considered Newark to be a longshot, city officials were confident about their submission, citing the company's criteria that called for proximity to major urban centers, high-level tech talent, and a "think big" outlook.

John Boyd, principal at Princeton-based The Boyd Company, a corporate site consultant, said yesterday that Newark should be a "strong contender" among the finalists, noting Amazon chief executive Jeff Bezos is a Princeton University graduate, and Amazon affiliate Audible Inc. is already headquartered in Newark. Newark Liberty Airport and the city's mass-transit connections are also important attributes, he said.

Amazon already has a significant presence in New Jersey, opening more than five-million-square-feet of warehousing and distribution space in recent years as the state's overall warehouse and distribution industry has flourished in the wake of the Great Recession. Amazon has facilities in Carteret, Florence, Logan Township, Robbinsville, and Woodbridge, and facilities are also opening in Cranbury, Edison, and Logan Township.

And while New Jersey is known for high taxes and thorny regulations, Boyd said the up to \$7 billion in state and local tax incentives that have been put on the table for the Newark proposal "dwarfs" the tax breaks that other locations are offering. He also noted with nearby New York City and Philadelphia also on the list of finalists, New Jersey's job and housing markets would see benefits even if Newark is passed over for one those locations.

"I think New Jersey should feel very good today," Boyd said.

Baraka: 'Game changer'

Before he left office, Christie maintained an Amazon corporate headquarters located in New Jersey could provide up to \$9 billion in overall economic benefit for the state, making the incentive package an overall good deal for the state and its taxpayers. As Newark continues to move ahead with a rebirth effort linked heavily to technology, Baraka has said Amazon could be a "game changer" for his city, and the surrounding region.

Amazon's announcement follows a recent decision by Mars Wrigley Confectionery to open a new headquarters in Newark that will bring an estimated 500 new jobs. The city also got a boost earlier this month when Wall Street credit-rating agency Moody's decided to move Newark's credit outlook from "negative" to "positive," citing ongoing redevelopment that is expected to grow the city's tax base.

After Amazon's announcement, state Sen. Teresa Ruiz (D-Essex) said it was a "great day for the City of Newark."

"We are ready to take on a new venture and to serve as Seattle's counterpart in hosting Amazon's new headquarters," Ruiz said.

Assembly Budget Committee Chair Eliana Pintor Marin (D-Essex) also pointed to recent public investment in things like high-speed Internet and the city's higher-education facilities that should help Newark compete against the remaining finalists.

"I remain confident that Amazon, when it takes a close look at each finalist, will realize the Newark has everything it needs," she said.

Some criticism of incentives

In its bid to lure Amazon, Newark is offering local tax incentives worth as much as \$2 billion, including a property-tax abatement and a waiver of the city's wage tax. Meanwhile, the tax-

incentive bill that was signed into law by Christie last week could be worth at least another \$3 billion. The new law lifted the state's existing per-job cap on tax credits to \$10,000, for up to 10 years for so-called "transformative headquarters" projects that would create at least 30,000 jobs, and involve at least \$3 billion in investment. The job-creation and investment would also have to yield a "net positive benefit to the State equaling at least 115 percent of the requested tax credit allocation amount," according to [the legislation](#).

While the tax incentives were signed into law before Gov. Phil Murphy took office earlier this week, the Democrat ran on a platform that called for a reinvention of the state economy that emphasizes technology and innovation. Murphy said in a statement that the work to lure Amazon to New Jersey is "not done" despite yesterday's good news.

"We are going to continue to press our case for Amazon to come to Newark," Murphy said.

But not everyone was as enthusiastic. Jon Whiten, vice president of New Jersey Policy Perspective, a liberal think tank based in Trenton, said the tax breaks that are being offered to Amazon will ensure that the economic impact will be minimized even if Newark is ultimately selected for the company's HQ2.

"For New Jersey's economy to be truly competitive and strong, the state needs to get back to basics: investing in the assets that give us an edge," Whiten said, pointing to things like reliable mass transit and affordable public colleges and universities as examples.

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