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Minnesota's Amazon pitch sent: Just business. No gimmicks, gadgetry or gigantic wads of cash

By Rachel E. Stassen-Berger
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On Wednesday, one day before regions across North America will pitch Amazon sites for its new headquarters, Minnesota will submit “a business-like proposal without the gimmicks or the gadgetry and all the sensational PR stuff,” Gov. Mark Dayton said.

The Minnesota pitch — and there will be just one for the entire state — will not include any offers of massive tax breaks, nor will it pinpoint any one location as ideal for the digital retail giant’s second headquarters, officials said.

Instead, in a detailed proposal submitted on paper and electronically Wednesday, the state and its Twin Cities economic development partner will lay out the reasons that the state’s educational, cultural, transportation amenities would make an ideal place for the company’s \$5 billion investment and 50,000 employees.

“Now that the bid has been submitted, we await further instruction from Amazon regarding next steps,” Shawntera Hardy, Minnesota’s Department of Employment and Economic Development commissioner, said Wednesday morning.

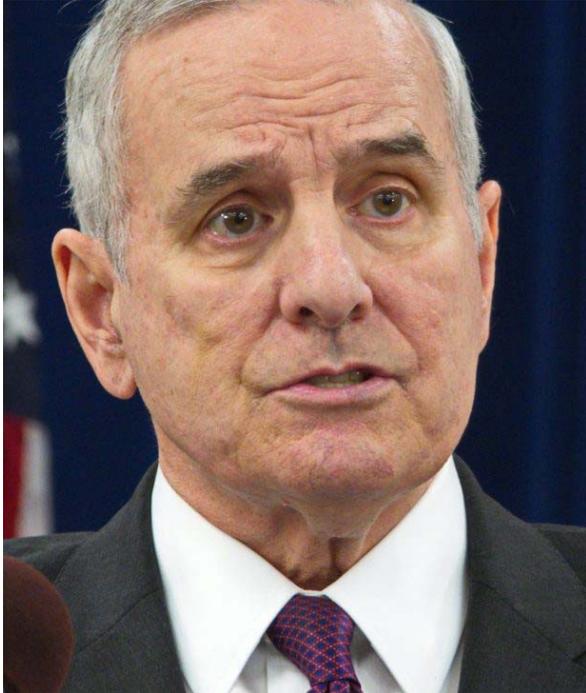
Minnesota officials they have submitted what they believe Amazon wants. But other states and cities are taking a far different approach — including specific sites, social media campaigns, multi-billion dollar tax breaks and demonstrations of their Amazon love. Amazon, which has run its hugely profitable \$400 billion operation out of a Seattle headquarters for two decades, will decide this year which approach fits its needs.

“This is the project of our time, the most significant headquarter location project in the history of economic development,” said John Boyd, principal of the Princeton, N.J.-based location consultant Boyd Co., whose clients include Boeing, Chevron and JPMorgan Chase.

The Twin Cities show well and can boast of having other satisfied Minnesota-based Fortune 500 companies, he said. He said Dayton’s personal pitch would be helpful as well, but the state’s reputation for high taxes may not.

Still, Minnesota officials say Amazon will get what it needs from the state.

“The regional assets that we possess here and the Minneapolis/St. Paul region are exactly the kind of strengths that they’re looking for in a place to live, work and raise their families,” an



Gov. Mark Dayton (Forum News Service: Don Davis)

optimistic Greater MSP CEO Michael Langley said of the Amazon plan his development organization created with the state.

WHERE EXACTLY? IT’S A SECRET

Which Twin Cities sites are part of that plan were officially kept secret — as part of the agreement with Amazon to treat the pitches confidential.

But Twin Cities leaders, Pioneer Press sources and other media have listed several possible sites for Amazon to land:

- The former Twin Cities Army Ammunition Plant site in Arden Hills, known by the initials TCAAP. The site includes more than 400 acres — far more than the 100-acre needs Amazon said it may have, and has long been readied for redevelopment.
- The St. Paul riverfront area that once housed West Publishing. It’s transit friendly, has views of the river and is in the heart of the capital city. It has a smaller footprint than the TCAAP site but is also readied for its next owner.
- Minneapolis land near Target Center and the farmer’s market. Close to downtown, with ample transit and highway options, it could give Amazon a home deep in the state’s largest city.
- The former Kelley farm land in Bloomington. Only minutes from the airport, this site would be a suburban locale near to the Twin Cities with plenty of room to grow.
- In the available lands near Minneapolis’ Prospect Park neighborhood. This area is minutes from both downtown Minneapolis and St. Paul, on an existing light rail line and a short walk from the University of Minnesota’s main campus.

Locals have listed other potential sites — including in St. Paul’s developing Midway area and in the exurbs of Scott County.

Those who know which sites were ultimately chosen to forward to Amazon were not saying publicly, citing the company's demand for confidentiality.

"We have a number of sites. They went through a winnowing process," Dayton said.

Langley said the process of choosing among them was a peaceful one, however, and Hardy, Minnesota's economic development commissioner, said the pitch includes financial incentives the local governments were willing to provide.

NO STATE CASH ... YET

But the state isn't offering up any massive cash breaks to Amazon, yet.

"If Amazon is looking to see where they can get the most free cash, then they should look somewhere else," said state Rep. Pat Garofalo, a Republican from Farmington and chair of the House's job growth committee.

While New Jersey Gov. Chris Christie dangled the possibility of \$7 billion in tax breaks to woo Amazon and Wisconsin has approved a \$3 billion incentive package to land Foxconn's new flat-screen plant in Racine County, Minnesota is not playing the give-away game.

The initial package the state is sending to Amazon will include a listing — but only a listing — of the \$36 million in transportation and job creation funds Minnesota makes available to any company that fits certain specifications.

"We are not making a proposal or an offer of any financial incentives to Amazon at this stage," Dayton said.

That doesn't mean that Minnesota cannot be wooed to provide Amazon some extra help if it is asked later in the process. But those breaks would have to come through the Legislature and win gubernatorial approval to come to fruition.

AMAZON IN SHAKOPEE

Incentives were not key for the Shakopee landing Amazon's fulfillment center a few years back. That's in sharp contrast to a national Business Journal study that found Amazon has received at least \$1.2 billion in subsidies from states across the country. The list of subsidies, from the study, found Wisconsin wooed two 1,000-job facilities with about \$35 million worth of breaks.

Begging Amazon to come played no part in the behemoth picking Shakopee for the 2,000-employee Minnesota facility a few years back.



Amazon opened its gigantic, under-construction Shakopee fulfillment center to visitors in February 2016. (Pioneer Press: Julio Ojeda-Zapata)

“We encouraged them to look elsewhere and find a more suitable location,” said former Shakopee Mayor Brad Tabke. “We said no multiple times.”

But Amazon — and encouragement from the region — eventually turned that around. The city, however, still didn’t pony up the cash. The state offered no tax breaks or other incentives and the city landed on only \$1.2 million worth of inducements. Amazon, which is worth billions, ended up saying no to the \$1.2 million.

Shakopee did make \$5.7 million worth of road improvements around the Amazon site, through tax-increment financing, but those fixes were in the city’s plans anyway, Tabke said.

“They were on the list to be upgraded,” he said. “(Amazon) didn’t see a penny of that.”

Amazon is now advertising for more employees in Shakopee and Tabke is pleased.

“It was very positive and the people working with Amazon were great,” he said. “I think that Amazon likes the game ... and they respect strength in the whole process.”