



**Statement of Brian Huseman
Vice President, Public Policy**

**Amazon
before the
New York City Council
Committee on Finance
January 30, 2019**

Thank you, Speaker Johnson, Chair Dromm, City Councilman Van Bramer, and Members of the City Council for inviting us here today. I am Brian Huseman, Vice President of Public Policy at Amazon. I am joined here at the table by Ardine Williams, our Vice President of Human Resources, and Holly Sullivan, our Head of Worldwide Economic Development. While you know Holly, Ardine is the leader of our new headquarters' workforce development and recruiting. She brings a wealth of experience to this role, after serving as a captain in the U.S. Army. She also built Amazon's apprenticeship programs that train veterans transitioning to the private sector for tech roles at Amazon.

I. Amazon Employees in New York City

I'd first like to discuss our existing presence in New York City and the State. Amazon has over 8,000 employees in the State and over 5,000 employees in New York City. These employees work in areas across the company, including corporate employees working in retail, web services, advertising, and fashion, as well as our fulfillment center associates working in our new facility in Staten Island.

I'm joined today by a number of my fellow Amazon employees; we call ourselves Amazonians. Amazon is a company with over 250,000 employees in the U.S. focused on innovating for customers. I'm proud to work with such a talented group of people and am excited for you to meet some of them.

With us today are associates from our Staten Island fulfillment center. At this facility, we provide access to our innovative education program, Career Choice, in which we pre-pay tuition for education in in-demand, high-paying jobs. Jorge works there as an area manager and learning ambassador. He's originally from Staten Island but lives in Brooklyn now. Travis previously worked at a fulfillment center in New Jersey before transferring. He works in quality control and with our Amazon robotics drives. Justin recently relocated to our Staten Island facility this past summer, supporting employee engagement across the site. Shay, who lives in Brooklyn, recently graduated from the University of Connecticut before joining our team. Matthew recently retired from a career in professional baseball and returned home to Staten Island, working to pick and pack our customer orders.

Allison has been with Amazon over five years and works in our Hudson Yards office with Amazon Advertising. She leads the New York City chapter of Connect@Amazon, a global employee networking organization driving community engagement and volunteering opportunities for Amazonians.

These colleagues are just a few of the more than 5,000 existing employees we have in New York City. We look forward to having them join the employees we will begin hiring in the City.

II. Investment in Long Island City

Amazon's investment in Long Island City will create 25,000 new jobs over ten years, with an average annual salary of more than \$150,000. Those jobs come with full benefits: health care, dental care, generous parental leave, job training, retirement savings, and more. There will be jobs in engineering, sales, marketing, and operations. And our development will create jobs in building and construction, building management, and hospitality. There will be jobs at all skill and all education levels.

The new headquarters will generate more than \$27 billion in new tax revenues for the City and State. If Amazon does not come here, there is no \$27 billion and there aren't these 25,000 jobs. That \$27 billion could be reinvested to improve New York's subways and buses, build more affordable housing, or for healthcare expansion.

These jobs are good for Long Island City, good for Queens, and good for New York.

III. New Announcements

We were invited to come to New York, and we want to invest in a community that wants us. That's why we're excited to announce several new developments since we were last before the City Council.

A. Small Businesses in Queens

We have begun outreach to small businesses with whom we would partner and who would benefit from our employee base in Long Island City. Unlike other companies, Amazon doesn't offer free catered food to our employees. In fact, Amazon's in-house food retail was purposely designed to only feed one third of our employees, so we can push our employees into the neighborhood for lunch, coffee, or dinner – to push their dollars into the local economy, benefitting our neighborhood businesses. The space we do have for food retail is typically first floor retail, and we work hard to recruit and foster locally-owned businesses in those spaces. For example, each Amazon office building leases space to a few local restaurants, and we purposefully choose to work with local restaurateurs.

We are already working and partnering with the local business community and it's clear that the local business community is excited about the opportunities and jobs that Amazon's new investments in Long Island City will bring directly into the community. One example is Donna Drimer, who owns a small business in Long Island City called Matted LIC. She started her business in 2009 selling contemporary art and photography, framing, jewelry, and artisanal items. In a recent press report, she said "the truth of the matter is I've been 110 percent behind this project since it was announced in November." After a recent roundtable we held for small business owners in Long Island City, she said that Amazon "really wanted to hear our issues and they want to be part of the community and not a plague on it. Yes, they will have 25,000 employees who will be out on the streets and hopefully they will come into my shop and make purchases...." Donna, we look forward to working with you and your fellow small business owners.

B. Customer Service Jobs for New York City Housing Authority (NYCHA) Residents

We believe our new headquarters should provide job opportunities for all New Yorkers. Today, we are announcing that we are beginning a program to hire NYCHA residents for jobs in our award-winning customer service department. This program is not only good for Long Island City and NYCHA residents, but it's good for Amazon, and we're excited to access this terrific talent pool.

We will begin accepting applications next quarter, and we look forward to working with the Community Advisory Committee for workforce development and the Tenant Association Presidents of Queensbridge, Ravenswood, Woodside, and Astoria Houses to define and build a successful program.

C. Amazon Future Engineer

We believe young people from all backgrounds should have the help they need – from childhood to career – to access highly-paid, rapidly-growing careers in computer science. Computer science courses should be available in every classroom in every school in the country.

Amazon Future Engineer, or AFE, is our comprehensive childhood-to-career program designed to educate and train children and young adults from low-income communities to pursue careers in computer science. Amazon aims to fund computer science courses for underprivileged young people across the U.S., and to award students from these communities pursuing degrees in computer science with four-year \$10,000 annual scholarships, as well as internships at Amazon to gain work experience.

Yesterday, we announced that we have enrolled more than 130 New York City high schools in our Amazon Future Engineer program. This means that one in every six NYC high schools is receiving funding and programs for computer science education through AFE. One in every four high schools in Queens is participating in AFE. Over two-thirds of our partnering NYC high schools are Title One high schools, and applications are still coming in from new schools across the NYC area. Amazon is delivering access to computer science education for thousands of NYC high school students, and we're just getting started; this is just one of the ways we are working with the community to ensure there is a pipeline of young people who will have the skills and education to work for Amazon or any tech company they choose. If any Members of the Council have a high school in your district that is interested in participating in the Amazon Future Engineer program, my team can follow up with you to facilitate the application process.

D. AWS Educate Program

Cloud computing is widely considered the biggest growth area in technology jobs today, and has been ranked as one of the most in-demand skills in the past few years. Amazon Web Services (AWS), through its AWS Educate program, provides a workforce development and training program that creates a foundational base in cloud computing technology for careers in the field at Amazon or elsewhere. AWS Educate provides hands-on experience with cloud technology and tools, including instructional content and activities, no cost access to the AWS cloud for hands-on, project-based learning, and AWS Educate's vast listing of jobs and internships in the cloud industry.

I'm pleased to announce today that we've teamed up with LaGuardia Community College, the City University of New York (CUNY), and the State University of New York (SUNY) to launch a pathway to employment in cloud computing jobs with a new Cloud Computing Certificate program. This program will help students across New York learn skills for entry-level tech roles, whether at Amazon or other tech companies.

This initiative will start in LaGuardia Community College this fall, and we plan to continue to work with these partners to enable thousands of New York students the opportunity to land entry-level tech roles in the New York cloud computing industry.

Our partnership with LaGuardia, CUNY, and SUNY will help ensure that even more students have the opportunity to join companies here in New York City like Amazon, as we seek out more tech talent. This is really just the beginning of our workforce development efforts in New York; we're looking forward to launching more initiatives to meet New Yorkers where they are, providing opportunities for new skill sets and even better paying jobs.

IV. Conclusion

We've been a part of New York and New York City for years. With over 5,000 employees currently working here, we will continue to work with community partners to build plans for small business development, jobs for NYCHA residents, computer science education, and workforce development programs. We want to invest and be a part of the growth of a community where our employees and our company are welcome. We believe that New Yorkers agree that 25,000 new jobs in Long Island City and \$27 billion in new revenue for the State and City to spend on the community's priorities is good for this City.

Thank you for the opportunity to appear today. I look forward to your questions.

**New York City Economic Development Corporation
New York City Council Oversight Hearing
Wednesday, January 30, 2019, 10:00 AM**

Good morning, Speaker Johnson, Chair Dromm, and members of the Finance Committee.

I am James Patchett, president and CEO of the New York City Economic Development Corporation, known as EDC. We are responsible for driving and shaping economic growth across the five boroughs. EDC, in conjunction with our state counterpart, Empire State Development, is proud to have spearheaded the bid to bring Amazon's new headquarters to our city.

I am here today to discuss why Amazon coming to New York is a victory for every one of the city's 8.6 million residents.

Even though New York City did not give Amazon a single discretionary dollar to move here—*not one*. Discretionary incentives are offered to businesses on a case-by-case basis when a company is expected to have an outsize impact on the local economy. Most cities would have seen it as totally reasonable to offer them—and did. But we chose not to. We held firm on our stance and yet still secured the largest economic development opportunity in New York State history. This opportunity will put tens of thousands of New Yorkers to work and dramatically increase our annual tax revenue, which can help shore up our schools, libraries, transit, and infrastructure.

Cities work best when everyone is working. And that's exactly what Amazon promises New Yorkers today. **By further diversifying the economy and providing a reliable financial anchor, the new headquarters will help safeguard New York against future recessions and secure the resources we need to keep spearheading progressive change.**

All told, Amazon's new headquarters is expected to deliver nearly \$30 billion in tax revenue to the city and state, including more than \$13.5 billion to the city alone. For New Yorkers, the exponential return on investment—putting in zero discretionary benefits and getting over \$13.5 billion in return—will have a profound ripple effect. Whether they live in Hunts Point or New Brighton, Laurelton, Sunset Park, or East Harlem, New Yorkers will benefit from this opportunity. This project is a model of what responsible and effective governments do: take the long view and make decisions that do the most good for the greatest number of people.

I appreciate the chance to discuss the incredible return New York City will get from Amazon and how the company will help protect our economic future. I will also speak to how this opportunity will create new job and workforce development programs, as well as spark unprecedented infrastructure investments in Long Island City.

Following my testimony, I will be happy to answer questions.

Financial Security:

In November 2018, Amazon announced it had selected Long Island City for its new headquarters. As mentioned, this is the single biggest job creation opportunity in New York State history, one that will create up to 40,000 jobs over the next 15 years.

While I will discuss the extraordinary fiscal impact of the agreement later this morning, the most important benefit Amazon brings New Yorkers is economic security.

Today, there is no question that the city's economy is thriving. Unemployment is at a record low and job creation is at a record high. If New York were a country, we would be among the 20 largest national economies in the world, just below Spain's and Canada's.

This success is remarkable, and we are proud of it. We, as a city, have worked hard for it for years. But we know it won't last forever. In recent decades, the city has managed to weather a number of downturns and recessions. Some have been short, some have been long, but all have adversely impacted New Yorkers.

I am sure many in this room remember tough times, like in 1992, when unemployment hovered close to 12 percent. Or in 2003, when the War in Iraq was looming and the city was losing jobs, all while we struggled to regain footing after the most catastrophic event in our city's history. Certainly, everyone here remembers the 2008 recession, when the collapse of Lehman Brothers, a Wall Street anchor and major city employer, catalyzed the worst economic crisis since the Great Depression. Let me be clear - despite our current economic health, today there are many New Yorkers that *still* feel the effects of the Financial Crisis. In fact, we still feel the effects of the 1970s Fiscal Crisis, the aftermath of which devastated our public hospitals and schools.

We know the best time to protect a city against future recessions is before one happens. And that time is now.

By strengthening our tech sector and diversifying the economy, we are cushioning the city against slumps we know will come.

Tax Revenue:

In addition to diversifying the economy, Amazon is the jobs and income generator New York needs to remain a model 21st century city.

From a jobs perspective, the Amazon opportunity will help real people in concrete ways. From the small business owner who will see an increase in foot traffic at her bodega, to the construction worker who will help build the headquarters, to the CUNY computer science student who will land a life-changing internship at the company, it is clear this deal is about New Yorkers, front and center.

From this vantage point, it's virtually impossible to conceptualize the impact of these tens of thousands of new jobs. But in the not-so-distant future, tens of thousands of real New Yorkers will be working in these roles. They could be your constituents, their children, their grandchildren.

Moreover, the billions in tax revenue will pay tremendous dividends to our public institutions; with this windfall, the city will be able to hire more police officers, build more schools and improve social services like medical care and disability assistance.

What can more than \$13.5 billion of additional tax revenue support here in our city? To put this figure in perspective, this could pay for every single three-year-old in the city to attend 3-K for All for the next 16 years.

Or that revenue could support 289,000 units of affordable housing. What about if we used that revenue to hire 5,600 new public-school teachers with a bachelor's degree to work for the next 25 years? Or to employ 6,300 firefighters for the next quarter century?

Think for a moment about the magnitude of that. With this additional revenue, some of our boldest, most progressive ideals can become policies and our greatest needs are more likely to be met. We are looking forward and planning ahead—just like governments are supposed to do.

And to effectively plan ahead, the city needed a sound methodology to calculate the additional tax revenue Amazon will generate.

To create this, we first looked at the benefits associated with building Amazon's new headquarters from the ground-up:

- Amazon is expected to invest a total of \$3.6 billion into Long Island City from 2020 through 2029.
- We estimated that the combined fiscal impact associated with the buildout will be \$263 million.

Second, we looked at the benefits associated with Amazon's permanent operations in Long Island City:

- The estimated 40,000 jobs Amazon is projected to create in Long Island City are expected to bring in \$9.2 billion in tax revenue to New York City. This includes business and personal income and sales and use taxes, as well as non-commercial property taxes and other miscellaneous non-property taxes.
- And these jobs will have a multiplier effect throughout NYC's economy, resulting in an estimated \$5.1 billion in indirect and induced impacts.

And finally, we looked at the property tax Amazon will have to pay annually:

- Amazon will make payments in lieu of taxes as part of the development of the headquarters. The PILOT value will be equal to the company's estimated real property tax value reduced by the estimated value of the state's ICAP abatement.

- Property taxes for the future headquarters were estimated using the Department of Finance's (DOF) real property assessment guidelines for fiscal year 2019. Real property taxes that New York City currently collects on the development sites were also estimated from DOF's publicly available data.
- The future PILOT revenue on redeveloped sites was discounted for current property tax collections in order to reflect incremental revenue to New York City. This is estimated to be \$963 million.

The fact that the city will generate more than \$13.5 billion without offering a single discretionary dollar is truly unprecedented.

Workforce Training:

With Amazon in Long Island City, our economic forecast looks far brighter. And so too do the futures of New Yorkers who will be trained for the jobs of tomorrow.

In addition to ensuring our financial house is in order, workforce development is pivotal to ensuring the city's economic foundation is solid.

Right now, we are working to ensure people of all backgrounds have an entry point into the high-wage, high growth tech sector. And we are making an especially targeted effort to reach communities that have been previously excluded from economic booms and the tech sector as a whole.

During the bidding process, we connected Amazon to some of the city's most inclusive workforce development providers. Amazon also met with representatives from CUNY and SUNY to learn how talent pipelines can be built from college campuses to the Long Island City headquarters. It's important to remember that our CUNY and SUNY schools are the best ladders to the middle-class we have, especially for immigrants and first-generation college students. For these kids, a job at Amazon doesn't just impact their own future—it impacts the future of their whole family.

And we are not waiting for Amazon to put shovels in the ground to start working on our workforce development commitments. Just this week we released a public proposal to provide grants to qualified workforce organizations interested in creating proven, innovative ideas in training and career readiness programs that will help inform the city's future workforce investments. With these programs, New Yorkers of all backgrounds will be prepared for the in-demand jobs that companies like Amazon and Google will need to fill.

This builds upon the millions of dollars the City, State and Amazon will invest into new training programs specifically designed to give underrepresented New Yorkers the tools they need to thrive.

We are also launching new initiatives at Queensbridge Houses, starting with expanding the city's successful JobsPlus program. Queensbridge residents will be Amazon's next-door neighbors. We know it's imperative that they directly benefit from this incredible opportunity.

But Queensbridge isn't the only NYCHA development that will be getting new investments. The city will also invest millions to launch a new program to train NYCHA residents across the boroughs for careers in IT, cybersecurity, and web development.

As the head of the economic development corporation, I have a responsibility to make sure the city inherited by the next generation is even more secure and resilient than it is today. We have an obligation to set them up for success, which is exactly what the Amazon deal does. This agreement makes it all but certain that our financial bedrock will be stronger tomorrow than it is today.

And a stronger economic bedrock means a better quality of life for New Yorkers like Manohill Gohar, an 11th grader at the Business Technology Early College High School in Queens Village. She is a first-generation American and will be the first person in her family to go to college.

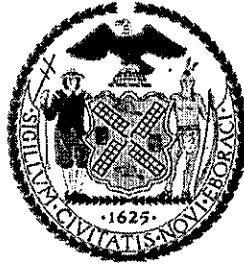
Manohill wants to be a mechanical engineer. For her, Amazon coming to Queens opens up a world of new engineering opportunities.

"Amazon is one of the most successful companies in the world, with some of the smartest employees," she wrote in a Daily News op-ed. "And with its incredible resources, it can make the road for other 'firsts' like me much easier to travel."

I have no doubt that the Amazon project will open new doors that lead to better futures for 8.6M New Yorkers. It will pay boundless dividends that will help people like Manohill and countless other New Yorkers go farther, reach higher, and succeed in a 21st Century economy.

Thank you, and I look forward to taking questions.

Amazon HQ2: Does the Amazon Deal Deliver for New York City Residents?

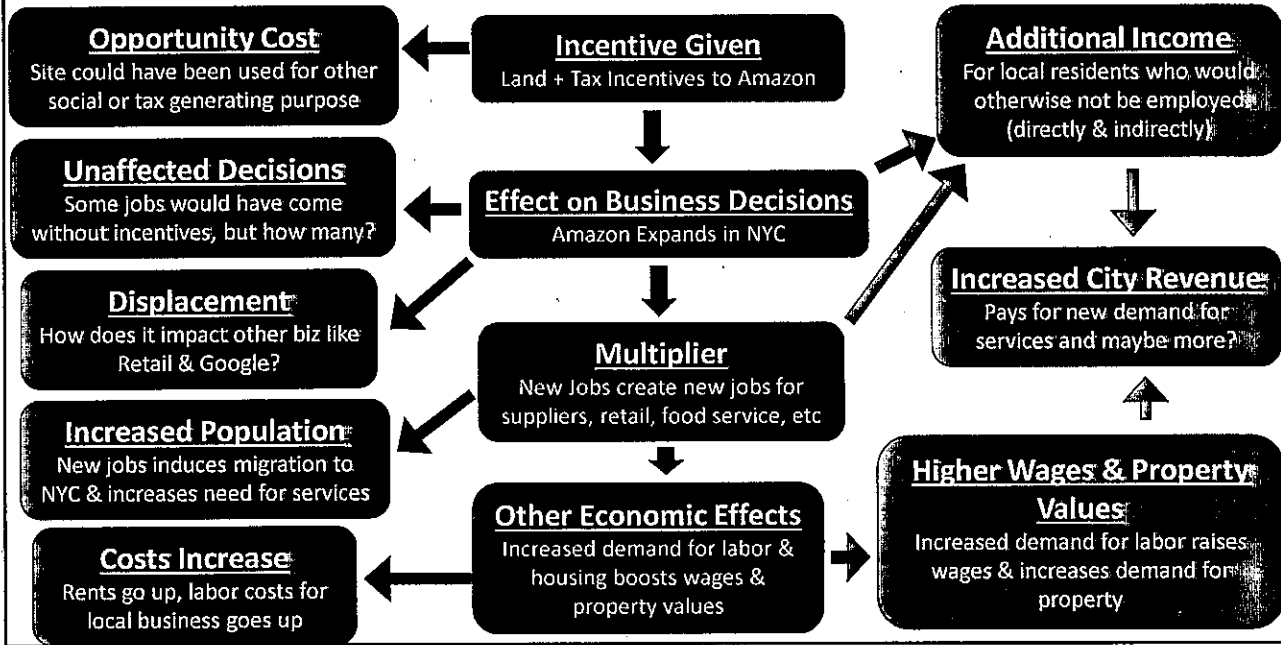


#AmazonAnswersNYC

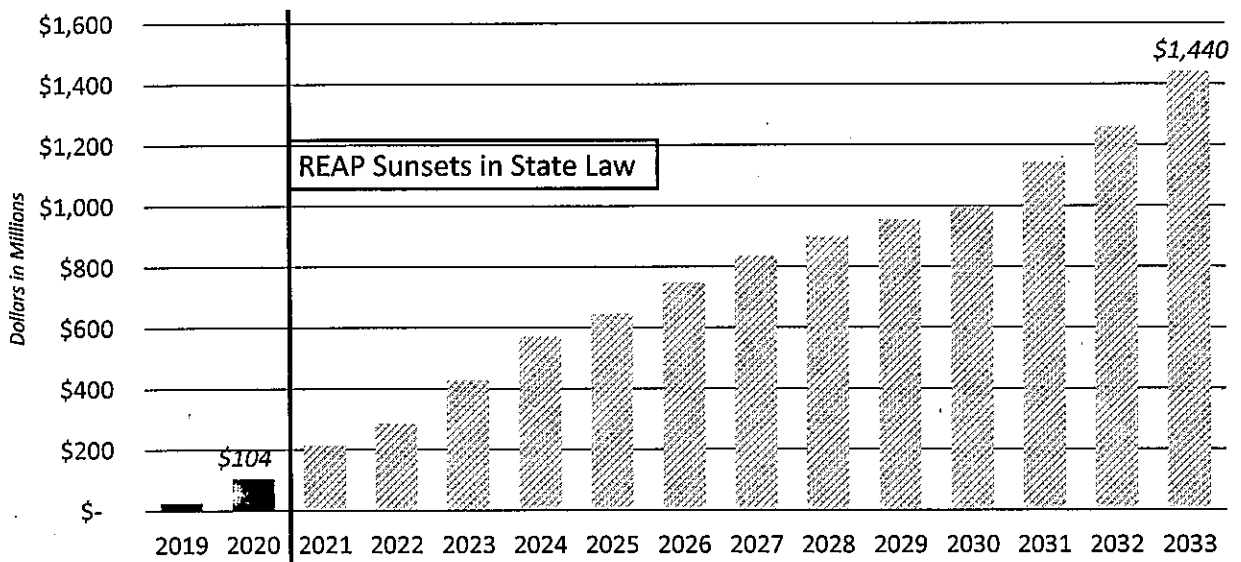
“Will Amazon’s arrival actually benefit local residents or simply exacerbate existing structural inequities?”

- Joseph Parilla, Brookings Institution

Bartik Economic Development Evaluation Model



Potential REAP Benefits Unlocked by Amazon Per MOU Hiring Schedule



*Dollar amounts represent the total 12 year potential benefit for employees hired in that year

EDC's Report on the Impact of Amazon

**Benefits at
40,000 Jobs**

PERMANENT IMPACTS: NON-PROPERTY TAX

The 40,000 jobs Amazon is projected to bring to Long Island City were estimated to result in \$9.2 billion in tax revenue to NYC. Business and personal income, as well as sales and use taxes, were included in that estimate, as well as non-commercial property taxes and other miscellaneous non-property taxes. The fiscal impact was estimated using NYCEDC's TPW estimates for the Corporate, Subsidiary, and Regional Managing Offices industry, and assuming Amazon employees will receive average compensation of at least \$150,000 annually.

**Costs at
25,000 Jobs**

TAX ABATEMENTS

The as-of-right ICAP program provides an abatement on building taxes. ICAP abatements were modeled for each site according to the 15-year Regular Area benefit schedule. The estimated value of the reduction in PILOT revenue attributable to ICAP is \$618 million.

Under current law, Amazon is eligible for the Relocation and Employment Assistance Program (REAP), which provides a business income tax credit to companies that relocate jobs from outside NYC or Manhattan below 96th Street to designated areas, including the outer boroughs. REAP provides an annual credit of \$3,000 per eligible employee for a period of twelve years. The model assumed approximately 25,000 Amazon employees would be eligible for REAP, conservatively assuming that the program would be renewed by the State Legislature through Fiscal Year 2029, resulting in an estimated value of \$897 million.

ICAP Boundary Commission Briefing from NYCEDC

INDUSTRIAL AND COMMERCIAL ABATEMENT PROGRAM – BOUNDARY COMMISSION
BOUNDARY COMMISSION MEETING
EXHIBIT B – RECOMMENDATION

Recommendation

ICAP is among the largest of the City's as-of-right commercial tax incentive programs and close to half of the projects receiving ICAP benefits are located in Special Areas. Any changes to the boundaries of the Special Areas would therefore have a great impact on the program and should be carefully reviewed. Furthermore, the review of the ICAP Special Areas should be embedded in a larger effort to reform the City's commercial tax incentives and in particular aim to harmonize geographic eligibility across various programs.

It is therefore recommended that the Boundary Commission allow for the boundaries to be considered as part of suite of City-run commercial tax incentives.

ICAP Special Area process is running parallel to a broader incentive reform exercise targeted for the 2016 state legislative session

Sep – Dec 2015

Jan – Jun 2016

9/24 Boundary Commission meeting to define boundary proposal

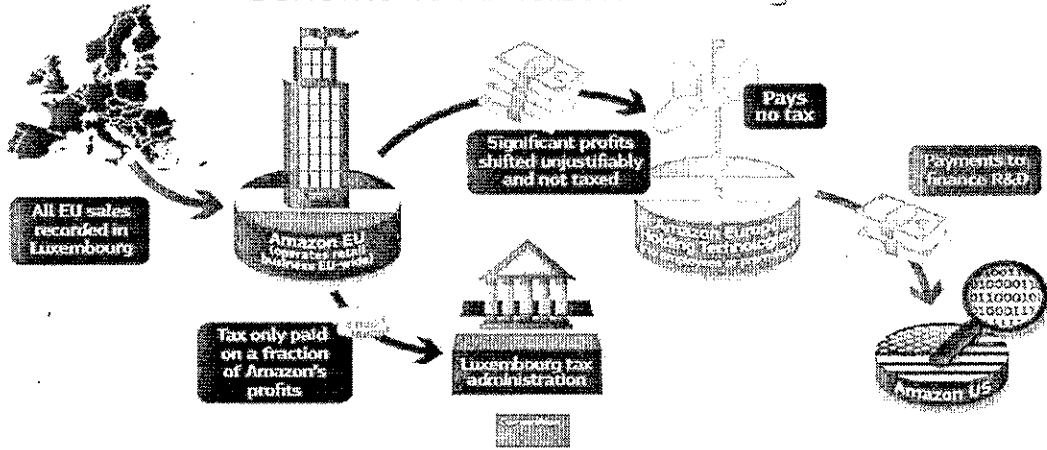
10/5-10/15 Public hearing to review boundary proposal

ICAP Areas

Amazon's Tax Avoidance Scheme in Luxembourg



Luxembourg's selective tax benefits to Amazon are illegal



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