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Amazon Eligible for More New York Tax Incentives; Virginia Perks Capped

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- Virginia agreement bars Amazon from getting additional incentives, New York's doesn't
- Additional N.Y. perks could include employee training, renewable energy tax credits

Amazon.com Inc. could qualify for additional tax breaks beyond the \$1.5 billion included in a deal with New York for putting part of its second headquarters there.

Virginia's [agreement](#) bars Amazon from receiving incentives beyond the \$573 million in perks outlined in its deal. But New York will allow Amazon to apply for additional tax benefits, and the New York City Economic Development Corporation and Empire State Development will assist the company in obtaining them, according to the [agreement](#) released Nov. 13.

New York has already faced pushback for the incentives it promised Amazon. New York City Councilman Jimmy Van Bramer told Bloomberg News Nov. 14 that the deal would be investigated at every level of government and that City Council lawyers are developing litigation strategies.

Tax professionals said Amazon's headquarters in New York, projected to create about 25,000 jobs, could qualify for a range of tax benefits beyond those already spelled out in the agreement. Those include smaller tax credits for companies relocating to New York, employee training programs, and renewable energy use.

"The incentives that are in the package would constitute the overwhelming majority of the credits they would receive," said Jared Walczak, a senior policy analyst at the Tax Foundation's Center for State Tax Policy.

More than \$1.5 Billion

Amazon will receive a tax credit of up to \$1.2 billion—potentially sucking up more than half of the [\\$2.1 billion lifetime value](#) of the state's Excelsior Jobs Program—and a \$325 million Empire State Development grant over the next decade.

Beyond those direct incentives, Amazon also will be eligible for \$897 million through New York City's Relocation and Employment Assistance Program and another \$386 million through a partial property tax abatement program, according to a news release from Gov. Andrew Cuomo's office.

Cuomo, whose office didn't respond to requests for comment, said at a Nov. 13 press conference that the state and city would be getting a 9-to-1 return on the incentive package it offered Amazon.

"That is the highest rate of return for an incentive program that the state has ever offered," Cuomo said.

But Congressmember-elect Alexandria Ocasio-Cortez said the local community was outraged by the size of the Amazon deal.

"Amazon is a billion-dollar company," she [tweeted](#) Nov. 13 after the deal was announced. "The idea that it will receive hundreds of millions of dollars in tax breaks at a time when our subway is crumbling and our communities need MORE investment, not less, is extremely concerning to residents here."

What Else Could They Get?

New York's memorandum of understanding with Amazon does include one restriction on future tax credits: It states the company can't claim both the investment tax credit component of the state's Excelsior Jobs Program and "as of right" state Investment Tax and Employment Incentive credits on the same qualified investments.

But the memo says Amazon "may apply for any as-of-right tax benefits that may be applicable to the Project."

An Amazon spokesperson, when reached for comment, referred Bloomberg Tax to the Nov. 13 company news release on the new locations.

Tax professionals said there are many regularly available business tax incentives available in New York that Amazon could qualify for.

New York, for example, offers a refundable economic transformation and facility redevelopment [tax credit](#) for companies that set up a new location in the state and an employee [training program](#) rewarding companies that hire interns and pay for their workers' training with tax credits.

"I would imagine there are a lot of programs for which they would be eligible," Jim Daniels, a partner at the accounting firm UHY LLP in New York, said.

Renewables in N.Y.

Depending on the extent to which the Long Island City facility relies on renewables, Amazon also may qualify for additional credits through the New York State Energy Research and

Development Authority, according to Peter Downing, a principal in the Irvine, Calif., office of the accounting firm Marcum LLP.

If the Long Island City site is discovered to be contaminated somehow, the company could even get a credit for cleaning it up when it builds the new facility, said Joe Endres, a partner at Hodgson Russ LLP in New York who advises on tax incentive programs.

Amazon's new Long Island City headquarters also will likely benefit from ReCharge New York, said Tim Schram, managing director of credits and incentives at BDO USA LLP in Chicago.

That program allows businesses to reduce their energy costs by as much as 25 percent by using power from the New York Power Authority, much of which stems from renewable hydropower. Three Amazon locations—in Brooklyn, Staten Island, and Manhattan—received power through the program as of August, according to the NYPA [website](#).

“They’re a smart company—they’re not going to leave anything on the table,” Downing said.