



## MEMO OF SUPPORT

### S8418 (Ryan) /A9636 (Solages)

*Prohibits Subsidies for E-Commerce Warehouse Facilities*

May 5, 2022

#### **TITLE OF BILL**

An act to amend the general municipal law, in relation to prohibiting the use of funds, financial incentives or subsidies where facilities or property are used primarily for e-commerce storage and transfers, or the facilitation thereof.

#### **SUMMARY OF PROVISIONS**

Section 1 amends a new subdivision 3 to section 862 of the General Municipal Law to prohibit industrial development agencies (IDAs) from providing funds, finance incentives, or subsidies to facilities or property primarily used for e-commerce storage and transfers.

Section 2 states that the bill takes effect immediately.

#### **STATEMENT OF SUPPORT**

Reinvent Albany supports this bill because we believe that the state should not be wasting tax dollars on shipment centers for large corporations.

To date, New York State and local economic development agencies have spent hundreds of millions on subsidies for e-commerce shipment facilities, including \$400 million for Amazon, [according to Good Jobs First](#). But the vast majority of research suggests that these companies would build in NY with or without the subsidies. An analysis by Tim Bartik, Senior Economist at the Upjohn Institute for Employment Research, found that subsidies only affect where businesses decide where to locate [at most 25 percent, and at least 2 percent of the time](#).

E-commerce companies locate their warehouses based on an analysis of road and rail networks and proximity to markets – not tax expenditures or other taxpayer-funded

subsidies. [A 2021 survey of corporations](#) found that companies rated the availability of skilled labor, highway accessibility, and energy costs as more important than subsidies. Similarly, [“Mapping Amazon,”](#) a report by Good Jobs First’s research, shows that the most important factors for Amazon are proximity to customers and highway infrastructure.

There’s no need for New York State to provide massive subsidies to e-commerce companies. We urge the Legislature to pass the bill.