



Niagara County Industrial Development Agency

VIA EMAIL

August 5, 2022

To the Niagara County Industrial Development Agency:

Reinvent Albany urges you not to provide the proposed Amazon warehouse with \$123 million in subsidies. We advocate for government transparency and accountability and fact-based decision making.

As any public finance expert can tell you, there is no such thing as “free money.” Whether on budget or off-budget, any subsidy for an e-commerce vendor is a bad investment of taxpayer dollars. Multiple studies have shown that when Amazon warehouses are built, [warehouse wages actually drop](#), and new fulfillment centers [do not produce a significant rise in broad-based employment](#). Niagara County’s tax dollars would be better spent elsewhere.

Tim Bartik, an economist at the Upjohn Institute for Employment Research, has calculated that business subsidies that cost more than \$5,000 per job per year [do not produce substantial benefits for the economy](#). It is far better for governments to invest in [programs that are less costly](#), such as neighborhood development (\$1,300 per job per year) or customized job training (\$3,000). The tax breaks proposed by Amazon – \$123 million for 1,000 jobs over 15 years – would cost \$8,200 per job per year, which would have little to no economic impact.

Research has also shown that subsidies are not a deciding factor in where Amazon locates its warehouses. The watchdog organization Good Jobs First has demonstrated that [Amazon chooses warehouses based on the number of Prime subscribers in the area](#) and access to highway infrastructure. One corporate survey also found that when deciding where to locate, [companies rank subsidies under highway accessibility, availability of skilled labor, and quality of life](#). With a large base of Prime subscribers and a reputation for swift delivery, it is extremely unlikely that Amazon would build a warehouse in Canada to service its Niagara customers.

It is baffling to us that you are seriously considering giving \$123 million in tax breaks to a trillion-dollar company whose [profits rose more than 200% during the pandemic](#). Amazon’s founder, Jeff Bezos, [has an estimated net worth of \\$167 billion](#) and is currently the third-richest person in the world. NCIDA cannot justify giving the company such a large sum, which would be [the fourth-largest Amazon warehouse subsidy in US history](#).

Niagara County IDA’s mission is to shrewdly invest limited public funds – including tax expenditures – in sustainable, affordable ways to encourage the creation of good new jobs. This Amazon warehouse

subsidy is a bad deal for Niagara taxpayers and undermines public confidence in the fairness of the tax code and government decision-making.

Sincerely,

Tom Speaker
Policy Analyst
Reinvent Albany