

Amazon ups Ohio jobs to 1,000, begins collecting sales taxes (Update)

May 29 2015, by Julie Carr Smyth

Amazon has selected Ohio as a major Midwest hub for its cloud computing operations, a decision the governor hailed Friday as a victory for the high-tech future of a state whose legacy was built on heavy manufacturing.

"This is really an intellectual triumph in a lot of ways," Republican Gov. John Kasich said during an announcement event. "This is something that will send a message to our young people that, you want to think, you want to live in the future, you want to understand technology, you stay right here in Ohio."

Kasich, a potential 2016 presidential contender, blushed when asked whether he would still be governor when the plan comes to fruition.

The deal with the Seattle-based online retailing giant was brokered over about a year by Ohio's privatized job-creation entity, JobsOhio. Under the arrangement, Amazon will invest about \$1 billion in two existing and one future Amazon Web Services data centers in the Columbus suburbs of Dublin, Hilliard and New Albany.

All told, the expansion will amount to 1,000 well-paying jobs—about \$80,000 yearly—over the next several years, said Paul Misener, company vice president of global public policy. The total includes positions at fulfillment centers for Amazon orders that aren't yet finalized.

A separate incentive package gives Amazon sales tax breaks on certain equipment purchases associated with the expansion.

As part of the deal, Amazon plans to begin collecting sales taxes Monday on all online purchases by Ohio customers. Officials couldn't immediately estimate potential sales tax receipts for Ohio. Misener said that if federal law affecting online retail purchases in all 50 states were changed, Ohio might get between \$150 million and \$300 million in sales taxes collected on all online retail purchases, not just purchases from Amazon.

Gordon Gaugh, president and CEO of the Ohio Retail Merchants Association, said he's pleased that the online retailer has agreed to collect taxes on its sales as part of the deal.

"We're really appreciative that they've agreed to play by the same rules as the brick-and-mortar retailers in the state of Ohio," he said.

JobsOhio CEO John Minor said Amazon Web Services is a major player in data analytics and cloud computing that was targeted by JobsOhio. He said it will quickly become an integral part of Ohio's digital infrastructure.

"It really makes it easier to start and build technology businesses here in Ohio," Minor said.

Kasich said the deal proves the mettle of JobsOhio, which has been criticized for its lack of transparency. The governor said creating an entity to move "at the speed of business" using job-creation experts is paying off.

This story corrects that the estimated sales tax proceeds for Ohio would come from all online retail purchases, not just Amazon purchases.

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