

Minnesota submits low-budget bid for Amazon

October 18 2017, by Kyle Potter

Minnesota filed its bid for Amazon's second headquarters on Wednesday, hoping to get a great deal on a mammoth development plum by offering a package of financial incentives likely far smaller than other states.

State officials and regional economic development agencies spent more than a month assembling a proposal after the Seattle-based tech giant set off a nationwide race for its business last month with a call for bids. Minnesota's team has given almost no specifics on how they would woo a project that could mean billions in investment and up to 50,000 jobs.

Emails obtained by The Associated Press show state officials' concern with honoring Amazon's request for confidentiality, partisan sniping between the Democratic governor's office and the Republican-led Legislature about how to do it and unease about upsetting some of Minnesota's largest businesses with a bid.

On Tuesday, Gov. Mark Dayton said Minnesota's proposal focuses on promoting Minnesota's workforce, strong schools and transportation network, without "the gimmicks and gadgetry and sensational PR stuff that we're told is not going to be persuasive." He said the state would propose multiple sites and outline existing financial incentive programs—which are limited to \$3 million—with no immediate promise of additional financial support to woo Amazon.

His economic development commissioner, Shawntera Hardy, said

Wednesday the bid showcases the state's "strongest assets: a talented and diverse workforce, robust public and private education system, strong transportation systems, and excellent overall quality of life - all indicators Amazon has identified as key factors in its final decision."

The AP requested emails from Dayton, his staff and Hardy in the weeks following Amazon's Sept. 7 announcement. Those documents show officials jumped into action, meeting within hours of the announcement to discuss a bid.

Early on, top planners bristled at the suggestion that the proposal was being crafted in secret. Michael Langley, chief executive of Greater MSP, stressed that releasing the final bid "would give every other state and region in North America a competitive advantage over us in further discussions with the company."

The economic development agency did not immediately respond to a records request for the finalized proposal.

Lawmakers from both parties have voiced support for the chase for Amazon, but the emails show they haven't always been on the same page. Top Republican senators sent a letter to Hardy last month volunteering their help.

Dayton's chief of staff, Jaime Tincher, responded in an internal email. "How about some money fellas?"

Their remark referenced state programs to recruit and retain companies who expand in Minnesota. The Dayton administration felt those programs were shortchanged this year by the Republican-controlled Legislature.

Deputy Chief of Staff Linden Zakula went so far as to suggest trying to

force the issue into a long-running legal battle over Dayton's veto of the Legislature's budget, a case currently before the Supreme Court.

"If we feel that we need additional \$ to be competitive, we should make an issue of it," he wrote. "Make them choose their tax breaks for tobacco over 50,000 jobs from Amazon."

But the administration chose not to make that fight. Even if they had sought to go over the current \$3 million cap for major incentive programs, it's not clear they would have come up with enough money to approach New Jersey's \$7 billion or Chula Vista, Calif.'s \$400 million.

Dayton also has publicly worried about upsetting Minnesota-based Target and Best Buy—retail companies who are battling the Amazon behemoth in online sales—saying last month that the bid wouldn't unfairly use tax dollars those companies pay in order to woo a competitor to Minnesota.

He spelled out their specific complaints in an email: Dayton relayed that "Target and Best Buy complained that Amazon hasn't paid any sales tax and won't pay any sales tax until 2019." A staffer later clarified that Amazon does pay sales taxes on items sold directly by the company to Minnesota residents, but not if the item was sold on Amazon by a different company.

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