

Maryland lawmakers offer Amazon \$8.5 billion to locate headquarters near CIA and Pentagon

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Earlier this month the Maryland House of Representatives passed a tax incentives package of \$8.5 billion in an effort to win location rights for internet commerce giant Amazon's second corporate headquarters, nicknamed "HQ2." The incentives package could become the largest incentive package the state government has ever offered a corporation in Maryland history.

Until the recent 79-59 vote in the state legislature approving the deal, the largest known offer was New Jersey's at \$7 billion. Columbus, Ohio; Philadelphia and Chicago have offered between \$2-3 billion each. The massive tax giveaway is meant to lure Amazon into locating its second headquarters in Montgomery County, which borders Washington, DC and northern Virginia. Like Montgomery County, DC and northern Virginia are on Amazon's top 20 sites for HQ2. However, only Maryland has made their offer public.

Montgomery County's close proximity to the US capital and its vast military-intelligence apparatus is a key factor in Amazon's decision to consider the location. If Amazon selects the area as its HQ2, it will be a sign the company is deepening its ties with the CIA, NSA, FBI and other intel agencies, all of which are located in the region.

Plans are being drawn up to interrupt virtually every aspect of social and economic life in Montgomery County to prepare for Amazon's potential arrival. Montgomery County Council President Hans Riemer said of the preparations, "It would be real, and we would have to get down to business to figure out exactly what transportation projects and what school projects and parks and everything that comes with building a new urban center in the county," he said.

"We would have to move urgently so that we don't end up with a housing crisis, we don't end up with mobility problems. All of these are going to be very real challenges if [Amazon] comes."

Republican Governor Larry Hogan will be signing off on the bill in the coming weeks. His office authored the proposal, which contains \$2 billion in transportation and infrastructure upgrades in addition to state and county level tax breaks. To qualify, Amazon must hire at least 40,000 employees with a median wage of \$100,000 over 17 years. For each employee making between \$60,000 and \$500,000, the state will give Amazon a 5.75 percent tax credit. This tax credit constitutes the bulk of the incentive package passed last week by the House.

However, there is a disagreement between the Hogan administration and the General Assembly, Maryland's main legislative body, over the actual cost of the tax incentives to the state. Governor Hogan's original proposal only allocates \$3 billion in state tax credits while the legislature claims the figure to be \$5.6 billion in state and an additional \$924 million in county credits.

An independent analysis commissioned by the Maryland General Assembly reports the Hogan administration's original figure of \$3 billion in tax credits is vastly underestimated. The original estimate assumed there would be no pay hikes over the entire 17 year period, which would have meant a 40 percent decrease in Amazon employee wages. If regular wage hikes were to occur, then Amazon would recoup total credits amounting to the \$8.5 billion figure claimed by the General Assembly report.

A spokesperson for the governor's office challenged

the \$8.5 billion estimate, telling reporters, “There is information that they [the state’s legislature] don’t have access to.” Even so, state lawmakers were not deterred by the discovery that the package would cost \$3.5 billion more than what the Hogan administration had originally proposed. “It’s a no-brainer,” said Del. Robert B. Long (R-Baltimore County).

“This is a once-in-a-lifetime opportunity,” said Del. Anne R. Kaiser (D-Montgomery), adding: “The worst thing that happens is we don’t lose anything. The best thing that happens is we gain 50,000 jobs.”

Amazon already has a presence in Maryland. It operates two distribution centers, including one in the Baltimore area, and is planning to open another at Sparrow’s Point, the former steel mill which employed as many as 31,000 workers in the 1950s. These Amazon plants have primarily offered subsistence level wages, seasonal employment, few benefits locked behind long probationary periods, and see high turnover due to poor working conditions such as speed up, forced overtime and short breaks.

The 50,000 jobs that Amazon alleges it will bring with HQ2 will be mostly white collar, but the corporate work environment will be, as it has been in Seattle, marked by high stress and demanding workloads. Such was the pressure that it led to an employee suicide at the Seattle headquarters last year.

Montgomery County lawmakers are scrambling to create the most favorable conditions for HQ2’s construction. Last week, officials revealed a proposal to streamline zoning procedures. Specifically, the county council will vote to halve the development project review time for so-called “signature business headquarters” that would employ 25,000 or more employees.

For the working-class residents of Montgomery County, Amazon’s arrival could have a devastating economic effect. The addition of tens of thousands of Amazon employees will further increase traffic in one of the most congested regions in the country. The cost of living will skyrocket as the concentration of wealth in the area grows. In Seattle, lower income residents have been pushed out of the area by the gentrification that occurs around the headquarters of massive technology firms like Amazon.

In Maryland, one in nine people are food insecure according to a report by the Maryland Food Bank. Of

this layer of the population, a full third of them made above the threshold that prevents them from gaining access to federal and state food assistance programs. In other words, the promise of more full-time jobs is no guarantee against food insecurity.



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