Washington, DC has identified four locations matching Amazon’s requirements for an urban-centric, amenity-rich, and accessible campus. All locations offer an incentive package with significant near- and long-term financial value.

Our proposal includes the following unique features:

- Unparalleled access to all modes of transportation including subway, bike, car sharing, and water taxi;
- At the forefront of innovative transportation from autonomous vehicles to maglev and hyperloop;
- A range of housing types at varying price points, including a double-down on the District’s unparalleled affordable housing investment;
- Neighborhood schools and amenities attractive for young and old, singles and families;
- The only place in the world where Amazon Web Services can have dedicated support from local government connecting with Federal Government agencies;
- Amazon University, a customized training academy created in partnership with our educational institutions and workforce organizations that will be tailored to the company’s human capital needs;
INCENTIVES

FINANCIAL INCENTIVES

ADDITIONAL INCENTIVES

AMAZON UNIVERSITY & PARTNERSHIPS
Amazon’s financial incentives

The District has some of the most competitive technology incentives in the country. For Qualified High Technology Companies (QHTCs) like Amazon, an existing incentive program in DC offers one of the most attractive incentive packages for high-tech businesses of any jurisdiction in the country. The QHTC incentive reduces the cost of doing business by providing certain credits, exemptions, and other benefits that address Amazon's upfront capital outlay and ongoing operating costs.

This incentive exists in DC’s tax code, eliminating uncertainty from a long legislative process. This valuable, on-the-books incentive serves as the baseline for how the District government has engaged technology companies around incentives. We are prepared to work with Amazon to craft a package that accommodates both the company and the District.

MOVE TO DC

- Relocation reimbursements of up to $5,000 for each employee relocated to the District, or $7,500 if the employee also relocates his or her principal residence to the District
- Five-year freeze on assessed value of real property (no increase in real property tax)

GROW IN DC

- Wage reimbursements of up to $10,000 for each new hire—or up to $30,000 for newly hired veterans
- Ten-year exemption of qualified personal property taxes

THRIVE IN DC

- 0% corporate tax rate for five years and a reduction in the corporate tax rate from 9% to 6% for the life of the company
- Exemption from sales tax on purchase of hardware and software
- Training tax credits of up to $20,000 for newly hired veterans—up to $10,000 may be refunded
- Exemption from sales tax charged for retail sales and service provided by a qualified company

What QHTC looks like for Amazon

This package addresses Amazon’s main concerns – initial capital outlay and ongoing operating costs. Several aspects mitigate capital outlay on building costs, technology hardware and software purchases, and relocation expenses as Amazon builds and expands in DC. A permanently lowered corporate franchise tax rate plus carry-forward credits mitigates Amazon’s ongoing operating costs in the District.

Amazon's benefits in the District will be based on Amazon's performance in the city. Several aspects of Amazon's business model impact the total benefit including: the number of relocations or new hires coming to a DC HQ2, its investment in DC office properties and business tools, and the manner in which Amazon structures its corporate tax liability.

Below are the seven major components of the QHTC incentives and their estimated values for Amazon.

<table>
<thead>
<tr>
<th>ID</th>
<th>TYPE</th>
<th>DESCRIPTION</th>
<th>AGAINST</th>
<th>CAPPED VALUE?</th>
<th>TIMING</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.1</td>
<td>Abatement</td>
<td>5-Year Real Property Tax Freeze on each building Amazon occupies (at least 50%)</td>
<td>Real Property Tax</td>
<td>Unlimited</td>
<td>First five years of occupancy</td>
</tr>
<tr>
<td>B.1</td>
<td>Exemption</td>
<td>Personal Property Tax Exemption on Qualified Property &amp; Equipment</td>
<td>Personal Property Tax</td>
<td>Unlimited</td>
<td>For ten years</td>
</tr>
<tr>
<td>B.2</td>
<td>Exemption</td>
<td>Sales Tax Exemption on Investment in Qualified New Purchases</td>
<td>Sales Tax</td>
<td>Unlimited</td>
<td>In perpetuity</td>
</tr>
<tr>
<td>C.1</td>
<td>Credit</td>
<td>New Hiring Credits</td>
<td>Corporate Franchise Tax</td>
<td>Unlimited</td>
<td>10-year carry-forward, non refundable</td>
</tr>
<tr>
<td>C.2</td>
<td>Credit</td>
<td>Relocation Expense Credits</td>
<td>Corporate Franchise Tax</td>
<td>Unlimited</td>
<td>10-year carry-forward, non refundable</td>
</tr>
<tr>
<td>C.3</td>
<td>Exemption</td>
<td>5-Year Corporate Franchise Tax Exemption</td>
<td>Corporate Franchise Tax</td>
<td>$15M</td>
<td>0% tax rate for 5 years</td>
</tr>
<tr>
<td>C.4</td>
<td>Reduction</td>
<td>Tax Rate Reduction to 6%</td>
<td>Corporate Franchise Tax</td>
<td>Unlimited</td>
<td>After 5 years or $15M in exemption from C.3</td>
</tr>
</tbody>
</table>

*Not estimated due to uncertainty on Amazon’s tax practices

The result is a long-term and flexible package that lowers the cost of locating and doing business in the District substantially.
A.1 5-year real property tax freeze

This abatement freezes the real property tax rate of buildings where Amazon locates. For the first five years of occupancy of an office building, the real property taxes are frozen, minimizing the impact of improvements on the building’s assessment.

The freeze applies to either a build-to-suit or direct lease scenario. If Amazon takes a direct lease of a building delivered in shell condition, the incentive is not dependent on Amazon making the improvements, allowing Amazon to gain the benefit through rent concessions passed through by a building owner. By allowing Amazon full consideration of its capital investment, either directly or as a benefit provided through a building owner, Amazon can continue to leverage its market power, minimize real estate costs, and maintain its reporting methodology.

B.1 Personal Property Tax Exemption on Qualified Property & Equipment

Qualified tangible personal property that Amazon purchases is exempt from the 3.84% personal property tax for the first ten years of purchase. If the tangible personal property is used or available for use in the eleventh year or thereafter, the property is then reported at 25% of the original cost or exchange value unless it is technological equipment reported at 10% of the original cost or exchange value.

B.2 Sales Tax Exemption on Investment in Qualified New Purchases

Amazon will be exempt from sales tax on intangible property or services otherwise subject to retail sales tax, plus sales of computer software or hardware, operating and applications software, computers, terminals, display devices, printers, cable, fiber, storage media, networking hardware, peripherals, modems, and more.

C.1 New Hiring Credits

With this incentive, Amazon will receive a credit against its corporate franchise tax liability of up to $10,000 (55,000 per year) for each qualified FTE. The benefit is equal to 10% of the wages paid over the first 24 months to a qualified employee, up to the $5,000 per year cap. The benefit triples if the new hire is a veteran. There is a 10-year carry forward provision, and the credit is non-transferable or refundable.

C.2 Relocation Expense Credits

With this incentive, Amazon will receive a credit against its corporate franchise tax liability of up to $5,000 for each qualified full-time employee (FTE). This benefit is equal to the amount reimbursed to or paid on behalf of a qualified employee for the cost of relocating the employee to DC. The credit is not available if the relocation costs are claimed as a deduction. There is a per-year cap on the credit limited to $1 million per year, and it may be carried forward 10 years.

C.3 5-Year Corporate Franchise Tax Exemption

This provision brings Amazon’s corporate franchise tax rate to zero for 5 years, commencing after the state that the company has taxable income, up to $15 million dollars total.

C.4 Corporate Franchise Tax Rate Reduction to 6%

After the 5-year corporate franchise tax exemption period ends or the $15 million limit is reached, Amazon would be subject to a reduced corporate franchise tax rate of 6% instead of the current 9% rate.

Other Considerations

A recipient of District support must abide by District law that requires compliance with District Certified Business Enterprise and First Source requirements. The specifics of the compliance depend on the nature of the project and support. The Deputy Mayor’s office stands ready to assist Amazon with fully understanding and executing all required documents. The Deputy Mayor’s office has worked with employers and District agencies to implement alternative arrangements in situations where public policy and employment goals can be met.
Amazon University

As the center for the most educated and diverse workforce in the United States, Washington, DC is poised to create a customized education and training center for Amazon that leverages the talent of DC’s residents and universities at DC government’s expense. Amazon University will include customized educational curriculum for bachelors, masters, and executive education as well as training and workforce development programs modeled after programs we have successfully executed with other corporate partners — all developed in partnership with Amazon and DC’s universities to meet Amazon’s specific talent needs.

Amazon University will also facilitate partnerships with universities that bolster Amazon’s talent pipeline and workforce.