

Our region won the Amazon sweepstakes

By: [Joe Nathanson](#) November 29, 2018



The results are in and it's a split decision! After a process that took 14 months, Amazon has settled on the locations of its new headquarters in Greater Washington and New York City. Baltimore was one of 238 communities that entered the competition to host the new facilities, promoted as new administrative offices for 50,000 workers averaging \$150,000 in annual salary. Amazon has certainly come a long way since starting in Seattle in 1994 as an online seller of books.

It came as no surprise that Baltimore's bid failed to make the cut when the 20 finalists were announced earlier this year. The greater Baltimore region could have supplied the talent pipeline of technical and professional workers desired by Amazon. But, according to CityLab, an online site that "informs and inspires the people who are creating the cities of the future," it was always about transportation connections.

"The tech giant wanted good transportation. Wherever Amazon landed, direct access to trains and buses, in addition to highways and airports, would be critical. So, in that sense, this season's twist ending — it picked New York City *and* the Washington, D.C. suburbs (of northern Virginia) — was no surprise. These are two of the best-connected transportation cities in the United States."

Other factors, of course, were at play, but Baltimore's hopes were doomed from the outset. The shortcomings start with the region's failure, in the 1970s, to pursue the robust investments in rail transit as recommended in a 1968 regional transportation plan prepared by the old Regional Planning Council (the predecessor of today's Baltimore Metropolitan Council). The area's limitations were compounded when, after more than a decade of planning and detailed engineering, Gov. Larry Hogan and Maryland Department of Transportation Secretary Pete Rahn nixed the Red Line, an east-west light-rail addition to our truncated rail transit system, without providing an effective alternative.

When the Amazon opportunity presented itself, the same Rahn, who had labeled the Red Line a "boondoggle," testified before a Maryland Senate committee and indicated, according to Baltimore Sun reporting, "the Hogan administration was prepared to write a 'blank check'" for

whatever transportation improvements were needed to lure Amazon's HQ2 to Montgomery County. He raised the possibility that the state could commit more than the \$2 billion in road and transit upgrades already pledged as part of Maryland's \$5 billion bid for the second headquarters of the Seattle-based retail giant. Later, the governor corrected the transportation secretary, saying that he had "misspoken."

A new state record

Well, now that the state bid details have been made public, it turns out Rahn wasn't far from the truth. The reported incentives offered by Maryland included [\\$2.8 billion in refundable state income tax credits spread out over 10 years and \\$2.4 billion](#) in new transportation funding. The total largesse offered to Amazon, owned by Jeff Bezos, now the world's richest man with a net worth topping \$150 billion, amounted to \$5.84 billion. The incentive package set a new state record.

By way of comparison, New York State offered an incentive package of \$1.5 billion in direct subsidies to land 25,000 jobs in Long Island City across the East River from Manhattan. Virginia, along with Arlington County, seems to have come away with a somewhat better deal, having offered subsidies of \$573 million to attract 25,000 jobs to Crystal City and adjoining areas, now being dubbed "National Landing."

In the end, how does the Baltimore region fare in all of this? One could argue that Baltimore and the entire Maryland portion of the Baltimore-Washington corridor came out a winner. The jobs in northern Virginia are certainly within the commuter-shed of workers living in the western and southern suburbs of Baltimore. Businesses and universities in the area could benefit from new opportunities afforded by ties with Amazon.

The Maryland locales do not have to be overly concerned by increased traffic congestion that has some of the residents of Queens and Northern Virginia worried. Similarly, fears of rising housing prices and gentrification similar to that experienced by neighborhoods near Amazon's Seattle HQ1 need not be of great consideration to the Maryland locales.

And, best of all, Maryland does not have to be saddled with the aggressive – some might say outrageous – incentives offered to one America's largest companies.

Congratulations, Maryland!

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