

## City of Dallas Proposed Incentives for Amazon HQ2

Amazon HQ2 was estimated to bring an economic impact for the local economy of at least several billion dollars. Given that extraordinary opportunity, the City of Dallas was ready to compete.

Our \$600 Million incentive package included not only traditional incentive tools, such as tax abatements and tax increment financing, but also addressed logistics such as transit, housing, event space, hotel nights and other practical elements to make the move to Dallas easy and seamless. Dallas also offered a concierge municipal department called the “Amazon Go Team” to expedite and prioritize all things Amazon.

Proposed incentives were calculated based on an internal proprietary impact model, using assumptions based on Amazon’s construction phasing, square footage estimates, hiring timeframes, projected salaries, etc.

In addition to these local incentives, the State of Texas committed its own financial incentives to the project. Finally, each of the finalist sites in Dallas are located in federally-designated Opportunity Zones, which could have resulted in enormous tax benefits to Amazon and the additional developments that sprung up around HQ2.

Most importantly, however, the City required investment back into our community to guarantee that HQ2 was a win for all our citizens. Specifically:

- The tax increment financing tool included a dedicated revenue stream to fund the Dallas Housing Trust Fund to develop affordable housing opportunities throughout our City.
- A neighborhood empowerment zone was proposed in the selected neighborhood to protect existing residents from the impacts of gentrification.
- A portion of the incentive package was tied to the hiring of Dallas residents, with the amount escalating along with the percentage of local hiring.
- Dallas proposed that Amazon commit \$100 million in local investment toward addressing race relations, green space creation, and poverty.
- Dallas proposed the creation of Amazon U, a cradle to career pipeline involving Dallas ISD, the Dallas County Community College District, the University of Texas System, the University of North Texas System and Southern Methodist University. This would not only have bolstered the Amazon workforce, but also prepared more Dallas students for innovation and technical careers.

We are confident that our financing incentive package was competitive and, based on our ongoing meetings, calls, and discussions with the Amazon team, we believe Dallas was in the mix until the late stages. The HQ2 process required Dallas officials to critically review our developable sites, to reevaluate our strengths and weaknesses through the eyes of a major corporate prospect, and to strengthen relationships with our regional partners and the development community. The battle to win HQ2 made us stronger.

## City of Dallas HQ2 Incentives

Big things happen in Dallas, and a project as impactful as Amazon HQ2 requires big thinking.

Our incentives package is intended to express not only our strong financial commitment to Amazon, but also our support of its employees, their families, and the larger HQ2 community. The Dallas package also addresses growing pains that could occur in a project of this size by incentivizing housing construction, workforce development, and anti-gentrification tools.

The Dallas city motto is “Service First” and in that spirit, we are offering not only a **\$600 Million** financial incentive package, but also our commitment that the City of Dallas will offer Amazon and its HQ2 team first-class service.

We look forward to welcoming you to Dallas.

1. **City of Dallas “Amazon Go Team” (Estimated Value of \$1 Million)** – The Amazon RFP stressed the importance of the HQ2 budget and timeline, and we heard you loud and clear. To ensure that HQ2 is up and running in Dallas as quickly as possible, the City of Dallas has created a concierge municipal department that will prioritize all things Amazon. The “Amazon Go Team” will be your friends at city hall, reachable by cell phone, obsessed with customer service, and ready to assist with any issue. A permit is being held up? Got a zoning issue? Need to know where to get the best barbecue in town? Call the Go Team. These folks will be empowered to do everything short of paying your parking tickets.
2. **Tax Increment Financing (TIF) Reinvestment Zone (Estimated Value of \$425 Million)** – While TIFs are brand new to Washington, the City of Dallas has been innovating in tax increment finance since 1988. We estimate that over a 30-year period the proposed Amazon HQ2 would generate more than \$425 Million in tax increment.<sup>1</sup> Some of the funding, of course, would be made available for Amazon HQ2 project costs such as construction or infrastructure. The remainder would be used for ancillary HQ2 support structures, including construction of housing for the influx of new Amazon employees and job skills development programs to help build Amazon’s future workforce.
3. **10 Years of Local Hiring Grants (Value of up to \$100 Million)** – Amazon employees that live, work, and play in the city are a strong Dallas priority. Therefore, we are prepared to pay up to \$100M in cash grants in exchange for Amazon’s efforts in local hiring. The first grant would be available the year after Amazon’s total HQ2 employment exceeds 10,000 FTEs, and the same offer would be available each of the following 9 years. Each year, the City will pay Amazon a Chapter 380 Economic Development Grant in the following amount:

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<sup>1</sup> This valuation is based on creation of a new TIF with a 30-year term, with 90% city participation and 75% county participation, and assuming construction of 7.5M in gross floor area of office space and related parking garage space valued at approximately \$1.9B over a roughly 14-year period beginning in 2021. Also, please note that some of the proposed HQ2 places are located in existing TIF zones, which could be amended to achieve a similar outcome by expansion of boundaries and/or extension of terms.

- \$5 Million if at least 25% of Amazon employees are Dallas residents.
  - \$6 Million if at least 30% of Amazon employees are Dallas residents.
  - \$8 Million if at least 35% of Amazon employees are Dallas residents.
  - \$10 Million if at least 40% of Amazon employees are Dallas residents.
4. **10-Year Business Personal Property Tax Abatement (Estimated Value of up to \$40 Million)** – The city will offer a 50% BPP tax abatement to any Dallas site selected for HQ2. This will abate half of Amazon’s new equipment, inventory, and other business personal property taxes.<sup>2</sup>
  5. **Neighborhood Empowerment Zone (Estimated Value of up to \$5 Million)** – A NEZ designation would be overlaid on top of the TIF designation described above to offer even more benefits to the Amazon and the HQ2 community. A NEZ allows the City to waive construction and inspection fees, which would lower the overall HQ2 construction budget. In addition, the NEZ allows the City to freeze property taxes for existing homeowners in the zone for 10 years, which will help address fears of gentrification due to the immediate property value spike that will follow an HQ2 site announcement.
  6. **Airport Incentives (Value of up to \$25 Million)** – In addition to DFW International Airport and Dallas Love Field, the city owns a third airport, Dallas Executive, located 15 minutes from downtown. The City of Dallas will offer up to \$25 Million to construct a build-to-suit corporate hanger for Amazon at Dallas Executive Airport for hassle-free business travel.  
  
In addition, the City owns Hensley Field, a secure air field formerly used by the U.S. Navy as a naval reserve aviation base. Hensley would be an ideal location to test or operate new delivery technologies or other research innovations as needed by Amazon.
  7. **Dallas Prime Transit (Estimated Value of \$1,500,000)** – Dallas summers can be hot, and we want to make it as comfortable as possible for employees to move throughout the HQ2 campus. We will work with you on longer term transit options once you select your HQ2 site, but as a short-term fix the City of Dallas will offer up to \$1,500,000 toward shuttles, pedicabs, courtesy carts, or other quick transit solutions for HQ2 employees.
  8. **2000 Free Hotel Room Nights (Estimated Value of \$800,000)** – After the site announcement is made, Amazon will have to make dozens of trips to the chosen city to meet with architects, construction contractors, city officials, and other local partners. To make this travel as painless as possible, Amazon will have 2000 free room nights at the City-owned Omni Hotel in downtown Dallas.
  9. **100 Days of Event Space (Estimated Value of \$1 Million)**– Company meetings, industry events, hiring fairs – whatever the need, the City has event space to accommodate, and up to 100 days of event space are available at no cost to Amazon. Potential locations include the Dallas

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<sup>2</sup> This valuation is based on an assumption of \$1 Million in Business Personal Property tax for every 100,000 sf of office space.

Convention Center, the Dallas Zoo, the Dallas Arboretum, Fair Park, the Dallas Equestrian Center, and the Trinity Forest Golf Club.

10. **Welcome to Dallas** – These incentives will ensure that Dallas quickly feels like home to Amazon's new employees:

- Each employee hired from 2019 to 2021 will be offered a free one-year membership to each of the following City amenities: Dallas Zoo, Dallas Children's Aquarium, Dallas Arboretum, Texas Discovery Gardens, and the Trinity River Audubon Center. **(Estimated Value of \$150,000)**
- The City of Dallas has waived all pet adoption fees at the Dallas Animal Services adoption center for Amazon employees, and will offer free microchipping services until 2022 to all Amazon pets, whether or not adopted from our shelter. **(Estimated Value of \$250,000)**
- The City of Dallas will host at least three career expos for job-hunting family members of Amazon employees. **(Estimated Value of \$300,000)**