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NYC lawmakers who led a resistance campaign against HQ2 are declaring victory. And already, they have plans to escalate their opposition to tax incentives.

Amazon has pulled out of plans to build an office in Long Island City, Queens, the company announced Thursday. The decision comes after months of opposition from city council members, state legislators, and local activists who condemned the $3 billion in tax incentives the company would have received from New York.

Not everyone is happy with the company’s decision to retreat, rather than negotiate. But some members of the coalition that led the movement to resist the incentive package are declaring victory for having achieved what seemed like a last-ditch effort just months ago. “We’re glad that it looks like our efforts as a movement were successful, but we’re ready to keep fighting if something changes.” said Michael Carter, a spokesperson for State Senator Julia Salazar.

And Salazar and her colleagues are just getting started. On Tuesday, she and New York State Assemblymember Ron Kim pitched a plan to make future deals like Amazon's more difficult to broker again. They proposed standing together with other states against the practice of competing for corporations by offering tax incentives. They also introduced legislation that would ban New York state from swaying any company's location decision by giving away company-specific, taxpayer-funded subsidies.

The intent of these proposals is not to keep out new companies, but to limit the power of tax breaks in influencing their location decisions. And while some see Amazon's departure as the only way to achieve this outcome, other New Yorkers are frustrated that the company's abrupt exit means a lost employment opportunity.

"Rather than addressing the legitimate concerns that have been raised by many New Yorkers Amazon says you do it our way or not at all, we will not even consider the concerns of New Yorkers – that's not what a responsible business would do," said Chelsea Connor, Director of Communications for the Retail, Wholesale and Department Store Union (RWDSU), in a statement.

The path to Amazon's departure

Despite Governor Andrew Cuomo and Mayor Bill de Blasio's excitement over attracting Amazon to Queens, a coalition of powerful New York lawmakers—city council members Brad Lander and Jimmy Van Bramer, council speaker Corey Johnson, and State Senator Michael Gianaris, in addition to Salazar and Kim—fought to inject resistance into every part of the Amazon approval process; along with local advocacy organizations like Make the Road New York, who staged protests and canvassed in Queens.

Sometime in February, a third city council hearing on the Amazon deal was scheduled. Past meetings have led to fiery debates over Amazon's stance on unions (Brian Huseman, Amazon's vice president of public policy, said the company would not agree to neutrality if Amazon workers wanted to unionize); the status of Jeff Bezos' helipad; and the company's involvement with ICE.

Kim also introduced legislation on January 30 that would create an Office of Financial Freedom, tasked with phasing out "corporate welfare funds" over five years, and diverting those funds into mitigating student loan debt. It's co-sponsored by Assemblymember Andrew Hevesi, and on the senate side by State Senator Jessica Ramos. Though it alone wouldn't have stopped Amazon from receiving funds, it did include clawback measures.

But perhaps the strongest sign that the deal was in trouble came when Gianaris, who represents Long Island City, was appointed to serve on the Public Authorities Control Board, which must approve all but a $500 million capital grant from the state. If Cuomo confirmed Gianaris' nomination—not doing so would be "a declaration of war against his colleagues in the Democratic party," says Kim—he would have had the authority to effectively veto the project.

And Gianaris has indicated that he would have: "I'm not looking to negotiate a better deal," Gianaris told the *New York Times*. "I am against the deal that has been proposed and don't believe that it can form the foundation of a negotiation."

A bold plan to resist incentives

As this coalition of lawmakers looks to the future, they are focused instead on fighting incentives—not fighting corporate locations wholesale.

"Let's be clear: we want companies to set up shop in New York City and grow the job base here," said councilmember Lander in a statement. "That will present real challenges, like the need to improve our infrastructure, create and preserve affordable housing, protect residential and commercial tenants from displacement, and share the benefits of growth widely." New York is up to that challenge, he said—"but only if we have the democratic capacity and tax base to allow us to do it."

Despite research indicating that talent and culture attract businesses more than economic incentives do, Kim says, cities and states feel pressure to offer ever-higher sums in "corporate welfare" to companies. Because some local governments offered Amazon millions or billions in property tax abatements or performance-based write-offs, for example, most of the rest felt they had to join them, just to stay eligible for the final prize of hosting an HQ2.

"Governor [Cuomo] kept saying over and over, 'I didn't have a choice, this is how the game is set up.' He had to compete, and he won, and he was so proud of the fact that we won," said Kim. "But the fact is, the game is rigged. And it takes leadership to call that out and figure out how to un-rig this game, and hold these mega-corporations accountable."

Economic experts and politicians have long argued that absent federal intervention, cross-country collective action is the best way to stop states and cities from participating in this once-obscure but common economic incentive process. The economic incentive system that exists now—designed to push "footloose companies" to the jurisdiction that pays them the most—is broken, says Joe Parilla, a fellow in the Brookings Institute's Metropolitan Policy Program. Already, Kim says, 12 legislators from states from Texas to Florida, and Connecticut to Illinois have committed to introducing anti-tax incentive bills of their own.

Before Amazon, perhaps the highest-profile example of a state using tax incentives to woo a company was Wisconsin's courtship of technology company Foxconn: For its commitment to create 13,000 local jobs, former Governor Scott Walker promised Foxconn a $4 billion tax break. Last month, the deal started unraveling, with *Reuters* reporting that, even as Wisconsin invested heavily in infrastructure in anticipation of the company's move, Foxconn was reconsidering the nature of its expansion. Instead of employing 5,200 people by the end of 2020, a company source said that "that figure now looks likely to be closer to 1,000 workers." And instead of hiring mostly manufacturing staff, the company said it was pivoting to engineers and researchers.

That deal's demise, along with Amazon's November announcement that it would split its 50,000-job HQ2 into two—and now, the company's about-face—has rattled legislators' faith in these kinds of projects. "You had the perfect media storm," said Parilla.

And it's reenergized a movement that started among city leaders last year. In January, Richard Florida, the co-founder of CityLab, advocated for a similar agreement, which he called a "mutual non-aggression pact." In a Change.org petition, he urged elected officials within the 238 jurisdictions that submitted bids for HQ2 to reject "such egregious tax giveaways and direct monetary incentives for the Amazon headquarters." Some 16,000 economists, politicians, urbanists, professors, and citizens signed it, including four city councilors from Austin, Indianapolis, Dallas, and New York City. Besides increased exposure, however, there were few concrete legislative outcomes.

In a letter released Wednesday by the advocacy organization Local Progress, representatives from New York City, Chicago, Columbus, Austin, Dallas, Indiana, Somerville, D.C., Philadelphia, and Dallas city councils—including some who signed the original non-aggression pact—stated that they'd "do all we can to prevent our cities from participating in Amazon's rigged game."

Though the Amazon deal's implosion may give these city councilors, and Kim and Salazar's compact, more momentum, reaching any kind of voluntary agreement could still be a long-shot. Indeed, "most states will not do it unless there's a unilateral agreement to adopt [legislation] at the same time," said Amy Liu, the vice president and director of the Brookings Intitute's Metropolitan Policy Program.

"It's a complicated process to have the different states drop the same legislation and to go through the same process," admitted Kim, who's also part of the crowded slate running for New York City's public advocate seat. Still, he says, "it could be done. Because of what's happening with Amazon … there's an appetite for a number of states and stakeholders to identify the core problem."

And while the spirit of the compact—to reduce competition and therefore, subsidies—is commendable, Liu worries the language of New York's legislation overreaches. "I agree that we need to reduce helping companies [lower] their bottom line," she said. But "the fact that it is a blanket limit on all incentives, I think is extreme." Some incentives are not redundant or exorbitant by nature, she says, like those that encourage research and development, or those that fund job training and local hiring. "There is room for tax policy that rewards good corporate behavior through incentives, and we should find a way to structure them in a way that genuinely supports the public benefit."

Kim says it may take two to three years for a critical mass of states to sign on to the compact. In this session alone, Kim expects six to eight states to introduce legislation; and another "eight or so" to put it on their priority list next year. Illinois Senator Toi W. Hutchinson, Florida House Representative Anna V. Eskamani, and Connecticut State Representative Josh Elliot endorsed the measure on Tuesday.

"By working together, states can ensure that we aren't fighting each other, when we could be lifting each other up," said Elliot in a statement. But right now, he told CityLab, it's just a "general idea." Hearings, and committee approvals, and votes await. "This could be 10, 20 years down the line."

Challenges ahead

The same appetite for anti-corporate rebellion doesn't seem to have caught on in places like Virginia, where Amazon plans to build its second satellite campus. Last week, Governor Ralph Northam—embroiled in a scandal over his racist medical school yearbook photo—quietly signed away up to $750 million in tax incentives to Amazon, with the final sum contingent on the jobs the company creates. "We always welcome more great jobs to the commonwealth," Stephen Moret, chief executive of the Virginia Economic Development Partnership, told the *Washington Post*. One factor that might have made Virginia more open to the deal, says Liu, is that the tax incentive package was capped, and "more tilted towards community investments" in skills training and public schools.

And though mayors may condemn the use of incentives publicly, the annual Menino survey of 110 U.S. mayors conducted by Boston University's Initiative on Cities showed that 84 percent think business incentives are "good policy," and more than half believe cities gain long-term benefits for offering them—even as 61 percent say other cities give away too much. At least that's what they thought at the time the survey was conducted in the summer of 2018.

Even among New York residents, opinions on the deal varied. One Quinnipiac survey of 1,000 registered New York City voters in December showed that a full 57 percent approved of its expansion into Long Island City, and 46 percent approved of the subsidies offered. That may make it harder to institute a retroactive, state-level blanket ban. Another poll of 778 registered voters, conducted by the Sienna College Research Institute this February, seemed to confirm those findings: 56 percent of them, too, approved.

But killing the Amazon deal was about more than just subsidies, said Van Bramer, a member of the New York City council. "When our community fights together, anything is possible, even when we're up against the biggest corporation in the world," he said in a statement. "Defeating an anti-union corporation that mistreats workers and assists ICE in terrorizing immigrant communities is a victory."