

*-via electronic transmission to [info@nassauida.org](mailto:info@nassauida.org)-*

March 16, 2021

Nassau County Industrial Development Agency  
One West Street, 4<sup>th</sup> Floor  
Mineola, New York 11501  
Attn: Harry Coghlan, Chief Executive Officer/Executive Director

***Re: Application of Amazon.Com Services, LLC and Syosset Park Development, LLC***

Dear Chairman Kessel, Members of the Board and Chief Executive Officer/Executive Director Coghlan:

Thank you for the opportunity to provide comment on the financial assistance being sought by the Applicants for the Syosset Park warehouse development at 305 Robbins Lane and the ultimate beneficiary of those tax abatements, Amazon.

As we wrote to you last June in response to Chairman Kessel's remarks in Newsday, we are opposed to using property tax incentives to underwrite the operating costs of Amazon at the expense of the residents of the Syosset School District.

What we've learned in the intervening months has done little to relieve our skepticism.

The Nassau IDA's website indicates that its "mission is to promote the economic welfare and prosperity of Nassau County"<sup>1</sup>, which it does by offering businesses "profit-enhancing financial incentives"<sup>2</sup>. The IDA must now decide whether enhancing Amazon's profit truly promotes the "economic welfare" of Nassau County residents, or serves as "corporate welfare" for Amazon.

Our analysis follows:

Jobs – Chairman Kessel was quoted in Newsday saying that "we want Amazon here in our county. It means jobs, jobs, jobs."<sup>3</sup> We do not dispute that this project will result in new, temporary construction jobs. However, one of the incentives under consideration is a 15-year discount on the taxes this new facility should be required to pay after those construction jobs are long gone. If the ongoing package delivery jobs would have been created anyway, then the tax incentives were wasteful.

To analyze this question, the Nassau IDA commissioned "Camoin 310" (Camoin), which proudly lists Amazon as one of its featured clients in the report it prepared. (Thus, by choosing Camoin to perform

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<sup>1</sup> <https://nassauida.org/about/>

<sup>2</sup> <https://nassauida.org/site-selectors/incentives/>

<sup>3</sup> [https://www.newsday.com/business/amazon-cerro-wire-syosset-saladino-1.45595862?utm\\_source=appshare](https://www.newsday.com/business/amazon-cerro-wire-syosset-saladino-1.45595862?utm_source=appshare)

economic analysis on its behalf, the Nassau IDA passed on an opportunity to use a more objective consultant to evaluate Amazon's assertions in its application.)

Camoin devotes the entirety of the appendix in its report to explaining that "this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the 'local economy' is defined) and the implications of the geography on the computation of the change in final demand" (p.10). Camoin essentially concedes that economic demand that results in jobs that would occur anyway should not be considered "new". Thus, to justify their assertion that incentives for this project would result in "new" jobs, they argue that the project would concentrate those jobs regionally and therefore within that region, those jobs would appear to be "new". In other words, the job itself isn't new, just the fact that it's now located nearby.

Jobs aren't created by facilities; facilities are created to house jobs. To Camoin's point, it would be ridiculous to suggest that building a warehouse would drive increased online commerce for Amazon. Rather, the permanent jobs under discussion are generated solely by package delivery demand trends. Therefore, the question to be considered is not whether those new jobs would be created anyway – they clearly would – rather whether they would be located outside of Nassau, but for the IDA's intervention. The Camoin report devotes just two sentences to this question: "Absent Agency assistance, it is highly likely that these jobs will be located outside of Nassau County. Therefore, all 150 jobs are considered to be net new" (p.4). Camoin offers no analysis, footnote, research or support for this pivotal statement other than to rely completely on its own conjectural assumption: "Without financial assistance from the Agency, Camoin assumes the Applicant would not undertake the Project" (p.6).

Moreover, these weak assumptions are hard to reconcile with the facts on the ground. As the fleet of Amazon vehicles staging out of a parking lot on Underhill Road in Syosset demonstrates daily, Amazon's growth has never waited for the IDA's assistance. Questioned about this activity at the Town Planning Board meeting, the Applicant indicated that this is "overflow parking" for the Amazon warehouse facility in Bethpage. That statement simply illustrates our point, and deeply undermines Camoin's assumptions – if Amazon needed to accommodate its package delivery growth in Nassau with out-of-region facilities, it has passed on that opportunity once already.

In addition, it is strikingly obvious that Amazon already employs the people it needs to get its packages delivered – otherwise there would be giant piles of undelivered packages accumulating somewhere and hordes of angry customers paying for goods they've never received. Camoin's conclusion that all 150 jobs are "net new" strikes us as parroting the Applicant's assertions, rather than scrutinizing them.

Assessment – The Applicant has provided us with a "PILOT schedule", which is also included in the Camoin report. A "PILOT" exchanges the Applicant's property tax obligation for a series of fixed payments which take their place. The payments are based on the unimproved property's current tax assessment and the PILOT payments represent a discount from the taxes to be paid on the improvements. The question for the IDA is: "how deep is the discount you negotiated on taxpayers' behalf"?

The Nassau IDA commissioned from Standard Valuation Services (SVS) an assessment analysis of the property's value once the improvements were completed. SVS then calculated the resulting tax on that property as \$2,123,793 at current rates (p.ii). The actual assessment and property taxes may even be

higher depending on variable factors, including comparable rental values, vacancy rates, operating expense ratios, tax rates, capitalization rates, interest rates and equalization rates. (p. 32)

If we assume an annual increase of 2% — identical to the assumption in the Camoin Report — the net tax savings to the Applicant over 15 years is almost \$8 million, or roughly \$53,000 for each of the 150 jobs “created”.

	Taxes on Unimproved Property (2% inflation)	Estimated Taxes on Improved Property (2% inflation)	Proposed PILOT	Tax Savings to Applicant
<b>Base Year</b>			\$1,220,170	
<b>Year 1</b>	\$ 947,236	\$ 2,123,793	\$1,220,170	\$ 903,623
<b>Year 2</b>	\$ 966,181	\$ 2,166,269	\$1,242,255	\$ 924,014
<b>Year 3</b>	\$ 985,504	\$ 2,209,594	\$1,340,756	\$ 868,838
<b>Year 4</b>	\$ 1,005,214	\$ 2,253,786	\$1,442,415	\$ 811,371
<b>Year 5</b>	\$ 1,025,319	\$ 2,298,862	\$1,547,315	\$ 751,547
<b>Year 6</b>	\$ 1,045,825	\$ 2,344,839	\$1,655,540	\$ 689,299
<b>Year 7</b>	\$ 1,066,742	\$ 2,391,736	\$1,767,176	\$ 624,560
<b>Year 8</b>	\$ 1,088,076	\$ 2,439,571	\$1,882,310	\$ 557,261
<b>Year 9</b>	\$ 1,109,838	\$ 2,488,362	\$2,001,034	\$ 487,328
<b>Year 10</b>	\$ 1,132,035	\$ 2,538,129	\$2,123,438	\$ 414,691
<b>Year 11</b>	\$ 1,154,675	\$ 2,588,892	\$2,249,619	\$ 339,273
<b>Year 12</b>	\$ 1,177,769	\$ 2,640,670	\$2,379,671	\$ 260,999
<b>Year 13</b>	\$ 1,201,324	\$ 2,693,483	\$2,513,694	\$ 179,789
<b>Year 14</b>	\$ 1,225,351	\$ 2,747,353	\$2,651,789	\$ 95,564
<b>Year 15</b>	\$ 1,249,858	\$ 2,802,300	\$2,794,060	\$ 8,240
<b>Total</b>	<b>\$16,380,947</b>	<b>\$36,727,638</b>	<b>\$28,811,242</b>	<b>\$ 7,916,396</b>

In addition, based upon a review of the assessment and taxes made available by the County<sup>4</sup>, it is our understanding that the base PILOT was calculated from the 2019-20 taxes. However the Notice of Proposed Deviation from Uniform Tax Exemption Policy indicates that “In calculating the BASE PILOT, the Agency shall take into account the most recent assessment data ... available as of the Closing Date including any applicable approved tax certiorari stipulation or other settlement or arrangement with the applicable tax assessor(s).”

Since it is also our understanding that the Applicant recently successfully challenged the taxes of the unimproved property, resulting in a 15% reduction in its assessment, and would appear that the BASE PILOT would be adjusted from the schedule above to reflect a further 24% reduction in PILOT payments to taxing jurisdictions. If the foregoing is accurate, modifications and projections included in the reports will require modification.

Assessment	2019-20	2020-21
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<sup>4</sup> See, <https://lrv.nassaucountyny.gov/info/15++H++02510/>; <https://lrv.nassaucountyny.gov/info/15++H++02520/>.

Lot 251	\$4,817,400	\$4,205,070	-12.7%
<u>Lot 252</u>	<u>\$8,355,000</u>	<u>\$6,966,010</u>	<u>-16.6%</u>
<b>Total</b>	<b>\$13,172,400</b>	<b>\$11,171,080</b>	<b>-15.2%</b>

School Taxes	2019-20	2020-21	
Lot 251	\$236,632	\$184,308	-22.1%
<u>Lot 252</u>	<u>\$410,399</u>	<u>\$305,320</u>	<u>-25.6%</u>
<b>Total</b>	<b>\$647,031</b>	<b>\$489,628</b>	<b>-24.3%</b>

The Camoin report states that “Over the course of the proposed PILOT term, the average annual collection by local jurisdictions would be approximately \$828,686 more in PILOT revenue than property taxes without the Project.” (p. 7). We have repeatedly pointed out that this assertion is inaccurate, as the NYS Tax Cap legislation causes to supplant, rather than supplement taxes. Indeed, because of the successful tax challenge above, that assertion won’t be truthful until the PILOTs catch up to the taxes paid in 2019-20 (which won’t occur until the 5<sup>th</sup> year of the PILOT).

Fair Share – Moreover, the growth in tax base that the improved warehouse property represents would not be reflected in the “Tax Base Growth Factor” calculated by the Department of Taxation and Finance, nor would it factor into Nassau County’s 4-class tax system. Since 2013-14, Class 1 (residential) property increased from paying 76.5% of the tax levy to 80.25%, while Class 4 (commercial) property’s share of the burden decreased from 18.5% to 16.8%. The PILOT would remove this additional property from the Class 4 rolls, increasing the shift in tax burden to Class 1 (residential) taxpayers. Thus, the taxpayers of the District will be burdened by subsidizing the tax benefits afforded to the Applicant.

In addition, because the PILOT payments will be fixed for 15 years, the Applicant will not have to pay its fair share of any new debt service payments incurred for District facilities maintenance and/or improvements during the PILOT term, further shifting that burden to the remaining tax base.

PILOT Exploitation – The District has written to the IDA in the past expressing concerns about aspects of the IDA’s PILOT system that are frequently exploited:

- Applicants often seek renewals of their PILOT agreements, under the guise of modest improvements undertaken towards the end of their agreement. A successful renewal allows the applicant to forego taxation on the new improvements in exchange for the new jobs purportedly created, but to also renew the incentive initially granted for the jobs created years ago – essentially rewarding the creation of the same job twice. The IDA should not agree to a contract that permits renewal.
- Applicants might take advantage of their IDA agreements by terminating them prematurely. While it might seem advantageous to end a tax subsidy early, in actuality, these terminations may be carefully timed to allow the applicant to forego the second half of their PILOT payment after the year’s taxes have already been collected – cleverly sidestepping both a year’s taxes and half of the PILOT payment intended to replace them. The IDA should not agree to a contract that permits this and should ensure that the District, as the largest stakeholder, either timely receives a whole year’s annual PILOT payment or a whole year’s taxes.

Cost of Remediation? – The Applicant also claims the need for financial assistance asserting that their development of this property comes with associated costs for remedial actions, given the property’s troubled environmental history. We wish that were true. To our great disappointment, we can’t identify any construction costs the Applicant proposes to undertake that wouldn’t be incurred even if this site was pristine soil.

We have commented extensively<sup>5 6</sup> on the Remedial Action Work Plan for the “remedy” selected by the Applicant and under consideration by the NYS Department of Environmental Conservation as part of its “Brownfield Cleanup Program” (BCP) for contaminated sites. The following is a brief summary:

- The Applicant’s “preferred remedy” is to construct a cap over the impacted soils, but that “cap” consists of nothing more than the very parking lots and warehouse that comprise this project, and thus represents no additional cost.
- We asked for a site-specific air monitoring plan, given the proximity to our elementary schools and the well-documented fragility of young lungs<sup>7</sup>; to date, the Applicant refused to implement more than the generic plan that would be required for any development;
- The stormwater management system proposed will only meet code if given a variance by Nassau County;
- We asked that the Applicant attempt to determine if an area of cyanide concentration discovered during soil testing represents a “hot spot” that should be targeted for soil removal. Thus far, the Applicant responded that no further testing is anticipated, and indeed, no impacted soils will be removed. We remain hopeful that the NYSDEC will address the concerns raised by the District.

It would be welcome news to learn that the Applicant will pursue additional protective measures tailored to this sensitive site in order to justify its subsidy. Thus far, none have been demonstrated.

## Conclusion

In June, Chairman Kessel stated, “we will be as creative as we can be to lay out the welcome mat.”<sup>8</sup> The IDA appears anxious to make good on that promise with this plan to forgive Amazon a substantial portion of its fair share of taxes both now and in the future as compensation for jobs that would inevitably be created anyway, if they don’t exist already, at a cost of \$53,000 per job. That is a pretty generous “welcome mat”.

The IDA should be an engine of economic development, not corporate opportunism. As we wrote in our letter to the IDA last June, “it is the Board’s firm position that Amazon is not a struggling new business needing financial assistance in the form of a property tax abatement.”

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<sup>5</sup><https://www.syossetschools.org/site/handlers/filedownload.ashx?moduleinstanceid=2044&dataid=15388&FileName=Proposed%20Amazon%20Warehouse%20-%20Jan%202021.pdf>

<https://www.syossetschools.org/site/handlers/filedownload.ashx?moduleinstanceid=2044&dataid=15537&FileName=Additional%20comments%20to%20DEC%20regarding%20proposed%20Syosset%20Park%20RAWP%20FINAL%202.2021.pdf>

<sup>6</sup><https://www.syossetschools.org/site/handlers/filedownload.ashx?moduleinstanceid=2044&dataid=15537&FileName=Additional%20comments%20to%20DEC%20regarding%20proposed%20Syosset%20Park%20RAWP%20FINAL%202.2021.pdf>

<sup>7</sup> <https://pediatrics.aappublications.org/content/pediatrics/114/6/1699.full.pdf>

<sup>8</sup> <https://www.newsday.com/business/amazon-cerro-wire-syosset-saladino-1.45595862>

The Camoin Report hinges on a single assumption, supported solely by their own sheer speculation, contradicted by the facts on the ground and made suspect by their pre-existing relationship with Amazon. The Nassau IDA's \$28.8 million decision should rest on firmer foundations.

Even if the IDA merely wished to help underwrite the additional remedial costs of this environmentally-troubled property, the Applicant doesn't demonstrate any that they are willing to undertake.

So after 7 months of activity, little has changed from what we wrote you in June when we concluded that the IDA's "profit-enhancing financial incentives" for this project would "create the preposterous situation of having the taxpayers of Syosset subsidize the one of the largest retailers in the world."

As customers, our residents enhance Amazon's profits enough already. If the last 7 months of study have demonstrated anything, it is how weak the arguments are for further subsidizing this project through tax abatement. We ask the Nassau IDA to deny the Applicant's request for financial assistance.

Sincerely,

For the Board of Education

A handwritten signature in cursive script that reads "Thomas Rogers".

Thomas L. Rogers, Ed.D.  
Superintendent of Schools  
Syosset Central School District

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