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Lessons Learned from the Amazon HQ2 Race

ROCKVILLE, MD (December 03, 2018) — Maryland should forego subsidies for individual companies like Amazon and instead focus on broad-based corporate tax relief, regulatory reform, and a stable minimum wage to encourage job growth statewide.

Those are the findings in a new Maryland Public Policy Institute report after Amazon chose not to locate its new headquarters in Maryland, declining \$8.5 billion in state incentives. The report from Senior Policy Analyst Carol Park, titled “Maryland’s Lessons Learned from the Amazon HQ2 Race,” can be viewed at mdpolicy.org.

“The most important lesson from losing Amazon’s headquarters race is that Maryland needs to improve its overall business climate instead of relying on targeted subsidies and tax incentives to attract companies,” said Christopher B. Summers, president and chief executive officer of the Institute. “Amazon didn’t succeed at retailing by opening another retail store. It reinvented retail. Likewise, Maryland should reinvent its economic development philosophy to create a level and competitive playing field for all job creators.”

The report’s recommendations include:

- **Lower Corporate Income Tax Rate:** Maryland has one of America’s highest corporate tax rates at 8.25 percent. Lowering the corporate tax rate to 6 percent would actually improve Maryland’s real per capita corporate income tax revenue by approximately 7.4 percent, according to the Institute’s research.
- **Stable Minimum Wage:** To protect jobs and small employers, Maryland must reject efforts to mandate a statewide \$15 per hour minimum wage. In fact, a National Federation of Independent Business Research Foundation report estimates that a \$15 minimum wage will reduce Maryland’s private sector employment by around 99,000 jobs over a decade.
- **Judicious Regulatory Reform:** Governor Larry Hogan has made tremendous progress identifying regulatory obstacles to economic growth, but more work remains to be done. The Hogan Administration must continue working to modify or repeal the 657 state regulations flagged as problematic by the Governor’s Commission on Regulatory Reform.

Read the full report at mdpolicy.org.

About the Maryland Public Policy Institute: Founded in 2001, the Maryland Public Policy Institute is a nonpartisan public policy research and education organization that focuses on state policy issues. The Institute’s mission is to formulate and promote public policies at all levels of government based on principles of free enterprise, limited government, and civil society. Learn more at mdpolicy.org.

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