



OFFICE OF THE GOVERNOR

October 11, 2017

Jeffrey Bezos
1200 12th Avenue South
Suite 1200
Seattle, WA 98144

Dear Mr. Bezos,

I write to encourage you to give careful consideration to the many California cities interested in becoming the next home for Amazon's newest headquarters.

Having already invested in new facilities in our state, and partnered with us on smart public policy solutions, Amazon knows firsthand what California has to offer – but it bears repeating.


The Golden State is home to the best universities and research institutions in the world, a uniquely qualified and talented workforce and the most dynamic combination of innovation and investment on the planet. In fact, more than half of all venture capital investment flows to California and more than a quarter of all new patents in America originate here. We also lead the nation in manufacturing output and jobs.

Beyond these strengths, we have a government in California that works – and our public investment in infrastructure and affordable housing solutions is unparalleled. In recent months I signed landmark legislation – passed by supermajority votes in the State Legislature – to help increase the supply and affordability of housing in California and invest \$54 billion in our roads over the next ten years. We are also building the country's only high-speed rail system.

These are among the many reasons why 53 Fortune 500 companies are headquartered in cities across the state and why 24 of the 100 fastest growing companies – including four of the top ten – call California home. Put simply: there is no better place for a business like yours to continue to grow.

I look forward to speaking with you about how we can work together to bring Amazon's newest headquarters to California.

Sincerely,


Edmund G. Brown Jr.



California has always inspired big dreams, big ideas and big success for the businesses that are located here.

California is the best place to innovate and invest in the world – with its talented workforce, global connections, premier universities, technology ecosystem that creates transformative products and patents, and policies to invest billions of dollars into sustainable infrastructure and housing and protect the environment.

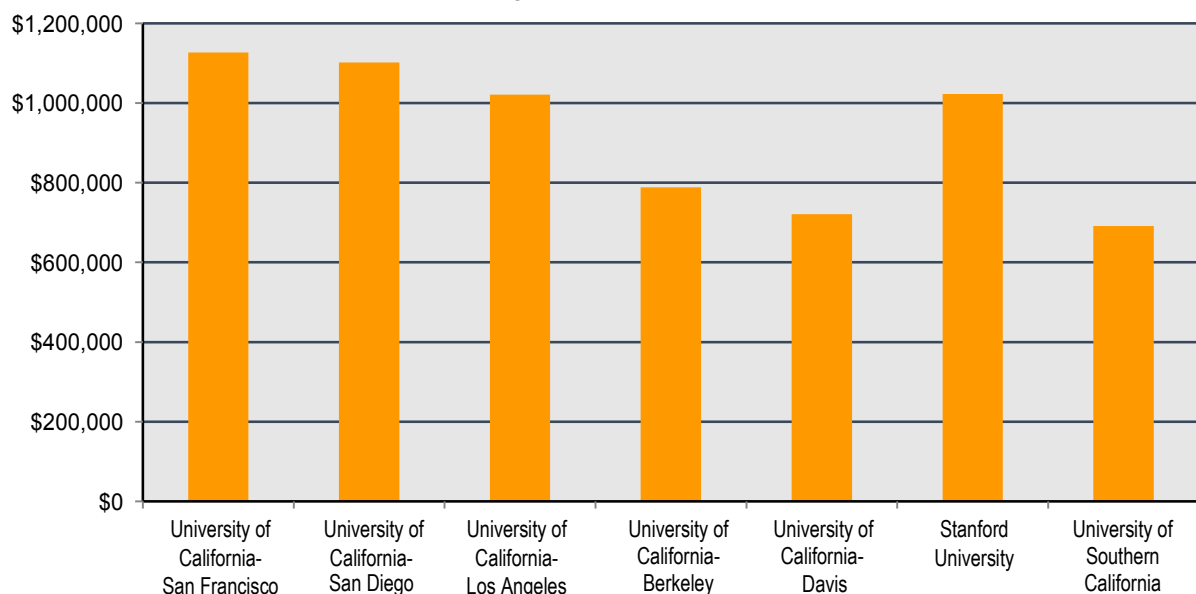
These business factors combined with the state’s unmatched quality of life – surf in the morning, ski in the afternoon – make California an ideal partner for Amazon as it seeks out a home for its second headquarters.

California: Knowledge-Economy Powerhouse

Locating in California will give Amazon access to the greatest system of research and postsecondary education in the world, with 146 public colleges and universities. More than 40 percent of the workforce is college-educated. California graduates more students in science, technology, engineering, arts and math than any other state, with 91,643 degrees awarded. Sixteen percent of the 1,369 Ph.D. degrees in computer science awarded by U.S. public universities in 2014-15 were awarded in California.

Our universities, in addition to educating students for the jobs of the future, are engines of research and development. About one-third of the 41 living Turing Award winners worldwide currently hold a position at a campus or company in California. Seven of the top 30 campuses nationwide for R&D expenditures are located in California. (The next-ranked state, Pennsylvania, has three campuses on the list.) Together, these seven campuses put \$6.2 billion into R&D in 2015, representing nine percent of higher education R&D nationwide.

R&D Expenditures in Millions





California’s higher education system is not only top-notch: it is accessible. Average tuition at a public college or university in the state is \$2,890 per semester, and California’s public 4 year college graduates have the third-lowest average student loan debt of any state – 26 percent lower than the national average. Seven of the top ten universities on the 2017 New York Times College Access Index – based on both the number of lower-and-middle-income students enrolled and the price charged – are located in California.

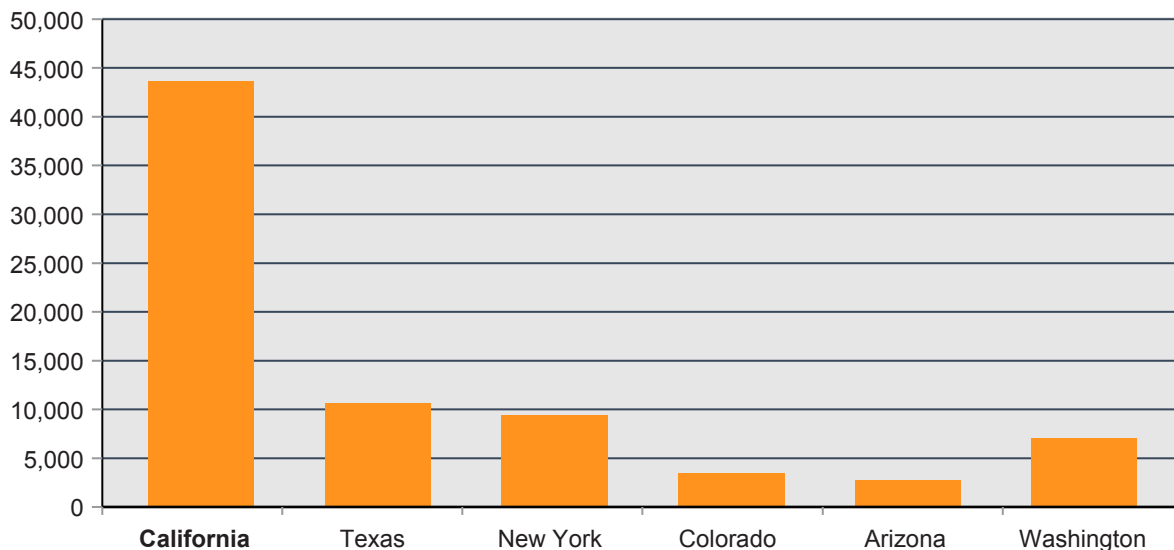
1. **University of California- Irvine**
2. **University of California- Santa Barbara**
3. **University of California- Davis**
4. **University of California- San Diego**
5. **University of California- Los Angeles**
6. University of Florida
7. Amherst College
8. **Pomona College**
9. **University of California- Berkeley**
10. Harvard University



These investments in human capital pay off. In 2015, California earned 28 percent of the 140,969 patents issued in the United States – more than twice as many patents-per-capita as the national average and over four times as many patents as the next-ranked state.

California also has the diverse workforce necessary to lead the United States into global markets. More than a quarter of California’s population was born outside the country. Among English-speaking residents that are fluent in another language, there are 17 languages represented. The state is also home to many native speakers of other languages who also speak English fluently. There are seventeen languages with more than 50,000 native speakers in California.

2015 Patents by State





California: Bold Investments in Infrastructure and Housing



California is the sixth-largest economy in the world, and it is making the investments in its physical capital and housing stock to sustain and build on that advantage.

Those investments start with transportation. California will invest an additional \$5.2 billion annually over the next decade to rebuild our roads and bridges and expand mass transit. California's urban cores have incorporated bicycle infrastructure and pedestrian-friendly downtowns. We are also building what will be the only high-speed rail system in the United States, which when completed will move passengers from San Francisco to Los Angeles in under 3 hours and will eventually extend into an 800-mile system from Sacramento to San Diego.

The state is also improving access to housing, putting billions of dollars behind affordable housing measures and streamlining the building process. This year's housing package includes a \$4 billion bond measure to kick-start the construction of affordable housing, as well as a permanent revenue source for such housing through a modest fee on real estate transactions.

Finally, California will keep investing in livable communities. A \$4 billion bond measure will protect California's natural beauty, increase access to parks and upgrade water systems.

California: Epicenter of Climate Action

Like Amazon, California is committed to sourcing its energy from renewable sources, incorporating energy efficiencies into existing buildings and improving freight efficiencies by supporting zero-emission freight technologies. In 2014, California per-capita emissions were just 54 percent of the national average, and its carbon-reduction policies are emulated around the world. As a committed partner in sustainability, we will help you reduce your carbon footprint.



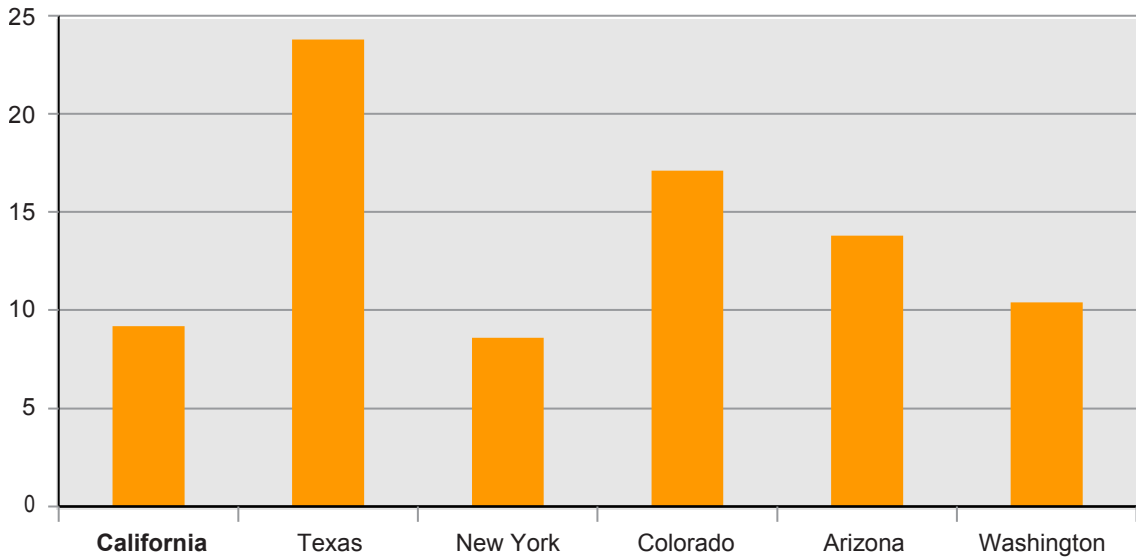
California has not only been an environmental leader but has demonstrated that

sustainability and economic growth can go hand-in-hand. Our pioneering cap-and-trade program was recently extended through 2030 with bipartisan support, and we have linked our market with Quebec and Ontario – with more to come. Overall, California will reduce carbon emissions 40 percent below 1990 levels by 2030, and by that year will generate half of its electricity from renewable sources.



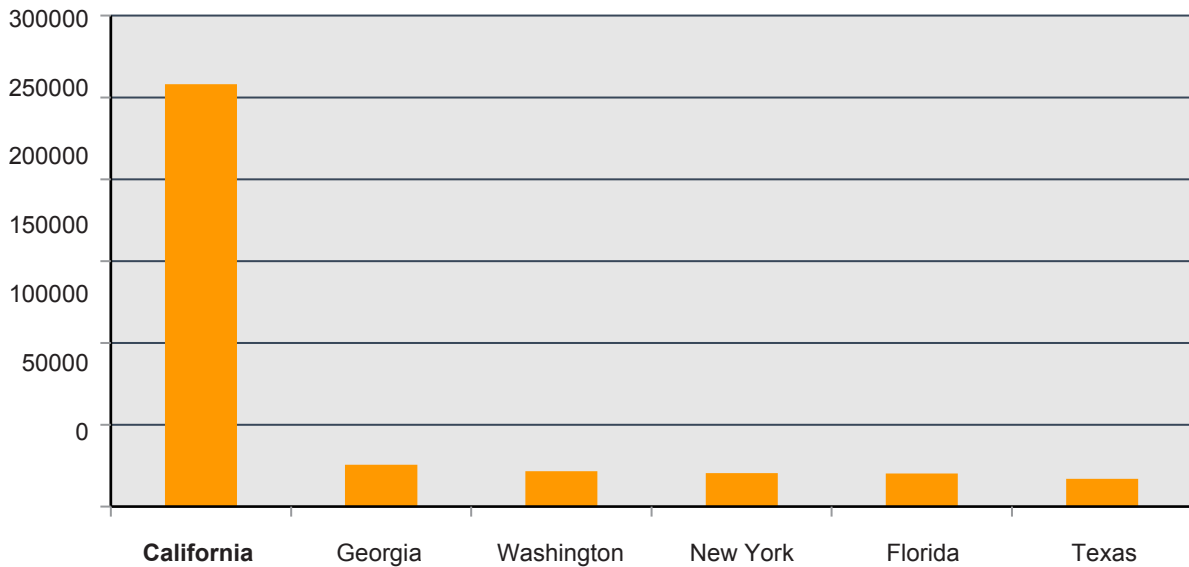


2014 Carbon Emissions Per Capita



California is also leading the way to bring zero-emission vehicle technologies from concept to market, with an action plan to bring the number of zero-emission vehicles in the state to 1.5 million by 2025. Already, California has over 325,000 such vehicles on the road, making up 47 percent of national zero-emission vehicle sales in the United States. The state is on track to help build out the infrastructure for one million zero-emission vehicles by 2020.

2011-2016 Electric Vehicle Sales





California State Incentives and Permit Streamlining

This section outlines the state incentives and permit streamlining available to a project selected in California. We have a proven record of working with firms that make significant investments in our state. We have a number of flexible programs that can be tailored to meet your needs. For example, the state worked closely with industry and local government to bring the B-21 long range strike bomber contract to California. The information in this section responds to questions 2, 3 and 4 of your request for proposal.

California Competes Tax Credit

The California Competes Tax Credit program is a negotiated income tax credit awarded to competitive applicants for proposed growth in hiring and capital investment. It has spurred jobs and economic investment across the state. The Governor will propose an extension of five years in the 2018-19 State budget. The budget is released January 10, 2018, and must be approved no later than June 15, 2018.

Should California be selected as a potential Amazon HQ2 location, the Administration will work with the Legislature to pass legislation that provides certainty to Amazon in accessing these tax credits. Under current regulations, up to \$40 million annually for five years (up to \$200 million total) may be made available, and the credits can be carried forward for six years.

Workforce Development and Training Programs

California recognizes that Amazon's HQ2 will require top technical and managerial talent. California is currently making significant investments in training through programs like the Strong Workforce Program (a \$1 billion program) and the Workforce Accelerator program.

The state is committed to linking Amazon with state and local workforce partners to accelerate skill development, create new apprenticeship models and strengthen the workforce base through the aforementioned programs. The Governor will work with Amazon and local community colleges and other stakeholders to designate funds to meet Amazon's workforce needs.

The state can also promote skill-development through its Employment Training Panel (ETP), a state agency that provides funds to offset costs for job skills training. The ETP can provide up to \$10 million in funding for the Amazon HQ2 annually for the next ten years (up to \$100 million total) as Amazon hires and trains its workforce at the new location and ETP funding is contingent upon contract approval by the panel.

Streamlined Permitting and Environmental Review

California understands that speed and certainty are two key contributors to successful projects. The Governor is committed to establishing a multi-agency "strike team" for a project the size of Amazon HQ2 that will facilitate and expedite all permits and approvals. The strike team will be led by the director of the Governor's Office of Business and Economic Development (GO-Biz) and include leaders from appropriate regulatory agencies, and will coordinate with relevant utility service providers.

California has taken significant steps in recent years to streamline the California Environmental Quality Act (CEQA) process for priority projects. CEQA requires public agencies to identify the significant environmental impacts of a project





and to avoid or mitigate them, if feasible. This year, AB 246 extended the Jobs and Economic Improvement through Environmental Leadership Act of 2011 (AB 900) which expedites judicial review for any CEQA challenges to projects that meet energy conservation standards and transportation efficiencies and create good-paying jobs. Another example of actions we have taken to expedite a project is legislation (SB 743) that promoted the speedy construction of the new Sacramento Kings arena, the Golden 1 Center, by carefully limiting judicial remedies and permitting portions of that project to proceed prior to completion of CEQA review. The Governor is prepared to pursue additional legislative relief for the Amazon HQ2 project through an expedited process when the legislature reconvenes in January 2018.

Transportation Solutions

In California we have a proven track record of working with the private sector on innovative solutions to deliver transportation projects that expedite and improve our transportation systems. In the spring of 2016 the California State Transportation Agency Secretary, Brian Kelly, met with local government officials, Silicon Valley employers and community advocates to discuss transportation improvements to the 101 corridor. This focused workgroup has been successful in expediting environmental review and focusing state and local efforts on projects that will deliver accelerated improvements to the 101 corridor. As part of the transportation funding package, \$250 million annually will be provided for innovative congestion relief efforts like the 101 corridor. The Governor is committed to working with Amazon, local governments and other community advocates on innovative approaches to address transportation issues around an Amazon HQ2 project in California.

Workforce Housing

In California we understand that workforce housing is a critical factor to consider when making a siting decision. We have recently passed a permanent funding source, a housing bond and a package of reform measures that will increase housing supply in California, including workforce housing. Beginning in 2019, the state will direct approximately \$37 million annually for workforce housing that serves lower to moderate income households. The Governor is committed to working with Amazon, local governments and other advocates to create innovative partnerships that address workforce housing issues around an Amazon HQ2 project in California.

Environmental Stewardship



California is leading the way on reducing greenhouse gas emissions and making investments in technologies and projects that aid the transition of the state's economy. This year the state is allocating over \$1 billion in revenues from the cap and trade program to programs that reduce greenhouse gas emissions, including investments that increase the deployment of zero-emission vehicles (ZEVs) and necessary infrastructure. The state has also invested in Transformational Climate Communities that take an innovative and coordinated approach to reducing greenhouse gas emissions and provide local economic, environmental and health benefits to disadvantaged communities. For example, should Amazon choose to provide shuttle buses for its employees on and around its HQ2 campus, state net zero incentives could help with the acquisition of such buses. The Governor is committed to working with Amazon, the state legislature and other stakeholders to meet shared environmental stewardship goals, including the implementation of sustainability strategies for the community around an Amazon HQ2 project.



Local Government Incentives

The Governor has just approved the extension of the Capital Investment Incentive Program (AB 755) that authorizes regional and local governments to offer property tax abatement to a qualified business for up to 15 years for large projects like the Amazon HQ2 project.

Other Financial Incentives Available

The following tables list other financial incentives available to Amazon. As we learn more about the investments Amazon may make in California, we stand ready to work with the company to estimate the value of the incentives that could be available from the following targeted programs.

Other Available Tax Credits

Benefit Name (Program/Service)	Calculation/ Value	Limits	Requirements	Process Duration
Research Credit	15% of excess of qualified expenses, plus 24% of basic research payments	None	Form 3523	Filed with annual tax return
Film and TV Production Credit – Relocating TV Series	Up to \$25,000,000	Credits apply to the first \$10,000,000 of qualified expenditures	Application Required	30+ days
Film and TV Production Credit – Independent Films	Up to \$2,500,000	Credits apply to the first \$10,000,000 of qualified expenditures	Application Required	30+ days
Film and TV Production Credit – Feature Films, MOW and Mini, New TV Series and pilots	Up to \$20,000,000	Credits apply to the first \$10,000,000 of qualified expenditures	Application Required	30+ days
Film and TV Production Credit – Credit Uplift (out of zone)	N/A	The maximum credit a production can earn is 25%	Application Required	30+ days



Sales and Use Exemptions and Exclusions

Benefit Name (Program/Service)	Calculation/ Value	Limits	Requirements	Process Duration
Advanced Manufacturing, Advanced Transportation, Alternative Source, and Recycled Feedstock Cash Discounts Cogeneration Technology Common Carriers Consumer Cooperatives Containers Custom Computer Programs Delivery to Export Packers Interstate and Foreign Commerce Leases of Mobile Transportation Equipment Purchases in Foreign Countries Real property Research and Development Space Flight Property Storage and Use Exclusion Tax-paid purchases resold Transportation Charges Travel Accommodations Teleproduction and Post production equipment (Use) Tax Credit for Tax Paid to Other States Youth Organizations	Exemptions from the state's portion of the sales and use tax	Limits vary. The maximum limit for total R&D exemptions in a calendar year is \$200,000,000 in exemption	File certificate, where applicable	Immediate upon purchase

Property Tax Abatements

Benefit Name (Program/Service)	Calculation/ Value	Limits	Requirements	Process Duration
New Solar Energy System Exclusion	1% statewide, plus any local add-on	No limit	County assessor form where/when required	N/A