



Empire State Development

Testimony before the Joint Hearing of the Fiscal Committees of the State Legislature

FY 2015-16 Executive Budget

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Chairman DeFrancisco, Chairman Farrell and distinguished members of the Senate and Assembly: good afternoon. I appreciate the opportunity to appear before you today to discuss Governor Cuomo's 2015-2016 Executive Budget for Empire State Development (ESD). This year's budget continues the fiscal responsibility the Governor's administration has prioritized in years' past while doubling-down on the strategies that are working to keep the economy growing. Between cutting small business taxes, investing in our infrastructure, focusing on Upstate New York's economic development like never before, and linking higher education and industry through START-UP NY, among other initiatives, economic opportunity is being restored to New Yorkers.

The Governor recently outlined his bold and comprehensive Opportunity Agenda, and as part of his plan and the economic development budget, the Governor announced Round 5 of the Regional Economic Development Council competition. This would include \$150 million in new capital funding and \$70 million in state tax credits to support regional priority projects. Since the Regional Councils were launched, the state has awarded more than \$2.9 billion in economic and community development funding through the CFA and regional council process. This has resulted in commitments of 150,000 new or retained jobs in New York.

In conjunction with the fifth round of the Regional Councils, the Governor has also proposed launching a new, competitive \$1.5 billion Upstate Revitalization Fund, which will replicate the successful Buffalo Billion initiative to help further Upstate New York's economic recovery. This is an opportunity for our Upstate regions to infuse millions of dollars into their economies and support projects that will strengthen critical infrastructure, revitalize communities, grow tourism, and bolster workforce development region-wide.

START-UP NY encourages businesses to take advantage of the research and development, academic programming and job training initiatives that are part of the state's college campuses. To date, there are 73 businesses participating in START-UP NY, representing commitments to create more than 2,400 new jobs and invest more than \$104 million in our communities. The Governor has also proposed creating a tax-free START-UP NY zone at Stewart International Airport in the Mid-Hudson region and Republic Airport on Long Island.

The New York State Innovation Venture Capital Fund was established to provide critical seed and early-stage funding to incentivize new business growth in New York State. The ESD Board recently approved funding for the first three investment firms Upstate. Governor Cuomo proposes expanding the program and doubling the fund to \$100 million. The additional funding would complement the other significant

innovation initiatives undertaken by the Governor, and a portion of investments will be in companies associated with START-UP NY, the Innovation Hot Spots and the proposed Regional Economic Cluster Program.

To continue our support of small business, the Governor will host a small business summit and create the NY Business Express, a one-stop shop housed within ESD. This, along with the appointment of a New York State Chief Small Business Officer, will help cut red tape and make starting and growing small businesses in New York State easier.

ESD's Division of Minority and Women's Business Development has also made important improvements and announced a record of more than 25 percent MWBE utilization statewide. To build on this momentum, the Governor increased the statewide goal to 30 percent, the highest of any state. The Executive Budget includes funding to support new staff and other costs to help meet this expanded MWBE participation goal.

In this year's budget, the Governor has included a \$45 million commitment for initiatives to continue to grow the state's tourism industry. In 2014, data shows the number of visitors to New York is estimated to have increased by four percent from 2013. This is projected to have generated direct spending of \$62 billion, producing an estimated \$7.8 billion in state and local taxes. In addition, as the fourth largest employment sector in New York, the tourism industry added 22,000 jobs for an average of 852,000 jobs, generating more than \$18.5 billion in wages.

We're also looking to increase promotion of our New York businesses abroad. In the Executive Budget, a new \$35 million Global NY Development Program will encourage more New York-based companies to export their products to established and emerging markets around the globe. Global NY will provide grants and loans to help small and medium-sized businesses explore new exporting opportunities or global expansion.

Another critical component of connecting our region to these global commerce activities and ensuring economic sustainability for our state is the expansion of broadband. Building on New York's previous broadband commitments, this year the Governor calls for a \$1 billion investment—\$500 million in New NY Broadband Program resources to incentivize and leverage private sector funding— to ensure every New Yorker has access to high-speed internet by 2019. This would represent the largest state investment in universal broadband deployment in the country.

In closing, it's been an exciting and busy start to the new year, and ESD has a lot of work ahead. The Governor's agenda builds on the accomplishments we have made since 2011 to make New York State the place to do business, and furthers ESD's mission to promote a vigorous and growing state economy, and encourage business investment and job creation.

We look forward to these new opportunities and working together with you, our legislative partners, to move our economy forward.

Thank you again for this opportunity to testify. I am happy to take any questions you may have.