



Dear Friend,

The Assembly Committee on Economic Development, Job Creation, Commerce and Industry played a key role in helping shape provisions enacted in the 2016-17 state budget aimed at spurring investment and job growth in New York State.

The Governor's Regional Economic Development Council structure continues with another round of funding for local projects. The State's 10 cutting edge Centers of Excellence that target innovation and high-tech companies were again supported in the adopted budget, and there was a continued careful focus on the craft beverage industry in New York.

Also, the Fossil Fuel Plant Closure Fund established in 2015 was increased from last year's \$19 million to \$30 million, and we modified the 2015 law regarding fund eligibility. This ensures that financial assistance is available to local government entities impacted by the closure of an electric generating facility.

Should you have questions on any of these items, please feel free to contact me.

Sincerely,


Robin Schimminger

Providing Restore NY Program with Greater Flexibility

Legislation was approved in both houses of the Legislature that would provide the Empire State Development Corporation with greater flexibility in administering the Restore New York Communities Initiative, also known as the Restore NY program. Specifically, this measure would redefine "reconstruction" to mean the construction of a new building which is similar in architecture and size to a previously existing building at such location.

Currently, Restore NY requires that reconstructed buildings be used in a manner similar to a previously existing building at the same location. While the original program language was well-intentioned, in many cases it is difficult to meet this requirement. This added flexibility will allow for the replacement of outdated uses with those that reflect an area's current economic needs and assets. (Law - Chapter 151; A.10257, Schimminger)

Increased Funding for Fossil Fuel Plant Closure Fund

The Committee advocated strongly for an increase to last year's Fossil Fuel Plant Closure Fund and for modifications to the 2015 law regarding fund eligibility. As a result of these efforts, the fund was increased from \$19 million to \$30 million in the 2016-17 state budget, and other provisions we enacted in the budget will ensure that assistance is provided to local government entities impacted by the closure of an electric generating facility on or after June 25, 2015.

In order to qualify, local government entities, such as counties, cities, towns, villages and school districts, must demonstrate a reduction of real property tax collections or payments in lieu of taxes (PILOTS) of at least 20 percent and that such reduction is attributable to the closure of the electric generating facility. Funding assistance is available for a five year period until 2025 subject to available funds and is limited to 80 percent of such local revenue losses in the first year following a plant's closure.

Round VI: Regional Council Funding

The state's 10 Regional Economic Development Councils (REDCs) were established by Governor Andrew Cuomo in 2011 to provide a regional approach to economic development. The Councils, consisting of representatives of business, academia and local government in each region, created strategic plans for their region and have competed annually against the other REDCs for funds.

This year's budget contained approximately \$150 million in state resources that will be used to support a sixth round of competition for funds which will be paired with other state agency resources for a total

of \$750 million. The deadline to submit a Consolidated Funding Application (CFA) to the councils this year was July 29, and funding awards are expected to be announced this fall.

The 2016-17 state budget also provides \$100 million for the Governor's new Downtown Revitalization Initiative competition. This initiative is intended to be a comprehensive approach to aid in the transformation of 10 downtown communities in the state. Each REDC will recommend the downtown area to receive funding in its region using criteria outlined in the state's CFA.

CELEBRATING A FAMILY-OWNED BUSINESS —

Assemblyman Schimminger visits with Jim Watson, who took over his family's legendary chocolate business in 1987 from his parents, Lou and Ellen, who had started the business with Lou's brother and his wife in 1946 as a soda fountain and luncheonette. A local landmark in the Village of Kenmore since then, Watson's Chocolates recently marked the grand opening of its newly renovated original store with a ribbon-cutting and celebration. The revamped store features a variety of chocolates and candies and soft-serve ice cream machines, in addition to a seating area for customers. Jim's daughter Whitney is now involved in running the family business, which has seven other locations throughout Western New York.



The Centers of Excellence Program at Work in Western New York

The Centers of Excellence Program was created by the Legislature in 2006 to provide operating support for collaborations between the state, the business community and academia. The program focuses on developing innovative ideas in high-tech industries and bringing them to the marketplace. The 10 Centers of Excellence currently located across the state will each receive \$1 million in operating assistance in this year's state budget, which was made possible by the Legislature's restoration of \$1.3 million for additional support for the 10 centers.

- **The N.Y.S. Center of Excellence in Bioinformatics and Life Sciences (CBLS)** in Buffalo was established in 2007 to capitalize on the University at Buffalo's collaborations with the life-sciences high-tech industry. The CBLS concentrates on translational research and commercialization activities. Partners involved with the center's activities include Bigen Idec, Cognigen Corporation, Dell, General Electric Global Research, Hewlett-Packard and Pfizer.
- **The N.Y.S. Center of Excellence in Materials Informatics (CMI)** was designated at UB in 2012 to focus on developing synthetic materials for use in advanced manufacturing to replace rare earth elements and natural resources that are increasingly prohibitive to obtain. Materials informatics applies the principles of informatics and "big data" to materials science and engineering to better understand the use, selection, processing, development and discovery of materials.

World Trade Center Buffalo Niagara

In the 2016-17 state budget the World Trade Center Buffalo Niagara (WTCBN) received \$50,000 in funding. These funds will enable the nonprofit to expand its trade education support and assistance activities through events, consulting services and certification programs.

The WTCBN, one of 300 licensed World Trade Center Association members worldwide, is currently the only organization in Western New York offering onsite, guided applications of export services. It supports local companies through every phase of international business development to ensure that in today's hyper-competitive global environment, more companies – both large and small – are adapting to the new global economic realities and are pursuing markets abroad, which in turn creates new jobs and economic growth here in New York.



VISITING A LOCAL MANUFACTURER — Assemblyman Schimminger speaks with Thomas Corey, president, and Robert Heckl, chief engineer, at Permclip® Products Corp. Permclip® Products' bonded fastener and other products are sold throughout the U.S. and in more than 20 countries worldwide. The locally-owned company recently acquired two out-of-state competitors and has plans to consolidate and expand operations at its Town of Tonawanda headquarters and manufacturing facility, adding nearly 100 jobs to the local workforce.

Craft Beverage Industry: New Opportunities for Development

Since 2011, the craft breweries', wineries', distilleries' and cideries' impact on the state's economy has more than doubled. Because of the requirement that New York State products be used in production, the agriculture sector of our economy has also benefited due to the growth in production of New York State hops, barley, grapes, and other ingredients that must be used in producing New York craft beverages.

The following are several of the measures passed this year affecting this industry.

Alcohol Production Credit

In this year's enacted 2016-17 budget, the existing Beer Production Credit designed to assist manufacturers of craft beers was expanded to include New York's wine, spirits, and cider craft industries. The credit, renamed the Alcohol Production Credit, now will be available annually, starting in tax year 2016, to all craft beverage businesses producing 60 million gallons or less of beer or cider, 20 million gallons or less of wine, and 800,000 gallons or less of spirits/liquor in New York.

The original Beer Production Credit that took effect in 2012 is credited with saving New York's breweries an estimated \$11 million to date. It is anticipated that our state's craft wineries, distilleries and cideries can save an estimated \$4 million during the next two years. Further information on the Alcohol Production Credit can be accessed online at the New York State Department of Taxation and Finance, New York State Tax Bulletin ST-15 (TB-ST-15): Alcoholic Beverage Producers.

Investing in the craft beverage industry is a win-win proposition. The State wins as this industry supports job development, agricultural production, tourism, and numerous communities across New York. The craft beverage industry wins as tax credits allow them to reinvest in their businesses as well as explore new products and opportunities.

Alcoholic Beverage Control Law Reform

In 2007, the Committee began the daunting process of reforming the Alcoholic Beverage Control Law (ABC Law), which was enacted in 1934 upon the repeal of Prohibition, by passing legislation directing the N.Y.S. Law Revision Commission to analyze and propose legislative changes relating to the effectiveness of the ABC Law. The Commission's report was finalized in 2009. Over the last few years, the Legislature has partnered with the Governor to enact many of the reforms proposed by the Law Revision Commission and others that have come up as part of the broader reform discussions. Prior to this year, the most recent changes were embodied in the Craft Beverage Act of 2014.

This year, the Governor established a working group tasked with developing recommendations to further reform the ABC Law. The working group issued a report in April 2016, and the Governor forwarded a draft bill later in May with many of those recommendations included for consideration by the Legislature. The bill that ultimately passed both houses of the Legislature reflected recommendations of the working group and local communities. The Assembly remains committed to continuing the dialogue necessary to resolve the longstanding need to reform these laws and support the beverage industry in New York.

While expanded Sunday sales of alcohol for on-premises consumption was described as the "Brunch Bill" in headlines, that topic was actually a very small part of a larger, more important consensus reform effort. This law continues the process of

modernizing the state's complex ABC Law by broadening the provisions related to retail sales by producers, reducing certain fees for wineries, distilleries, breweries and cideries statewide, simplifying regulations for the beverage industry, and expanding Sunday sales of alcohol. This legislation will make it easier for craft manufacturers and retail partners to locate and expand in New York, and complement the State's growing tourism sector. With nearly a decade in the making, the Committee is focused on continuing this reform in a well-thought-out, careful, transparent, and rational process. (Passed Both Houses; A.10728, Schimminger)

Specifically, this measure will:

- Expand Sunday sales at restaurants and bars by changing the statewide time for when alcohol can begin to be served from noon to 10 a.m. In addition, it enables licensees to apply for a permit, limited to 12 occasions per year, to sell alcoholic beverages for consumption on the premises on Sundays beginning at 8 a.m. in areas outside New York City.
- Reduce paperwork for craft manufacturers by combining all the craft manufacturing licenses into one application.
- Authorize the sale of wine in growlers and permit wineries and farm wineries to allow customers to take home partially finished bottles of wine as they presently can when visiting a restaurant.
- Reduce permit requirements for craft beverage salespeople or solicitors.
- Reduce the fees for wholesalers by creating a new "importer's license" that would be available to manufacturers who sell only to other wholesalers.
- Allow a liquor store to sell gift bags, gift boxes, or wrapping for alcoholic beverages purchased at the licensed premises.

Custom Centers For Making Beer, Wine, Or Cider

This legislation would authorize the operation of Custom Centers to provide individuals with rental space, use of equipment and storage facilities for the production of beer, wine, or cider for personal household use and not for resale purposes. (Passed Both Houses, A.1100-B, Magee)

Equal Playing Field for Farm Cideries

This measure would allow farm cideries to sell beer, wine, and liquor manufactured by any New York State licensed operation, including farm operations. (Passed Both Houses; A.5580, Fahy)

Pro Rata License Fees

This bill would allow a licensed premise that operates a seasonal bar in addition to its licensed bar to pay a prorated amount of the additional bar fee, based on the number of months in operation for its seasonal bar, allowing small businesses to save money and compete during their busiest season. (Passed Both Houses, A.9954, Woerner)

Issuance of Temporary Retail Permits

This new law will extend provisions authorizing the State Liquor Authority to issue temporary retail permits to applicants during the period when the license application is pending. (Law - Chapter 138; A.10051, Schimminger)

Regional Technology Development Centers

New York State has long provided a powerful economic development tool for manufacturers, the Regional Technology Development Centers (RTDCs). The RTDCs are a network of 10 independent, not-for-profit organizations across the state tasked with cultivating the growth of high-tech industry and helping smaller manufacturers modernize their operations. RTDCs work with small and medium-sized manufacturers - under 500 employees - to make them more competitive. They provide hands-on, technical assistance in innovation, new product development, sales and marketing, strategic planning, operational improvement and quality management systems.

Funding for the RTDCs comes from a combination of Federal Manufacturing Extension Partnership (MEP) Program funds that are allocated by the State and State monies through the Technology Development Organization (TDO) and the Industrial Technology Extension Service (ITES) programs. Combined, this totals approximately \$10 million per year, historically divided among the 10 regional centers pursuant to competitive RFPs. The RTDCs supplement these funds with project fees from the manufacturers they serve, ensuring that each manufacturing client has a financial stake in the success of its project.

The Department of Economic Development's Division of Science, Technology & Innovation (known as NYSTAR) has served as the state's designated MEP center, and has in turn awarded the federal MEP funds to the RTDCs through competitive grants. Beginning in 2014, however, NYSTAR contracted with a new entity intended to serve the entire state, FuzeHub, to provide businesses with another avenue of technology assistance. Consequently, MEP funding for the RTDCs has been significantly reduced, by as much as 65 percent in one instance. Through the Committee's efforts, \$609,000 was included in the

2016-17 state budget in additional support for the seven RTDCs whose MEP funding and ability to provide services have been impacted by this reduction in NYSTAR support.

The Committee will be closely monitoring data related to NYSTAR's shift in MEP funding, especially given the long and successful experience of the RTDCs in administering the MEP program that is uniquely tied to the regions in which they are located. The chart below represents the required federal systematic tracking and reporting of results here in New York based on client surveys conducted by independent, third parties on behalf of the Federal MEP Program.

NY MEP Cumulative Impacts	2012	2013	2014	TOTAL
Economic Impact	\$683 million	\$723 million	\$798 million	\$2,204 million
Jobs Created or Saved	3,875	4,351	4,065	12,291

Source: ESDC's Summary of Proposal for the National Institute of Science and Technology's New York MEP Designation, Fall 2015

2016-17 Enacted State Budget

The Assembly Committee on Economic Development, Job Creation, Commerce and Industry has long advocated for policies that support and promote economic development and job creation throughout the State. In the New York State Budget, funding for economic programs is provided for in allocations to the Department of Economic Development and the Urban Development Corporation. The following chart highlights some of the state funding for programs in the 2016-17 budget:

2016-17 Enacted New York State Budget Highlights	
Department of Economic Development	All Funds appropriation of \$88.15 million
Centers of Excellence (all 10 existing centers)	\$10 million (see article on p. 2)
Albany Center of Excellence	\$250,000
Finger Lake Tourism Alliance	\$100,000
Long Island Farm Bureau	\$50,000
Long Island Wine Council	\$50,000
Digital Gaming Hubs	\$1 million
Regional Technology Development Centers	\$1.99 million (see article on p. 2)
Local Tourism Promotion Matching Grants Program	\$4.32 million
NCAA Division I Men's Basketball Tournament at Buffalo	\$75,000
Urban Development Corporation	All Funds appropriation of \$2.16 billion
Military Base Retention and Research Efforts	\$3 million
Beginning Farmers NY Fund	\$1 million
Center State Corporation for Economic Opportunity	\$400,000
Adirondack North County Association	\$300,000
Community Development Financial Institutions	\$1.8 million
Veterans Farmers Grant Fund	\$250,000
Canisius College	\$100,000
Town of Tonawanda Industrial Water Usage Study	\$50,000
World Trade Center Buffalo Niagara	\$50,000 (see article on p. 2)
High Technology Manufacturing Projects in Chautauqua and Erie Counties	\$685.5 million
Economic Development Projects at Nano Utica	\$638 million
New York Works	\$199 million
Fossil Fuel Plant Closure Fund	Increased from \$19 million to \$30 million (see article on p. 1)
Miscellaneous Budget Items	
Alcohol Production Credit	\$4 million tax savings over next two fiscal years (see article on p. 2)
Regional Economic Development Councils	\$150 million (see article on p. 1)

Seeking Input on New Energy Alternatives

Hearing Held to Discuss Potential Obstacles to Net-Metering For Residents and Businesses

On May 6, the Assembly Standing Committee on Economic Development, Job Creation, Commerce and Industry held a joint public hearing with the Assembly's Energy Committee to examine the impact of electric corporation interconnection requirements on residents and businesses seeking to install net-electric metering equipment on their properties as well as the impact on renewable energy installers and manufacturers.

The primary economic benefits to a business that opts to install net-electric metering equipment on its property is that it may be able to recoup its costs over a relatively short period of time, as well as realize improved power quality and improved reliability. Thus, businesses are increasingly weighing the feasibility and benefits of investing and installing their own fuel cell and combined heat and power (CHP) systems equipment at their facilities, if the legal and regulatory process is not prohibitive. This hearing examined the issues and concerns of businesses, as the legal and regulatory landscape emerges related to electric net-metering and interconnection requirements.

Currently, the Public Service Law allows for customers of an electric corporation who own or operate qualified solar, wind, farm waste, micro-hydroelectric, fuel cell and CHP equipment to receive credit for electricity produced against their usage. As of September 2015, approximately 340 megawatts of net-electric metering generation was connected to the six investor-owned utility systems under the jurisdiction of the Public Service Commission. Net-electric metering represents a substantial amount of New York's renewable energy portfolio.

Recently, potential customer generators and installers have raised concerns that the interconnection process is too burdensome and that electric corporations do not interconnect installations in a timely manner. Additionally, building owners seeking to install CHP systems and agricultural operations seeking to install farm waste generating equipment have expressed concerns that utility standby charges make such projects cost prohibitive in the long run. Disincentives to net-metering may affect New York's clean energy goals as well as the state's emerging renewable energy industry, including installers and suppliers.



CHECKING OUT NEW TECHNOLOGY —

Assemblyman Schimminger enjoys a recent morning at the University of Buffalo's North Campus before touring the Engineering School's new motion simulation laboratory. He also was able to "drive" a fully automated vehicle in one of the campus parking lots. The specially equipped SUV was provided by Southwest Research Institute, headquartered in San Antonio, Texas, a company that develops automated vehicle technology for military and civilian applications. The Assemblyman is joined by Charles F. Zukoski, UB provost and executive vice president for academic affairs, and Liesl Folks, dean of the UB School of Engineering and Applied Sciences.



Legislative Update from the New York State Assembly

Committee on Economic Development

Carl E. Heastie, Speaker • Robin Schimminger, Chairman
September 2016



Robin Schimminger, Chairman Committee on Economic Development

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