



Committee on Economic Development

Carl E. Heastie, Speaker • Robin Schimminger, Chairman

February 2016

ASSISTING THE UPSTATE ECONOMY

The state’s ten Regional Economic Development Councils were established by Governor 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, have created strategic plans for their region and have competed annually against other Regional Councils for approximately \$750 million in state resources.

To help boost the lagging upstate economy, seven upstate Regional Economic Development Councils were each tasked by the Governor this year with creating a comprehensive development plan, modeled on the “Buffalo Billion” initiative that has directed \$1 billion in state funding to a variety of economic development projects in Western New York, to tackle job loss and other issues regarding their respective regional economies. Through his Upstate Revitalization Initiative (URI), Councils competed for an additional \$500 million in funding to be awarded to each of three of the following eligible regions: Capital Region, Central New York, Finger Lakes, Mid-Hudson, Mohawk Valley, North Country and the Southern Tier.

On December 10, 2015, as part of the Governor’s Regional Economic Development Councils awards ceremony in Albany, the Central New York, Finger Lakes, and Southern Tier regions were announced as winners of the Upstate Revitalization Initiative competition. The adjacent list outlines the 2015 funding awards for all ten Regional Economic Development Councils, including the \$500 million in URI funding those three regions will be receiving.

Capital Region	\$98.1 million
Central NY	\$622.4 million
Finger Lakes	\$620.1 million
Long Island	\$98.3 million
Mid-Hudson	\$90.4 million
Mohawk Valley	\$100.3 million
New York City	\$84.1 million
North Country	\$85.1 million
Southern Tier	\$611.7 million
Western NY	\$83.9 million

BROADBAND: CONNECTING NY

The Economic Development Committee, together with the Assembly Committee on Corporations, Authorities and Commissions, held a public hearing in Albany in January 2016 to examine the telecommunications marketplace and the ability of consumers to obtain affordable and high quality broadband, cable and telephone service. The committees heard testimony from representatives for the state’s Public Service Department, the telecommunications industry, labor, consumers and local governments on how state laws and regulations are impacting these services and what improvements are needed.

The availability of broadband is an important element in job creation and sustained economic development. For example, one study determined that one out of every five jobs created in North Carolina is directly linked to broadband. Small businesses in particular are reliant on broadband, with many new businesses conducting operations over the internet. Broadband is linked to business investment and economic development, and like the old saying goes, “if you build it, they will come.” New York State has decided to do just that, through the creation of a new broadband

initiative, which will provide \$500 million in funding for the development of high speed Internet access in underserved areas of the state. In addition, the state expects the funding to leverage an additional \$500 million in private sector and federal investment for a total \$1 billion in assistance.

Limited access to adequate broadband speed also impacts business growth. The new broadband initiative will provide speeds of up to 100 Mbps through State-funded projects. In Erie County, for example, 59 percent of the population is presently not served at the 100 Mbps speed. Moreover, the initiative provides flexibility for broadband expansion into the most remote, unserved, or underserved areas in the state that not only lack speed, but also lack broadband coverage.

In other parts of the country, businesses with faster broadband speed have experienced increased productivity, efficiency and growth. With this new initiative, businesses will have the opportunity to expand operations by providing improved connectivity to their employees and customers.

PREPARING FOR A PUBLIC HEARING – Assemblyman Schimminger, chair of the Assembly Committee on Economic Development, Job Creation, Commerce and Industry, takes a moment to chat with the President and CEO of Empire State Development (ESD), Howard Zemsky of Buffalo, prior to the start of the committee’s December oversight hearing in regard to the state’s various economic development programs administered by ESD.



NEW PROGRAM PROVIDES EMPLOYERS WITH TAX CREDITS TO TRAIN EMPLOYEES AND UPGRADE WORKERS' SKILLS

A new program was launched in December that will incentivize certain New York State employers to provide skills training for their employees that upgrades, retrains or improves the productivity of their workforce by providing tax credits to help offset the cost of training.

The Employee Training Incentive Program (EITP), which was established and funded in the 2015-16 State Budget, will make \$5 million in tax credits available to businesses annually, with up to \$1 million in credits available for approved internship programs. Tax credits will be awarded for costs associated with eligible training programs for current and new employees or for internship programs for current students, recent graduates, and recent members of the armed forces, and will be issued after the training is completed.

Training grants are also available through the N.Y.S. Department of Labor to encourage the hiring of workers, enabling them to upgrade their skills and obtain employment. The grants can be used for on-the-job, apprenticeship or customized training, depending on the individual needs of the employer.

To qualify, a business must create at minimum 10 new jobs or make a significant capital investment of at least \$1 million in connection with the eligible training project, in addition to demonstrating that it is operating predominantly in a strategic industry based upon the following criteria:

- Potential to create jobs in an economically distressed area;
- Shortages of workers trained to work in that industry;
- Ability and need to relocate to another state to find qualified workers;
- Potential to recruit minorities and women to be trained to work in an industry where they are traditionally underrepresented; and
- Recent technological advances have created disruption in the industry and significant capital investment is needed to remain competitive.

An eligible internship program must provide training in advanced technology, specifically in the areas of advanced materials and processing technologies, integrated electronics, optics, biotechnology, information and communication technologies, automation and robotics, electronics packaging, imaging technology, and remanufacturing. Internship training can be provided by the business or by an approved provider.

A business must submit an initial application for approval prior to obtaining eligible training or retaining interns. EITP applicants must demonstrate that the training provider has suitable experience and expertise specific to the particular skillset being sought and must complete a Consolidated Funding Application (CFA) that will be submitted to the local Empire State Development regional office. The CFA can be accessed at <http://apps.cio.ny.gov/apps/cfa/index.cfm>. Enrollment will remain open, and applications will be accepted on a rolling basis up to the total program allocation.



A GRAND OPENING— Town of Tonawanda Supervisor-elect Joseph Emminger, State Senator Marc Panepinto, Erie County Executive Mark Poloncarz, Executive Director of the Ken-Ton Chamber of Commerce Tracey Lukasik-Hochfeld, Assemblyman Schimminger, Congressman Brian Higgins and Town Councilman Dan Crangle mark the opening of the North Youngmann Commerce Center with a ribbon cutting ceremony in October at the business park's entrance at Two Mile Creek Road. Three businesses have already committed to locating their operations to the 92-acre site. First Source, which manufactures and packages candy products, will open a 300,000 square-foot facility, MJ Mechanical is building a 40,000 square-foot building and Unifrax plans to relocate there from its current location in the town.

PUTTING PUBLIC PENSION FUNDS TO GOOD USE

The New York Credit Small Business Investment Company (SBIC) Fund recently established by State Comptroller Thomas DiNapoli will provide needed financing to small businesses. A total of \$50 million in pension funds will be invested by the state's Common Retirement Fund, and an additional \$150 million match will be provided by private investment firms including Hamilton Lane together with the U.S. Small Business Administration for a total \$200 million in commitments.

Small businesses cannot always find the necessary capital to expand operations. According to Comptroller DiNapoli, bank lending has grown more risk averse since 2008, and many financial institutions are often reluctant to lend to small businesses. This new program will provide assistance to eligible businesses while protecting the pension fund. One such protection is a requirement that participating businesses have between \$5 million and \$15 million in revenue. The program will also require eligible businesses to be located in the state. Companies interested in the SBIC program can contact NYSCRFInvestmentproposals@osc.state.ny.us.

As the third largest pension fund in the nation, the state's pension fund will keep its commitment to retired state and local government employees, while also increasing business expansion, job opportunities and economic growth in all regions of the State. New York's state pension fund is now one of just a few public pension funds across the country offering multiple sources of capital for in-state companies, which include credit (SBIC), equity (In-State Private Equity Investment Program) and small business loans (New York Business Development Corporation).

CRAFT BEVERAGE INDUSTRY EXPANDING IN THE STATE

The craft beverage industry continues to thrive in New York State, creating new business opportunities for manufacturers, farmers, and entrepreneurs.

Since 2011 the craft beverage industry's impact on the state's economy has more than doubled. Farm cideries have grown by 480 percent from 2011-2014, and a 2015 report shows that since the 2012 passage of the New York State Farm Brewery legislation, craft beer has contributed \$3.5 billion in economic impact and created 6,552 direct industry jobs. This has also led to \$450 million in craft beer-related tourism expenditures. Agriculture has also benefitted due to the growth in production of hops, barley, grapes, and other ingredients used in the production of craft beverages. The state has committed funding to the research of hops

and malting barley in order to restore our historical role as a producer of hops. This support has led to a sizeable increase in acreage of hops production – from 15 acres statewide to more than 250 acres between 2011 and 2014.

In 2015, the Assembly continued its support of the New York State craft beverage industry by passing a measure, which was signed into law by the Governor in August (A.7001, Chapter 228 of the Laws of 2015), to authorize farm distillery licensees to sell gift baskets and gift items like current farm breweries, farm cideries, and farm wineries are permitted to sell. These items may include other locally produced non-alcoholic beverages, agricultural products, and food items, as well as regional souvenir items to promote tourism in the region.

NEW YORK EMPLOYERS TO RECEIVE SIGNIFICANT SAVINGS IN U.I. COSTS

As a result of recently enacted reforms to New York's Unemployment Insurance system, employers across the state will realize an average savings of \$1,200 on their unemployment insurance costs this year.

Reforms were put in place in 2013 to help lower costs for employers, offer improved benefits for workers, and modernize the UI system. The elimination of an assessment for federal loans that employers have paid for four years is a direct result of the badly needed changes. The combination of an improved statewide economy and the UI reform measures enabled this loan to be repaid three years ahead of schedule, saving New York employers an estimated \$200 million in interest costs – savings similar to paying off a consumer loan early. The typical employer will see an estimated reduction of nearly \$1,200, or \$84 per employee.

For years, New York State's UI system could not withstand fluctuations in the economy without borrowing from the federal government, exposing employers to significant and unpredictable surcharges. The system had been insolvent or on the brink of insolvency for more than a decade. Like many other states, New York's UI Trust Fund did not have enough funds to pay for claims filed by unemployed workers and Albany was forced to borrow funds from the Federal Unemployment Insurance Trust Fund to cover the difference. All told, employers had to pay back a \$3.5 billion debt plus interest.

The 2013 reforms also brought new fraud detection and prevention measures to help combat UI fraud. They also help to ensure that employers are not charged for a former employee's claim when the loss of employment was the employee's fault.

UB CAT – A CATALYST FOR GROWTH

The Centers of Advanced Technology (CAT) Program was established by the Governor and Legislature back in 1983 to help commercialize technologies facilitated by research universities in the state. Since that time, the CAT Program has become one of the most impactful economic development programs in the state, with CATs affiliated with 15 designated higher education institutions across the state. In the 2015-16 state budget, the State Legislature increased funding for the CAT Program to \$14.32 million.

As one of the designated CATs, the Center for Advanced Technology in Biomedical and Bioengineering (UB CAT) was established at the University of Buffalo to foster development with start-ups and with established businesses expanding into new product lines. The UB CAT has developed collaborations with many research institutions and companies in Western New York, and has spurred economic development in the region. In 2013-14, the UB CAT had a financial impact of \$68 million, with a 30:1 return on investment. In that same year, the UB CAT assisted with 20 projects and the creation of 20 new companies. In addition, the UB CAT has played a significant role in creating at least 492 jobs and retaining 329 jobs since 2007.

As the biomedical and bioengineering industries continue to grow in many areas of the nation, Buffalo's biotech sector will grow with it through the expanding cluster of businesses and educational and research institutions in our region, with UB CAT as a catalyst at the center.



MARKING PROGRESS AT UB'S CENTERS OF EXCELLENCE – Assemblyman Schimminger receives a progress report on the advances made at the University at Buffalo's two Centers of Excellence in Bioinformatics and Life Sciences (CBLs) and Materials Informatics (CMI). Norma Nowak, Executive Director of CBLs, updates the Assemblyman with Mark Swihart, Executive Director of CMI, and Michael Ulbrich of Buffalo Manufacturing Works about new high-tech start-up companies that have partnered with the University in both industry sectors.

HELPING NY'S SMALL MANUFACTURERS SUCCEED: NYS'S REGIONAL TECHNOLOGY DEVELOPMENT CENTERS

New York State boasts a powerful economic development tool for manufacturers, the Regional Technology Development Center program (RTDC), which has generated more than \$3.3 billion in economic impact, including roughly 15,400 jobs created or saved, in just the last four years, with a return of over \$100 dollars of impact for every \$1 invested by New York and the Federal government. RTDC is a part of Empire State Development's Division of Science, Technology and Innovation (NYSTAR). Ten RTDCs across the state work with small and medium-sized manufacturers (under 500 employees) to make them more competitive, providing hands-on, technical assistance in innovation, new product development, sales and marketing, strategic planning, operational improvement and quality management systems, among other things.

RTDC financing comes from a combination of Federal Manufacturing Extension Partnership (MEP) Program funds and state monies through the Technology Development Organization (TDO) and the Industrial Technology Extension Service (ITES) programs. Combined, this amounts to less than \$10 million per year. The RTDC's supplement this with project fees from the manufacturers they serve, ensuring that each manufacturing client has a financial stake in the success of their project.

A unique aspect of this program is the systematic tracking and reporting of results based on client surveys conducted by independent, third parties on behalf of the Federal MEP Program. Here are some of New York's RTDC program results according to those surveys since September 2011:

- Increased manufacturers' sales by **\$575,122,740**
- Reduced manufacturers' costs by **\$104,849,360**
- Generated investments of **\$558,517,768**
- Created or saved jobs **15,409**
- NYS & Federal cost per job saved or created **\$2,123**
- ROI for every NYS & Federal \$1 invested **\$102**

These results have a tremendous impact on New York's economy, not only by strengthening manufacturers and creating or saving jobs, but by increasing the state's tax base as a result of the additional profits and additional salaries that are generated.

New York can even claim the top performing MEP Center in the nation—Insyte Consulting in Buffalo. Incorporated in 1982 and formerly known as the Western New York Technology Development Center, Insyte was the first such regional entity in the state and served as the model for what is now the RTDC program. Based on MEP's CORE metrics which measure impact per Federal dollar spent, Insyte is #1 out of the more than 60 MEP centers and 440 MEP service locations covering all 50 states. Starting in 2011, Insyte has generated over \$1 billion in economic impact, 30 percent of New York's total, including over 3,500 jobs created or saved.

Interested manufacturers in Allegany, Cattaraugus, Chautauqua, Erie or Niagara Counties can contact Insyte Consulting at www.insyte-consulting.com or by calling (716) 636-3626. To contact an RTDC in another region of the state, go to <http://esd.ny.gov/nystar/RegionalTechCtrs.asp>.

FINAL ECONOMIC DEVELOPMENT BUDGET BENEFITED UB, CANISIUS COLLEGE

As the Assembly's co-chairman of the joint budget panel focused on economic development, Assemblyman Schimminger was able to ensure funding was incorporated in the final 2015-16 state budget for several Western New York initiatives aimed at fostering collaboration between area businesses and higher education institutions: the University at Buffalo's two Centers of Excellence and Canisius College's Women's Business Center and Center for Professional Development.

The final budget agreement included an additional \$1.28 million on top of what the Governor had proposed for New York State's ten Centers of Excellence, guaranteeing that each center will now receive \$1 million in annual operating aid. The University at Buffalo is home to two Centers of Excellence that connect high-potential partners to a vast array of resources in progressive and growing industries. UB's Center of Excellence in Bioinformatics and Life Sciences offers expert business consultation, use of state-of-the-art research facilities and equipment, assistance with research and development, as well as access to the world-renowned faculty at UB.

The newer UB Center of Excellence in Materials Informatics (CMI) focuses on breakthroughs in the ever-changing manufacturing industry, specifically in advanced materials and nanotechnology. In 2012 Assemblyman Schimminger championed the efforts to establish the CMI, which leverages UB's cutting edge materials science, big data analytics and advanced manufacturing expertise to drive critical R&D activities that directly impact private sector growth.

Also, Canisius College was awarded \$200,000 for its Women's Business Center and Center for Professional Development in the final 2015-16 state budget. The Center for Professional Development offers training and development to the Western

New York business community and non-profit organizations. Canisius College's Women's Business Center, one of nearly 100 such U.S. Small Business Administration certified centers in the nation, provides real-world expertise to help women business owners looking to gain professional growth.



REVIEWING THE PIA'S LEGISLATIVE AGENDA – Members of the Professional Insurance Agents of New York, Anthony A. Kubera, Fred Holender, Henry Kaye and Eric T. Clauss, discuss the group's legislative proposals with Assemblyman Schimminger, including his efforts on behalf of scaffold law and tort reform.



Legislative Update from the New York State Assembly

Committee on Economic Development

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



Robin Schimminger, Chairman Committee on Economic Development

Albany Office

LOB 847 • Albany, NY 12248 • 518-455-4767

District Office

3514 Delaware Avenue • Kenmore, NY 14217 • 716-873-2540

schimmr@assembly.state.ny.us

www.assembly.state.ny.us

