

## **Economic Development**

After years of project-based economic development decision making, New York State needs a new approach to job creation and new ways to stimulate its economy. The 2007-08 Executive proposal would implement progressive State action through new programs that will spark economic growth and provide an increased emphasis on the upstate economy.

### *Establishing a New Stem Cell and Innovation Fund*

Since 2003, the Assembly has been the lead advocate for State support for stem cell research and emerging technologies.

The 2007-08 Executive Proposal calls for the creation of a \$2.1 billion New York State Stem Cell and Innovation Fund. The new program will direct vital assistance to research and development projects in stem cell biology, other life sciences and other emerging technologies. Specifically, the Executive recommends a \$100 million appropriation for the program in the 2007-08 State Fiscal Year (SFY). Of this \$34 million will support non-capital operating and administrative expenses. The other \$66 million is earmarked for capital investments as of SFY 07-08. The funding provided in the Executive proposal will establish a system of research and development that reflects the Assembly's recognition that stem cell research and emerging technologies are essential components not only to the economic strength of New York State, but also of value to global health and scientific communities.

The Governor recommends, subject to voter approval in November 2008, that the State provide \$1.5 billion in bonded capital assistance to support investments in stem cell, life sciences and other emerging industries. In addition, the Governor recommends that \$500 million in General Fund support be provided over ten years to support non-capital research and development investments. Finally, Governor Spitzer recommends establishing a New York State Stem Cell and Innovation Fund Corporation and Board of Directors to govern the administration of the new program.

### *Providing a New Approach: Investment and Job Creation*

The 2007-08 Executive proposal includes the creation of a new \$300 million Investment and Job Creation Program. This program will provide vital State capital assistance to important projects that create jobs and transform New York's economy. Building on Assembly efforts to leverage the unique characteristics of New York's regions, the program requires project applicants to be consistent with the goals of locally developed strategic plans. Under this program, funding and administrative decisions would be made by a new Investment and Job Creation Program Capital Approval Board.

The Executive proposal provides \$350 million in State assistance for vital capital projects across the State. This includes \$300 million to support the development and/or expansion of an international computer chip research and development center and funding for Governor's Island preservation, the

Roosevelt Island Tramway, and the Harriman Research and Technology Park.

*Overhauling the State Economic Development Structure*

The Governor’s economic development agenda provides a crucial focus on distressed communities in Upstate New York. In the upstate regions, the average wage in 2005 was over \$20,000 less than the average wage downstate (Figure 7). In addition to having a lower overall average wage when compared to downstate regions, upstate regions have also suffered from slower employment growth over the past ten years. Upstate average employment growth between 1995 and 2005 was just 0.3 percent, compared to 0.9 percent downstate and 0.7 percent in the State as a whole.

Beginning with the establishment of an Upstate Co-Chair of the Empire State Development Corporation, the Governor has signaled his intention to address the needs and concerns of working families Upstate.

The Executive continues support for the Assembly’s Restore New York’s Communities Program, which was first enacted in 2006-07. The Governor provides \$300 million in State assistance supporting the revitalization of blighted and aging neighborhoods in distressed communities.

Finally, the Executive begins the process of improving the State’s efforts to market its cultural and tourism attractions by increasing funding for the “I Love New York” program by \$5 million or 45 percent from 2006-07 levels and continuing \$1 million in support for the Assembly’s Explore New York program aimed at providing State matching support for local initiatives to promote regional tourist attractions.

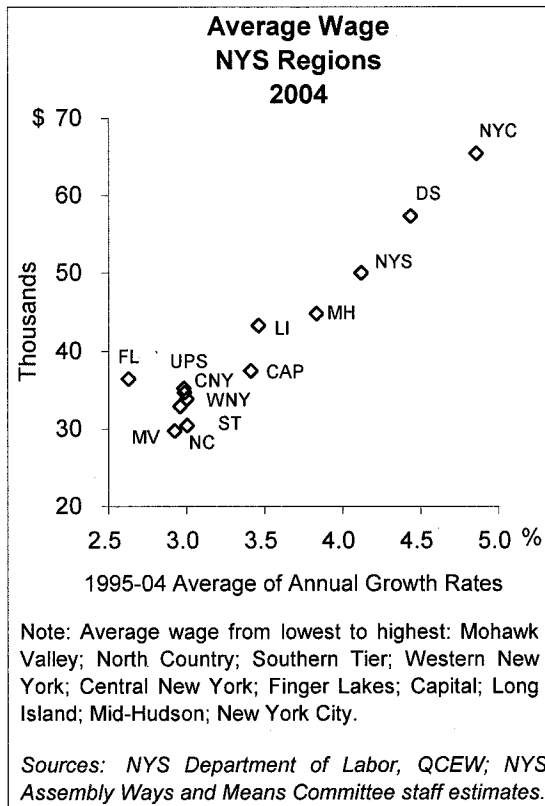


Figure 7