



Empire State Development

**Testimony before the Joint Hearing of the Fiscal Committees of the State Legislature
FY 2016-17 Executive Budget
Empire State Development
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Chairman Young, 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 2016-2017 Executive Budget for Empire State Development (ESD). This year's budget focuses on fiscal responsibility, while leveraging strategies that work to keep the state's economy growing. By cutting small business taxes, investing in our infrastructure, and supporting regional economic development, opportunity and growth will continue for all New Yorkers.

With the support from the State Legislature, New York State has the lowest middle class tax since 1953, the lowest corporate income tax rate since 1968, and the lowest tax rates for manufacturers since 1917. Additionally, unemployment is down in all regions of the state and job creation is up. Statewide, unemployment has fallen from a staggering 8.9 percent in 2010, to 4.8 percent today. There are 7.9 million private sector jobs in New York State, an all-time high, and the number of new jobs continues to grow.

The Governor outlined a comprehensive Opportunity Agenda recently, and as part of his plan and the economic development budget, the Governor announced a commitment of \$750 million for Round VI of the Regional Economic Development Council (REDC) competition. Core funding in Round VI 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 nearly \$4 billion in economic and community development funding through the CFA for more than 4,100 projects. This has resulted in commitments of more than 200,000 new or retained jobs in New York State.

In addition, the Upstate Revitalization Initiative (URI), which launched in 2015 as part of the REDC competition, awarded \$1.5 billion to three regions: Central New York, Finger Lakes and Southern Tier. The regions were recognized as Best Plan Awardees and awarded \$500 million over the next five years. This year, the Governor has proposed the launch of a new \$200 million Upstate Revitalization Initiative to fund top projects for the runners up from last year's URI and a new \$100 million Downtown Revitalization Initiative.

In addition, the Governor is proposing to cut taxes for small businesses that pay via the corporate tax and those that pay through personal income taxes. Roughly 1.1 million

small businesses statewide will benefit from this proposal, saving small businesses \$298 million annually. Small businesses are the backbone of our economy and this proposal will ensure their continued success.

The Governor has made a strong commitment to combat poverty and help poor communities overcome challenges that prevent them from fully participating in the State's economic revitalization. Each Regional Council is now working to implement plans to remove barriers to employment, and to establish new workforce development and skills-training programs across the State.

This year, the Governor's budget continues to support historic funding of programs targeted to increase economic prosperity in these communities, such as the Minority and Women-Owned Business Development and Lending Program, and the Community Development Financial Institutions Program. In addition, the Governor is proposing enhancements to the Urban Youth Jobs Program Tax Credit, to encourage businesses to hire unemployed, disadvantaged youth.

The Governor has proposed a commitment of more than \$50 million for tourism initiatives to continue to grow the state's tourism industry, which exceeded \$100 billion in economic impact in 2014 for the first time in state history. This is projected to have generated direct spending of \$62.5 billion, producing an estimated \$7.8 billion in state and local taxes. Now the fourth largest employment sector in New York, the tourism industry supports more than 884,000 jobs across the state.

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, making New York State the place to do business.

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 questions.