



TO: Members of the Senate Finance and Commerce, Economic Development and Small Business Committees, Members of the Assembly Ways & Means and Economic Development, Job Creation, Commerce & Industry Committees
FROM: Ryan M Silva
RE: Comments on the FY 2022-2023 Executive Budget

Thank you for the opportunity to provide comments on the proposed Executive Budget on behalf of the New York State Economic Development Council (NYSEDC), the statewide, non-profit membership organization representing nearly 1,000 organizations and individuals that make up the NYS economic development ecosystem. Our mission is to advocate for sound economic development programs, educate our members by sharing best practices, and develop sound policy to create jobs, stimulating investment that will increase the quality of life across the state.

The last two years have been a unique challenge. The disruption caused by the COVID-19 pandemic has permanently changed our economy. While it has created challenges, the pandemic has led to new opportunities and shed light on existing challenges that need to be addressed. There are several items in the Executive Budget that move us in the right direction; there are also several areas where more can be done and we ask the legislature to address these during budget negotiations.

Shovel Ready/Market Ready

- For most large-scale advanced manufacturing projects, the primary drivers are the availability of skilled workforce and site-readiness. Market/Shovel ready is a phrase to describe a construction project at an advanced enough stage of development for building to begin and laborers to work immediately once sufficient funding is secured. There is a shortage of shovel ready sites around the country; the need for New York to invest in sites has never been greater than it is today. We applaud the governor for highlighting this in her State of the State Address and support dedicated funding in this year's budget to invest long term in site. We would like to thank Senator Cooney and Assemblyman Billy Jones for the introduction of [S7879/A9114](#) which would dedicate \$500 million to invest in site across New York State. We encourage the legislature and governor to support this amount in the budget.

National Semiconductor Technology Center and Chip Fabrication Plants to New York State

New York is one of the top semiconductor industry employers in the nation. With 88 semiconductor establishments statewide, the industry has a \$4.7 billion annual wage impact, supporting more than 34,000 direct — and typically high-wage — jobs. There is a fund, the Regional Economic Community

Assistance Program (RECAP), of \$800 million in the governor's budget. The NYSEDC supports this funding if it is dedicated to advancing the semiconductor industry - in New York State.

Downtown Revitalization: This initiative provides \$100 million for the Downtown Revitalization Initiative Round IV. The NYSEDC has long advocated for direct funding to local municipalities. We believe it has and will continue to help small cities revitalize across upstate New York. We support continued funding of the DRI.

Revitalize and Spur Economic Growth Across Small Rural Communities

More needs to be done to revitalize the burgeoning hamlets and villages of the state. To support a more equitable recovery across New York's rural communities, the state will create and invest in the NY Forward program, designed to advance the renaissance of our smaller downtowns. The NYSEDC supports dedicating **\$100 million** to smaller municipalities across New York State.

ConnectALL Initiative

Catalyzing over \$1 billion in new public and private investments, ConnectALL will provide affordable broadband access to New Yorkers in rural and urban areas and continue New York State's leadership on connectivity. We support NYS matching \$1 billion in state funds with **\$1 billion** in federal funds to ensure all New Yorkers have access to fast, affordable, and reliable broadband.

Regional Economic Development Councils (REDCs): The NYSEDC believes the REDCs have been successful in three specific ways:

- Empowering regions to develop their own strategic plan, creating a blueprint of the direction the economy is heading and how it will grow.
- New collaborations between the public, private, and academic sectors.
- Streamlining the state funding process through the creation of the Consolidated Funding Application (CFA)

Continued funding of this program will lead to private investment and better implementation of each region's strategic plan. Additional recommendations would include broadening the membership of the REDCs to include more legislative members, local economic developers, and local workforce development leaders. We recommend focusing on implementing the strategic plan developed by REDCs and identifying projects to support the plan rather than creating new tasks delivered by the state and new reports being submitted every year.

Enhance the State's Workforce Development Efforts

To support meaningful job opportunities and support industries across the state, NYS is dedicating up to \$350 million to improve the state's approach to workforce development.

The NYSEDC supports this conceptually as investing in people and skills is vital to the sustainability of our economy. We recommend the state work with the existing workforce development ecosystem (NYATEP) to create this new office.

Renew Funding for the “Restore New York Communities” Blight Removal Initiative

Prior rounds of the Restore New York program have resulted in the removal and restoration of dozens of sites statewide. This has been a program long supported and kept alive by the legislature. We thank you for your continued leadership and thank the governor for including \$250 million in new funds for the program. We fully support this and encourage continued and renewed funding for this program annually.

Launch a Billion-Dollar Plan to Assist Small Businesses

Small businesses are the heart of the New York economy, accounting for 98% of all businesses statewide. Supporting our small-business community is critical to the health of our state and local economies, as well as our tourism economy and our main streets. We thank the legislature’s leadership, in particular Senator Kaplan, for advancing support for small businesses last year during the pandemic and this year with the passing of [S6791A](#). We encourage the assembly to pass its companion bill A7788A sponsored by Assemblyman Zebrowski which would freeze unemployment rates and avoid increased rates for employers.

Policy Proposals we would recommend the legislature expand or support

Funding for Centers for Advanced Technology (CATs) and Centers of Excellence (COEs)- NYSTAR funds 29 CATs and COEs to encourage greater collaboration between private industry and universities in the development and application of new technologies. These programs play a critical role in spurring technology-based applied research and economic development in the state, promoting national and international research collaboration and innovation, and leveraging New York's research expertise and funding with investments from the federal government, foundations, businesses, venture capital firms and other entities. We believe these public/private/academic partnerships are vital to the innovation economy and leverage multiple sectors for job creation, retention, and entrepreneurship. We propose increasing funding to \$1.5 million annually for each Center. This investment will leverage hundreds of millions of dollars in other federal and private sector funding.

Investing and Partnering with Land Banks

New York State is home to 25 land banks created to address blighted properties that local government can address more efficiently than the private market. As of mid-2018, land banks acquired more than 2,800 blighted properties, sold 1,200-plus to other parties that renovated or redeveloped them, renovated or redeveloped more than 500 themselves, and demolished 600-plus hazardous, deteriorated structures. Those activities leveraged more than \$100 million in private investment, returned more than \$40 million of assessed value to taxable status, and leveraged \$13 million in local government funding and \$13.5 million in other grant funds. The NYSEDC recognizes the role land banks play in the larger economic development ecosystem. We support dedicating funding of up to \$100 million to support land bank activities.

Modernizing Metrics for the Public Authorities Reporting Information System (PARIS)

Recommendations for improving PARIS reporting fall into two categories: metrics and functionality.

Metrics:

- Improve framing of report to reflect a more comprehensive view of public benefits of projects.
- Track increases to the tax base from where a property was prior to a project moving forward.

- Track housing starts and mixed-use development projects.
- Track social impact metrics (ex. MWBE businesses supported; amount of renewable energy generated).
- Allow for reporting on all IDA activity including loan funds, community development projects, events, and grant programs.

Functionality:

- Simplify interface.
- Make the database forward facing and more accessible to the public.
- Add the ability to upload data from Excel or Word.
- Link definitions to improve understanding of question intent.
- Incorporate a system of revisions to allow IDAs to edit information for prior projects based on project changes.
- Modify system design to recognize multiple projects for the same company and phased projects

Cyber Security and Homeland Security Policy and Program Proposals

In late 2019 and early 2020, the NYSEDC worked with K-2 Intelligence to commission a study on the cyber and homeland security ecosystem in New York to research economic opportunities to grow. Our study found several ways to enhance and grow this industry cluster in the state.

State-Sponsored Technology Testbed- There could be an opportunity for New York State to develop a corporate or state-sponsored center of excellence that area companies could leverage as a testbed for evaluating the viability and scalability of solutions before pushing them into the marketplace. It would be particularly advantageous for upstate regions due to the lower cost of talent than in locations such as New York City.

Apprenticeship Laboratory- New York State could leverage its SUNY system to launch a Virtual Cybersecurity Apprenticeship initiative to target the cybersecurity skills gap. Virtual apprenticeship laboratories at SUNY campuses would connect industry directly with students, shaping skills and the knowledge base students develop during their studies. These students would serve as a local and convenient pipeline of talent for New York-based companies.

Tax Credits & Other Economic Incentives- Georgia has a 30% tax credit for the entertainment industry and has captured a larger portion of the industry than Los Angeles. Maryland recently enacted two tax credits: one to promote investment in cybersecurity companies and one to encourage “small businesses to purchase cybersecurity products or services from Maryland-based businesses.” According to the Baltimore Business Journal Online, the legislation was pioneered by the Cybersecurity Association of Maryland through a collaboration between the private sector and legislators. Additionally, the Enterprise Investment Scheme and Seed Enterprise Investment Scheme in the United Kingdom were successful in increasing overall startup investment in London. These programs offered tax relief incentives for investors in early-stage startups to stimulate increased entrepreneurship.