

1 BEFORE THE NEW YORK STATE SENATE FINANCE
AND ASSEMBLY WAYS AND MEANS COMMITTEES

2 -----

3 JOINT LEGISLATIVE HEARING

4 In the Matter of the
2022-2023 EXECUTIVE BUDGET ON
5 ECONOMIC DEVELOPMENT

6 -----

7 Virtual Hearing
Conducted via Zoom

8
February 16, 2022

9 9:34 a.m.

10

PRESIDING:

11

Senator Liz Krueger

12 Chair, Senate Finance Committee

13 Assemblywoman Helene E. Weinstein
Chair, Assembly Ways & Means Committee

14

PRESENT:

15

Senator Thomas F. O'Mara

16

Senate Finance Committee (RM)

17

Assemblyman Edward P. Ra

Assembly Ways & Means Committee (RM)

18

Senator Anna M. Kaplan

19

Chair, Senate Committee on Commerce,
Economic Development and Small Business

20

Assemblyman Harry B. Bronson

21

Chair, Assembly Committee on Economic
Development, Job Creation, Commerce

22

and Industry

23

Senator Diane J. Savino

Chair, Senate Committee on Internet

24

and Technology

1 2021-2022 Executive Budget

Economic Development

2 2-23-21

3 PRESENT: (Continued)

4 Assemblyman Steven Otis

Chair, Assembly Committee on Science and

5 Technology

6 Senator José M. Serrano

Chair, Senate Committee on Cultural Affairs,

7 Tourism, Arts and Recreation

8 Assemblyman Al Stirpe

Chair, Assembly Committee on Small Business

9

Assemblyman Daniel J. O'Donnell

10 Chair, Assembly Committee on Tourism, Parks,

Arts and Sports Development

11

Assemblyman J. Gary Pretlow

12 Chair, Assembly Committee on Racing and Wagering

13 Senator John Liu

14 Assemblyman Billy Jones

15 Assemblywoman Marianne Buttenschon

16 Senator James Skoufis

17 Assemblyman Christopher S. Friend

18 Senator James Tedisco

19 Assemblywoman Emily Gallagher

20 Senator George M. Borrello

21 Assemblywoman Alicia Hyndman

22 Senator James Sanders Jr.

23 Assemblyman William Conrad

24 Senator Brad Hoylman

1 2022-2023 Executive Budget

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2 2-16-22

3 PRESENT: (Continued)

4 Assemblywoman Taylor Darling

5 Assemblyman Kevin A. Cahill

6 Senator Sean M. Ryan

7 Assemblywoman Judy Griffin

8 Assemblywoman Jennifer Lunsford

9 Assemblyman Robert C. Carroll

10 Senator Leroy Comrie

11 Assemblyman Jeff Gallahan

12 Assemblywoman Jodi Giglio

13 Assemblywoman Jenifer Rajkumar

14 Senator Sue Serino

- 15 Assemblywoman Carrie Woerner
- 16 Assemblywoman Gina L. Sillitti
- 17 Assemblywoman Sarah Clark
- 18 Senator Mike Martucci
- 19 Assemblyman Angelo Santabarbara
- 20 Assemblywoman Didi Barrett
- 21 Assemblyman Charles D. Fall
- 22 Assemblywoman Yudelka Tapia
- 23 Assemblyman John T. McDonald III
- 24 Senator Pete Harckham

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2 2-16-22

3 PRESENT: (Continued)

4 Senator Gustavo Rivera

5 Assemblywoman Stefani Zinerman

6 Senator Jessica Ramos

7 Senator Jeremy Cooney

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12 STATEMENT QUESTIONS

13 Hope Knight

Commissioner

14 NYS Department of Economic

Development

15 President & CEO

Empire State Development	13	21
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Jeanette Moy

17 Commissioner

NYS Office of General Services

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19 Mara Manus

Executive Director

20 NYS Council on the Arts	207	213
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4 STATEMENT QUESTIONS

5 Michael Kink

Executive Director

6 Strong Economy for All

Coalition

7 -and-

Pat Garofalo

8 Director of State and

Local Policy

9 American Economic Liberties

Project

10 -and-

Ron Deutsch

11 Director

New Yorkers for

12 Fiscal Fairness 251 262

13 Greg LeRoy

Executive Director

14 Good Jobs First

-and-

15 Michael Sandmel

Campaign Organizer

16 New Economy Project

-and-

17 José Gonzalez

Senior Director of

18 Data and Research

New York Communities

19 for Change 271 281

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4 STATEMENT QUESTIONS

5 Melinda Mack

Executive Director

6 New York Association of

Training and Employment

7 Professionals (NYATEP)

-and-

8 Josh Kellerman

Director of Public Policy

9 Retail, Wholesale and Department

Store Union (RWDSU)

10 -and-

Paul Zuber

11 Executive Vice President

The Business Council

12 of New York State

-and-

13 Marc Alessi

Executive Director

14 Business Incubator Association

of New York State

15 -and-

Rebecca Miller

16 NYS Legislative Director

CWA District 1 285 302

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4 STATEMENT QUESTIONS

5 Tamara Keshecki

Board Member

6 New York Independent Venue

Association

7 -and-

Erika Sanger

8 Executive Director

Museum Association of

9 New York State

-and-

10 Andrew Rigie

Executive Director

11 New York City Hospitality

Alliance

12 -and-

Melissa Fleischut

13 President & CEO

New York State Restaurant

14 Association 314 327

15 John Ford

President

16 Motion Picture Studio

Mechanics, Local 52 IATSE

17 -and-

Robert A. Halmi

18 President and CEO

Great Point Studios, LLC

19 -and-

Debby Goedeke

20 Albany County Film

Commissioner

21 -on behalf of-

Film Albany 344 356

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4 STATEMENT QUESTIONS

5 John Scheib

President

6 Scheib Associates

-and-

7 Steve Newman

Former Chairman

8 NYS/NYRA Franchise

Oversight Board

9 -and-

Marc Paulhus

10 People for the Ethical

Treatment of Animals

11 (PETA)

-on behalf of-

12 Coalition to End Horse

Racing Subsidies 368 376

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1 CHAIRWOMAN KRUEGER: Good morning.

2 It is Wednesday, February 16th. I am

3 State Senator Liz Krueger, chair of the

4 Senate Finance Committee. And today we are

5 starting out with the Economic Development

6 hearing on the Executive Budget FY '22-'23.

7 Of course I'm joined by my partner,

8 Helene Weinstein, chair of the Assembly Ways

9 and Means Committee. But I will be the

10 cochair of today's budget hearing.

11 Today is the 12th of 13 hearings --

12 actually, this afternoon we'll have the

13 13th -- conducted by the joint fiscal

14 committees of the Legislature regarding the

15 Governor's proposed budget for state fiscal
16 year '22-'23. These hearings are conducted
17 pursuant to the New York State Constitution
18 and Legislative Law.

19 Today the Finance Committee and the
20 Ways and Means Committee will hear testimony
21 concerning the Governor's proposed budget for
22 the New York State Department of Economic
23 Development, the Empire State Development
24 Corporation, the New York State Office of

1 General Services, and the New York State

2 Council on the Arts.

3 Following each authorized testifier

4 there will be some time for questions from

5 the chairs of the fiscal and other relevant

6 committees.

7 I will now introduce members from the

8 Senate, and Assemblymember Helene Weinstein,

9 chair of the Assembly Ways and Means

10 Committee, will introduce members from the

11 Assembly. In addition, Senator Tom O'Mara,

12 the ranking member of the Senate Finance

13 Committee, will introduce members of his

14 conference right before I hand it to the

15 Assembly.

16 And let's see. For this morning I see

17 Senator Pete Harckham, Senator Anna Kaplan,

18 Senator -- we're going to skip the

19 Republicans, sorry -- Senator John Liu. Do

20 we have any other Senators? Ah, Senator

21 James Skoufis. And I think that's it for

22 now. We will introduce more people as they

23 show up.

24 Tom O'Mara, would you like to

1 introduce members of your conference?

2 SENATOR O'MARA: Yes. Good morning,

3 Liz. And you sent a little shock down my

4 spine when you said it was only the 12th of

5 13 hearings, and I'm wondering, There's

6 another day? But no, there's two today. So

7 thank you for that clarification.

8 CHAIRWOMAN KRUEGER: You're welcome.

9 SENATOR O'MARA: We are joined on the

10 Republican side this morning by Senator Sue

11 Serino, Senator George Borrello, Senator Mike

12 Martucci, and Senator Jim Tedisco.

13 Thank you.

14 CHAIRWOMAN KRUEGER: Thank you.

15 And let's hand it over to Assembly

16 Chair of Ways and Means, Helene Weinstein, to

17 do introductions for the Assembly.

18 CHAIRWOMAN WEINSTEIN: Thank you.

19 We are joined by Assemblyman Bronson,

20 chair of our Economic Development Committee;

21 Assemblyman Stirpe, chair of our Small

22 Business Committee; Assemblyman Pretlow,

23 chair of our Racing and Wagering Committee;

24 Assemblymembers Barrett, Buttenschon,

1 Carroll, Clark, Conrad, Darling, Jones,
2 Lunsford. And I'm sure there will be other
3 members who will be joining us as we go
4 through the -- as the hearing continues.

5 Let me turn it over to the ranker of
6 Ways and Means, Assemblyman Ed Ra, to
7 introduce the members of his conference.

8 ASSEMBLYMAN RA: Thank you, Chair.

9 Good morning, everybody.

10 We are joined by Assemblywoman Jodi
11 Giglio, who is our ranker on Tourism, and
12 Assemblyman Chris Friend, who is our ranker
13 on Economic Development.

14 CHAIRWOMAN KRUEGER: Great. Okay,

15 before I turn it over to our first testifier,

16 let me remind everybody that there are two

17 hearings today, which means we're going to be

18 fairly strict about the time frames. And

19 when the clock hits zero, I will actually cut

20 you off whether you're a legislator or a

21 guest, because we want to make sure we leave

22 time for us to go through both hearings. So

23 I'll be the bad guy today, as the chair of

24 this committee -- this hearing today, excuse

1 me.

2 The government testifiers have

3 10 minutes to summarize their testimony. We

4 all have copies of all testimony available to

5 us, as does the public, so we really urge

6 people to focus on their top key points.

7 Give us time to have a Q&A system back and

8 forth.

9 We will be hearing from Hope Knight,

10 acting president, CEO and commissioner of

11 Empire State Development Corporation and the

12 Department of Economic Development;

13 Jeanette Moy, commissioner of the New York

14 State Office of General Services; and

15 Mara Manus, the executive director of the
16 New York State Council of the Arts, before we
17 go on to panels of other New Yorkers who have
18 asked to testify.

19 So we will start with Hope Knight,
20 acting president, CEO and commissioner,
21 Empire State Department of Economic
22 Development.

23 Good morning, Hope.

24 COMMISSIONER KNIGHT: Good morning,

1 Chairwoman Krueger, Chairwoman Weinstein,
2 and distinguished members of the Legislature.

3 My name is Hope Knight, and I serve as the
4 president and CEO-designee of Empire State
5 Development and as acting commissioner of the
6 New York State Department of Economic
7 Development.

8 Thank you for your invitation to
9 participate in today's hearing. I am honored
10 to appear before you virtually to discuss
11 Governor Hochul's 2023 Executive Budget
12 alongside ESD's chief operating officer,
13 Kevin Younis.

14 While I am new to this role, I am not

15 unfamiliar with ESD and its ability to bring
16 positive economic change to communities,
17 particularly those left out of society's
18 broader progress. I have been a Regional
19 Economic Development Council member, served
20 on a Downtown Revitalization Initiative local
21 planning committee, and participated on a
22 Community Advisory Council working group. In
23 each of these roles, I found ESD to be
24 community-oriented and focused on creating

1 positive local impacts.

2 Economic development is how ESD

3 supports Governor Hochul's broader goal of

4 expanding opportunity across the state. The

5 focus of my career, including my work with

6 former Congressman Charles Rangel and

7 Congressman Gregory Meeks, has been expanding

8 economic opportunity.

9 Frankly, opportunity is the reason I

10 am here before you today, nominated by

11 New York's first female governor to be the

12 first African American to lead ESD. I share

13 Governor Hochul's commitment to expanding

14 economic opportunity. Her budget reflects

15 it, and it should be the foundation of ESD's

16 programs, projects, and priorities.

17 New York was the epicenter of the

18 COVID-19 pandemic, and the crisis had a

19 devastating impact on our economy. From the

20 end of 2019 to April 2020, our unemployment

21 rate quadrupled to more than 16 percent.

22 Since Governor Hochul assumed office,

23 New York has continued to experience an

24 economic recovery, even in the face of the

1 Omicron variant. Despite this progress,
2 statewide unemployment remains high at
3 6.2 percent, and is even higher in New York
4 City.

5 Meanwhile, the pandemic has
6 highlighted the systemic inequities in our
7 society. In response, Governor Hochul has
8 proposed a bold and ambitious agenda that
9 will focus on the immediate COVID recovery,
10 while launching a "New Era for New York."

11 Last November, the Governor announced
12 \$250 million in support for the state's
13 hard-hit tourism industry. This targeted
14 approach includes grants to support tourism

15 employers and workers, funding to bring large

16 events back to the state, and new global

17 tourism marketing efforts.

18 Looking ahead, Governor Hochul's

19 Executive Budget will create economic growth,

20 provide tax relief for the middle class,

21 strengthen our infrastructure, confront the

22 climate crisis, and reimagine a new

23 American dream, one that is more equitable

24 and more inclusive. To that end, her budget

1 outlines billions of dollars in new economic
2 development assistance, and ESD stands ready
3 to administer the funding with the support of
4 our legislative partners.

5 Under Governor Hochul's \$1.4 billion
6 ConnectALL initiative, ESD will make the
7 state's largest-ever investment in digital
8 infrastructure to provide all New Yorkers
9 with affordable and reliable broadband. This
10 statewide initiative includes capital
11 investments, regulatory reforms, and
12 digital-access programs to encourage new and
13 more affordable broadband connections.

14 As part of the governor's Billion

15 Dollar Rescue Plan for small businesses, ESD

16 will provide unprecedented support to the

17 lifeblood of our economy. Small businesses

18 make up 98 percent of the state's businesses

19 and support more than half of the state's

20 private-sector workforce. Utilizing tax

21 credits, loans, grants and venture funding,

22 ESD will invest in our small businesses like

23 never before.

24 Additionally, the Governor's budget

1 proposes a \$75 million investment in our
2 venture competitions to attract the next
3 generation of entrepreneurs and small
4 businesses.

5 Governor Hochul has also proposed
6 overhauling the state's approach to workforce
7 development. The Governor's proposal
8 includes a new Office of Workforce and
9 Economic Development within ESD. This office
10 will coordinate workforce efforts through the
11 Regional Councils, in partnership with the
12 Department of Labor, SUNY, CUNY, and other
13 state agencies.

14 After years of underinvestment,

15 Governor Hochul has proposed more than
16 \$11 million to bolster the state's Minority-
17 and Women-Owned Business Enterprise
18 certification program. This funding will
19 support new staff and a dedicated appeals
20 unit to address the unacceptably long wait
21 times.

22 Furthermore, ESD will establish an
23 interagency Excelsior Contracting
24 Opportunities Council to advance strategies

1 that encourage greater MWBE and small
2 business participation in upcoming federally
3 funded infrastructure projects.

4 To complement the federal government's
5 focus on domestic production and supply-chain
6 resilience, Governor Hochul's budget proposes
7 to increase New York's portfolio of
8 shovel-ready sites. ESD will target
9 investments to attract high-tech
10 manufacturing, especially semiconductor
11 manufacturing firms.

12 Governor Hochul is also proposing
13 \$250 million for a revitalized Restore
14 New York Communities program. This program

15 supports municipal efforts to address
16 blighted properties and spur local economic
17 growth. Under the Governor's proposal, the
18 program will emphasize disadvantaged
19 communities and rural areas, which have often
20 been overlooked in revitalization
21 initiatives.

22 These are just some of the items in
23 Governor Hochul's budget that will support
24 the recovery and growth of our state's

1 economy.

2 The Governor has called this a "new
3 era" for New York. To that end, I am looking
4 at ESD with fresh eyes and full transparency.

5 I intend to work with the Legislature to
6 review the REDC process. I will also seek
7 more outside analysis for some of ESD's
8 business incentive programs, like the
9 Excelsior Jobs Program and START-UP NY, in
10 the same way that we evaluate our Film Tax
11 Credit Program. And we will continue to
12 expand the information provided in our
13 Database of Economic Incentives with each
14 quarterly update.

15 This administration is also committed

16 to ensuring that job and investment

17 incentives are tied to accountability,

18 whether through pay-for-performance or

19 clawbacks. Further, our agency's goals must

20 extend beyond our job and investment numbers.

21 We should develop more partnerships and

22 training for workforce development to ensure

23 local communities are better positioned to

24 benefit from job creation.

1 Due to their varying objectives, there
2 is no one-size-fits-all approach to evaluate
3 our programs, and I will work with our
4 legislative partners to explore common
5 criteria that could establish a baseline for
6 future assessment. I am confident that the
7 legislative members with whom I have worked
8 closely in the past can attest to my personal
9 approach -- honest, sincere, collaborative
10 and open-minded. I look forward to further
11 conversations on ways that ESD can expand --
12 continue to expand economic opportunity for
13 all New Yorkers. We continue to live in
14 unprecedented times. By working together,

15 I'm confident we will overcome the challenges
16 of today and build New York's economy back
17 stronger and more resilient.

18 I thank you for your time and the
19 opportunity to speak to you this morning, and
20 I'm happy to take your questions.

21 CHAIRWOMAN KRUEGER: Thank you very
22 much.

23 And our first questioner will be Anna
24 Kaplan, the chair of the Economic -- oh, let

1 me make sure I have the title of the
2 committee right. Economic Development and
3 Small Business.

4 SENATOR KAPLAN: Commerce, Economic
5 Development and Small Business.

6 CHAIRWOMAN KRUEGER: Thank you. I
7 neglected to have the writeup of the name of
8 the committee. Thank you.

9 SENATOR KAPLAN: No worries, Senator
10 Krueger.

11 CHAIRWOMAN KRUEGER: Thank you.

12 SENATOR KAPLAN: I want to thank both
13 chairwomen for conducting this hearing.
14 Special thanks to Senator Krueger for all

15 your hard work on these hearings. We all

16 appreciate you for it.

17 CHAIRWOMAN KRUEGER: Thank you.

18 SENATOR KAPLAN: I also want to thank

19 Ms. Knight for being here and for your

20 testimony.

21 I want to start by first acknowledging

22 the great experience I've had working with

23 ESD as the chair of the Committee for

24 Commerce, Economic Development and Small

1 Business.

2 I have to say, I want to thank the

3 dedicated ESD staff, some of whom I've

4 traveled the state with and have developed

5 strong collaborative relationships, and

6 finding those relationships making a very

7 positive impact in our state and in our

8 residents.

9 And as we in the Legislature work to

10 fully review all of the existing tax

11 incentive programs available to ensure that

12 our residents are getting the best return on

13 their investments, I know, Ms. Knight, myself

14 and my colleagues are all on board to work

15 with you, your team and Governor Hochul to
16 continue to support our small businesses and
17 support community development. And this
18 partnership has to be a very collaborative
19 partnership with you and also the
20 Legislature.

21 With that said, Ms. Knight, I have to
22 tell you -- and again, thank you for your
23 testimony talking about how we need to make
24 investments in our small businesses. Without

1 a doubt, the number-one issue facing
2 businesses in New York right now is the
3 ticking time bomb of unemployment insurance
4 taxes.

5 I sent a letter to the Governor in
6 December urging an investment of 2.5 billion
7 to start filling the hole in the Unemployment
8 Insurance Trust Fund, but there was no
9 funding allocated in the budget to address
10 this crisis. Since this is an issue that is
11 a top-facing issue for job creation in our
12 state, I would like you to weigh in on this
13 and give me any idea how we can actually get
14 this done.

15 COMMISSIONER KNIGHT: So thank you,

16 Senator, for your question. You know, it's

17 obviously been a difficult year for

18 employers. You know, New York was hit

19 hardest and hit first. The Unemployment

20 Insurance Trust Fund is an issue not really

21 in the purview of ESD, so I'd defer to my

22 colleagues at DOL and DOB. But, you know, I

23 appreciate your concern. I will look into

24 it, but it's not exactly in ESD's purview.

1 SENATOR KAPLAN: And I appreciate
2 that. I understand that. But just the fact
3 that it is impacting small businesses, I
4 think, again, it's something that we all need
5 to work together to find a solution. Thank
6 you.

7 COMMISSIONER KNIGHT: So I agree.
8 Thank you.

9 SENATOR KAPLAN: My next question
10 is -- I was also pleased to see the
11 Governor's budget includes part of a small
12 business tax cut proposal that I've been
13 championing for years. But I was concerned
14 to see that it leaves out small businesses

15 that pay their taxes via the corporate tax

16 rate. Can you explain why the proposal

17 leaves out these businesses?

18 COMMISSIONER KNIGHT: So, Senator, you

19 know, I understand your question. And I

20 would defer to my colleague at the Department

21 of Tax and Finance with respect to how they

22 are looking to calculate that deduction,

23 because it does leave out those folks that

24 pay their taxes that way.

1 But I -- what I would --

2 SENATOR KAPLAN: I understand this is
3 more in the purview of DFS. But again, it is
4 dealing with small businesses and their
5 issues. Again, I ask you for your help so
6 that we can all work towards finding
7 solutions that could be helpful to all of the
8 businesses.

9 COMMISSIONER KNIGHT: And, Senator, I
10 look forward to working with you.

11 And, you know, the Governor has
12 invested an extraordinary amount of funding
13 for small businesses in this budget, doing
14 much more than we ever have before.

15 SENATOR KAPLAN: Thank you.

16 I'm a huge supporter of the State

17 Centers of Excellence and Advanced

18 Technology, also known as CATs and COEs,

19 because they're one of the most successful

20 economic development programs in this state

21 and they've proven to be a major source of

22 innovative new business development.

23 I will be pushing hard to increase

24 their funding over last year's budget level.

1 Do you support me in increasing their budget,
2 and will you join me in being a champion for
3 these programs?

4 COMMISSIONER KNIGHT: So, Senator, I
5 agree with you, I understand the importance
6 of academic institutions partnering with
7 business to foster innovation, and this is
8 what these CATs and COEs do.

9 I think that the Governor's budget for
10 these CATs and COEs is higher than it was in
11 previous years, and if the Legislature
12 chooses to appropriate more funding, I can
13 certainly put it to good use.

14 SENATOR KAPLAN: I have to say I've

15 gone and visited many of these centers, and
16 really every dollar that we spend comes back
17 with a very high rate of return. And I think
18 it's a wonderful partnership between the
19 centers, the private money, and really
20 creating a lot of jobs.

21 So thank you very much. And I'm
22 hoping -- yes, it is higher than usual, but
23 it's not high enough. So we will be
24 advocating for more funding on that.

1 My next question is the Governor's
2 proposed budget creates a Small Business Seed
3 Funding Grant Program, yet it doesn't address
4 problems with the existing Pandemic Recovery
5 Grant Program that is still flush with cash
6 due to overly restrictive qualification
7 requirements. Even worse, money for this new
8 proposal takes money out of the Pandemic
9 Grant Program.

10 Can you please explain, why are we
11 creating a new program instead of improving
12 the one we already have? And what is being
13 done to expand the Pandemic Grant Program to
14 serve more small businesses?

15 COMMISSIONER KNIGHT: So, you know --

16 thank you for your question. You know,

17 before I got here I was at the Greater

18 Jamaica Development Corporation, and we

19 pivoted to be on the ground focusing on small

20 businesses. And I can tell you that a lot of

21 new businesses that were started right before

22 COVID began, or right after, were shut out of

23 the Small Business Grant Recovery Program,

24 the \$800 million pool.

1 And so this fund is really targeted to
2 focus on those businesses that weren't
3 eligible because they had been started right
4 before or right after the requirement period.
5 And we've heard a lot from those small
6 businesses about their inability to access
7 funding. They also weren't able to access
8 federal funding. They weren't able to access
9 PPP or any of those other programs. So
10 that's why this grant program for
11 \$200 million has been created.

12 SENATOR KAPLAN: I would really urge
13 you to take a look at the program that was
14 already there and see how we can actually

15 improve on that, because I think that could
16 work much better. But I would love to work
17 on this with you.

18 COMMISSIONER KNIGHT: And, Senator, I
19 just want to let you know, we are not taking
20 the \$200 million from the \$800 million. That
21 \$800 million pool will still be intact.

22 SENATOR KAPLAN: Okay. My
23 understanding was that the 200 was coming out
24 of the 800 million. That is not the case?

1 COMMISSIONER KNIGHT: No, it's not the
2 case. It's new money.

3 SENATOR KAPLAN: Okay. Thank you very
4 much for clarifying that.

5 COMMISSIONER KNIGHT: Yes.

6 SENATOR KAPLAN: I was also thrilled
7 to see a Capital Costs Tax Credit Program in
8 the Governor's budget, because it does
9 include many proposals from legislation I've
10 introduced.

11 I'm very concerned, however, that the
12 language drafted in the Governor's proposal
13 will limit the program's usefulness because
14 it limits qualified capital costs to

15 expenditures made after January 2021 -- which
16 leaves, again, behind very small businesses
17 who made these investments the first nine
18 months of the pandemic. I don't think that
19 is fair, and I think we really should
20 reconsider and make sure that everyone gets
21 the benefit of this pool.

22 COMMISSIONER KNIGHT: So, you know,
23 the costs must be incurred between January
24 1st of 2021 through the end of '22. You

1 know, there was a lot -- we're focused on the
2 fact that there was a lot of assistance
3 provided during the year of 2020. And we
4 know businesses had to incur a lot of
5 costs -- 2021, you know, buying outdoor
6 heaters if they had restaurants and things,
7 and air purifiers, and equipment to conduct
8 contactless business.

9 And so those are the type of expenses
10 that we're looking for to provide the --

11 SENATOR KAPLAN: We agree with you.

12 COMMISSIONER KNIGHT: -- other
13 programs.

14 SENATOR KAPLAN: I agree with you, and

15 I do -- we're totally on board with that.

16 But I think some of those businesses made the

17 investments prior to January 2021. Which I

18 would hope that they could be included in

19 this tax credit. That's my only concern.

20 COMMISSIONER KNIGHT: Well, looking

21 forward to --

22 SENATOR KAPLAN: I have a few more

23 questions, but I am running out of time.

24 One of my other issues is really

1 brownfields, which comes under your territory

2 again. But I will discuss that further with

3 you offline. Thank you --

4 CHAIRWOMAN KRUEGER: And Anna, as

5 chair, you get a three-minute follow-up at

6 the end if you want.

7 SENATOR KAPLAN: Thank you.

8 CHAIRWOMAN KRUEGER: You're welcome.

9 Before I introduce the next

10 Assemblymember -- or pass it over to the

11 Assembly, we've also been joined by Senator

12 Leroy Comrie, Senator Sean Ryan, Senator Mike

13 Martucci and Senator Sue Serino.

14 And now to the Assembly.

15 CHAIRWOMAN WEINSTEIN: Thank you.

16 While the commissioner was speaking,

17 we've been joined by Assemblyman Otis, chair

18 of our Science and Technology Committee,

19 Assemblyman Cahill, Assemblymember Sillitti,

20 Assemblymember Santabarbara, and

21 Assemblymember Tapia.

22 And we go now to our chair of

23 Economic Development, Assemblyman Bronson,

24 for 10 minutes.

1 CHAIRWOMAN KRUEGER: And
2 Senator Sanders just gave me a shout-out that
3 he's here also. Sorry, Assemblymember
4 Bronson.

5 ASSEMBLYMAN BRONSON: Thank you,
6 Chairs Weinstein and Krueger, for your hard
7 work over the last few weeks -- and we're
8 almost to the finish line.

9 Commissioner, thank you for being here
10 and being accessible. And I look forward to
11 working with you as we move forward.

12 Some of my comments reflect the past,
13 and I know that you're new to the position,
14 so please understand that -- as my computer

15 just fell. I am going to try very hard to
16 get five questions in. I'm going to ask
17 questions that will be less than a minute,
18 and hopefully you can answer in less than a
19 minute. We'll get through this, okay?

20 So, Commissioner, if the Executive
21 proposal to create the Office of Workforce
22 Development is accepted, what specific
23 strategies and actions will you take to
24 ensure that both workforce development and

1 MWBE programs provide the assistance
 2 necessary to lift workers out of low-wage
 3 poverty jobs and help create a business
 4 climate that is inclusive, equitable and
 5 diverse?

6 COMMISSIONER KNIGHT: So, Senator
 7 {sic}, thank you for your question. You
 8 know, I think the key of the Office of
 9 Workforce Development is focusing on working
 10 backwards. So we want to identify
 11 good-quality, high-wage jobs that are located
 12 in communities across the state. And so we
 13 want to develop that and work with training
 14 providers to develop that training so that

15 residents can connect directly to job

16 opportunities.

17 So the key is really around supporting

18 these training programs that connect directly

19 into employment opportunities and working

20 with not-for-profits who provide that

21 training, working with the employers, and

22 providing support, et cetera, so that these

23 residents are successful in the training and

24 are able to access jobs.

1 ASSEMBLYMAN BRONSON: Great. Thank
2 you, Commissioner. I look forward to
3 supporting those efforts.

4 Regarding the Regional Economic
5 Development Councils, you know, I support the
6 concept and I strongly believe that bringing
7 regional stakeholders together to develop a
8 regional economic strategy is a very good
9 approach and helps us as a state to make the
10 right investments for those regions,
11 including my own in the Finger Lakes region.

12 But we do need improvement, as too
13 often these councils are insular, leaving out
14 many small businesses and representation of

15 minorities. Going forward, what strategies
16 will the department implement to help guide
17 the REDC process to include projects that
18 emphasize the need to reduce poverty in
19 communities, promote workforce development,
20 childcare, and other programs across the
21 state?

22 And also, how can we ensure
23 marginalized people and those historically
24 left on the economic sidelines will be

1 included in the decision-making process and
2 the benefits from these projects?

3 COMMISSIONER KNIGHT: So, Senator
4 {sic}, I want to talk about my personal
5 experience as an REDC member in New York
6 City. You know, I share your support for the
7 council. One of the things I think that I'm
8 going to focus on is, you know, who's
9 benefiting when we're looking at this work
10 and particularly sort of at the community
11 level.

12 As I said in my testimony, I'm
13 committed to looking at the REDCs -- you
14 know, what's working, what's not, and what

15 can we do better. And I think that, you
16 know, placing equity at the center of some of
17 the decisions we make -- you know, who's
18 benefiting, how are we supporting
19 underrepresented socially disadvantaged
20 people -- I think that's a goal that we will
21 look forward to pursuing.

22 ASSEMBLYMAN BRONSON: Perfect. And,
23 you know, I think we need to be intentional
24 in this area for sure.

1 And I know the Senators really want me

2 to join them, but I'm actually in the

3 Assembly. So it's Assemblymember. But --

4 COMMISSIONER KNIGHT: I'm sorry,

5 Assemblymember. I know that.

6 ASSEMBLYMAN BRONSON: Not a problem at

7 all.

8 Regarding transparency, since the

9 launch of the department's database last

10 spring, groups have reached out to my office

11 requesting that it be expanded to include

12 more detail related to the definition of what

13 is a job, what counts and is recorded as a

14 job for creation purposes or retention of

15 jobs, basic program information such as
16 timing of fund disbursements, and required
17 reports get filed.

18 And Comptroller DiNapoli found that
19 ESD has failed under previous leadership to
20 meet more than half of the statutory
21 reporting requirements for job creation
22 programs.

23 Given that there have been situations
24 of pay-to-play and you want to move, in your

1 words, to pay-for-performance, and
 2 transparency is an important pillar of the
 3 current administration, what if any plans do
 4 you have as a department to expand
 5 information available on the public database
 6 and to make sure that we can truly evaluate
 7 our investments?

8 COMMISSIONER KNIGHT: So,
 9 Assemblymember, you know, Governor Hochul has
 10 made transparency the hallmark of her
 11 administration and is driving that down to
 12 the agency level, and I am certainly
 13 committed to that goal.

14 You know, we're looking at how to

15 improve the Database of Incentives, what
16 project information we want to add, the
17 number of projects listed. We have 1700
18 projects in the database with several
19 billions dollars of assistance. We believe
20 that it's one of the most transparent
21 state-level databases in the country, but
22 welcome your suggestions about how to
23 improve.

24 And, you know, with respect to

1 information, we have tremendous amounts of
2 information on our website. We have an
3 opt-in email feature so that when we post new
4 things, you can be emailed and you'll know
5 that we've posted new information. We are
6 very committed to transparency.

7 And the last thing I'll say, the
8 reports, statutory reports that are due are
9 definitely going to be submitted within the
10 time frame which they are. We have a process
11 in the agency to make sure that happens. So
12 that will not be a finding, you know, going
13 forward.

14 ASSEMBLYMAN BRONSON: That's excellent

15 to hear. And, you know, certainly one of the
16 parameters we have to do with this database
17 is to do a better job of how we are
18 evaluating job retention and job creation so
19 we can work on that together.

20 COMMISSIONER KNIGHT: Okay.

21 ASSEMBLYMAN BRONSON: Regarding
22 shovel-ready sites, in order for communities
23 like mine to be in the best position to
24 attract and retain businesses, they need to

1 be able to develop sites in their regions
2 ahead of time. Shovel-ready meaning, you
3 know, the commercial and industrial sites
4 that have all the planning done, the zoning
5 done, the surveys done -- title work,
6 environmental studies, public infrastructure,
7 to name a few items.

8 In your testimony you stated Governor
9 Hochul's budget proposes to increase
10 New York's portfolio of shovel-ready sites.
11 Yet I don't see an actual line allocation for
12 shovel-ready-sites funding. I'd like to see
13 that.

14 That said, given the numerous proposed

15 allocations in this year's Executive Budget,

16 can you tell me where the allocations are

17 specifically targeting to promote the

18 Governor's shovel-ready goal?

19 COMMISSIONER KNIGHT: So, Assemblyman,

20 we understand the importance of the

21 shovel-ready program. There are several

22 appropriations in the budget we believe we

23 could use to support it. Could be, you know,

24 a variety of sources.

1 One of the -- NY Works, the economic
2 development fund, is an example. And we
3 believe that we could provide funding from
4 that line item in the budget.

5 ASSEMBLYMAN BRONSON: Okay, I would
6 ask if you could identify and submit in
7 writing to the chairs and to the committee
8 members exactly which allocations you think
9 would be used.

10 I'm going to be strongly advocating
11 for a single allocation for shovel-ready. I
12 think it's important to identify it and
13 expressly have it in the budget. But we'll
14 have that discussion.

15 COMMISSIONER KNIGHT: I --

16 ASSEMBLYMAN BRONSON: My last

17 question -- go ahead.

18 COMMISSIONER KNIGHT: I understand

19 your concern, and we'll definitely get back

20 to you on that.

21 ASSEMBLYMAN BRONSON: Excellent.

22 Thank you, Commissioner. We're doing really

23 well.

24 The last question I have for this turn

1 is the Downtown Revitalization Initiative,
2 which I strongly support, the funding of that
3 and the New York Forward program to fund
4 smaller and rural downtowns, both are
5 proposed to receive \$100 million. You're
6 probably going to be happy to know I'm
7 actually going to advocate for more.

8 But that being said, what I really
9 would like to hear you talk about a little
10 bit is, you know, the current DR model of
11 having competition to decide the new set of
12 downtowns. Is that really the best approach?
13 And is there a better way that we can
14 determine who the awardees are so that we can

15 lift communities out of poverty and promote

16 social and economic justice?

17 COMMISSIONER KNIGHT: So, you know,

18 the DRI process and the way it's structured

19 now is work through the Regional Economic

20 Development Councils in conjunction with the

21 Department of State. I think that -- you

22 know, I'd like to talk to my colleague about

23 how to, you know, create a process that is

24 more inclusive that provides for what you're

1 talking about. And look forward to having
2 that dialogue with the Secretary of State.

3 ASSEMBLYMAN BRONSON: Okay, that's
4 great. I've also been talking to the
5 Secretary of State about this particular
6 issue, and so we'll continue that
7 conversation.

8 Again, thank you so much for your
9 testimony and thank you for adhering to our
10 time restrictions. I appreciate it.

11 COMMISSIONER KNIGHT: Thank you.

12 CHAIRWOMAN KRUEGER: Thank you both
13 for adhering to our time restrictions.

14 CHAIRWOMAN WEINSTEIN: We've been

15 joined by Assemblywomen Griffin and Zinerman.

16 And to the Senate now.

17 CHAIRWOMAN KRUEGER: Great. I don't

18 think we have any new Senators quite yet.

19 Oh, I might have missed Gustavo Rivera

20 before. I apologize; he wasn't in his chair.

21 Let's move it to Tom O'Mara, the

22 ranker in Finance, for five minutes.

23 SENATOR O'MARA: Thank you,

24 Chairwoman Krueger.

1 And good morning, President Knight.

2 Thanks for being with us this morning.

3 You know, I acknowledge and appreciate

4 your opening remarks regarding creating

5 opportunity in New York for so many that need

6 it. But to get to opportunity, we need to

7 have affordability in this state. And

8 certainly the economic development programs

9 help incentivize some programs or some

10 businesses to create jobs. But, you know, I

11 really believe that government is not the

12 driver of creating jobs. Businesses create

13 jobs, that's what they do. You know, we can

14 help foster an environment that's more

15 affordable, more competitive with other
16 states. And we are in competition with other
17 states and nations around the world.
18 So, you know, from your perspective,
19 to create these opportunities that we all
20 want for our constituents so people stay here
21 and we can end the exodus of people departing
22 New York State, what are your plans for,
23 first of all, you know, working with our
24 local and regional economic developers -- our

1 IDAs, our LDCs -- working in conjunction to
2 put together the best promotional packages
3 that we can?

4 COMMISSIONER KNIGHT: So thank you for
5 your question. You know, I think that
6 creating strong downtowns and adjacent
7 regions are the way to attract businesses and
8 families to want to be in a location, and so
9 plan to work with IDAs, REDCs, on doing
10 things like identifying, you know,
11 shovel-ready sites to make them attractive so
12 that businesses want to locate.

13 Focusing on the plans of the Regional
14 Economic Development Councils. You know,

15 they've developed plans that want to create
16 these vibrant and economically viable areas
17 in the state, across New York State.

18 And so working with those
19 organizations, I believe that we can continue
20 to provide guidance and create the
21 environment to support business growth.

22 SENATOR O'MARA: I'm glad to hear
23 that, in working with local development
24 entities. I am certainly a big supporter of

1 those and the partnership between local and
2 state to get things done.

3 I'm very concerned that the majorities
4 in this Legislature do not share that
5 philosophy. Evident today is the lack of the
6 New York State Economic Development Councils
7 being invited to testify here, which is just
8 appalling to me, that they're not even here
9 to share their perspective. So I hope that
10 you're going to work with them, because the
11 majorities of this Legislature clearly are
12 not.

13 And we are all in this together. We
14 need to work to promote opportunities in

15 New York State, across the state, with every
16 piece of ammunition we have, because we're so
17 unaffordable. You know, just a couple of
18 weeks ago WalletHub.com came out with their
19 ratings of states. New York ranks No. 50 for
20 affordability. And that lack of
21 affordability eliminates -- or makes it much
22 more difficult to provide opportunities to
23 our constituents to live here.

24 Can you tell me your philosophy and

1 outlook on how we're going to compete with
2 other lower-cost states? Because, you know,
3 we can put together grand packages of
4 incentives and everything, but these even
5 more competitive, less expensive states,
6 they're putting together incentive packages
7 as well. How do we compete against that in
8 New York?

9 COMMISSIONER KNIGHT: So, you know, I
10 believe some of the initiatives put forth in
11 this budget help to do that.

12 You know, I talk to CEOs and business
13 owners all over the state, and one of the
14 things they talk about with respect to

15 location decision is access to talent. And
16 so to the extent that we can provide access
17 to talent, provide connections to world-class
18 academic institutions that can support
19 innovation -- you know, there are other
20 factors that businesses look at. Cost is
21 certainly, you know, one of those. But
22 definitely --

23 SENATOR O'MARA: Well, I agree we have
24 those great institutions and everything, but

1 clearly, from the exodus of people from
 2 New York State, our talent is leaving to more
 3 competitive, lower-cost states that have the
 4 ability to provide more opportunity. How do
 5 we deal with that?

6 COMMISSIONER KNIGHT: We want to build
 7 workforce programs that supply employers with
 8 talent. And so that is why we are creating
 9 this Office of Workforce Development, and get
 10 in front of it.

11 SENATOR O'MARA: Time's up. Thank
 12 you.

13 CHAIRWOMAN KRUEGER: Thank you very
 14 much. I think next -- excuse me. We've been

15 joined by Senator Michelle Hinchey.

16 And now to the Assembly.

17 CHAIRWOMAN WEINSTEIN: We've been

18 joined by Assemblymembers Hyndman, Fall and

19 Rajkumar.

20 And we go to our chair of Small

21 Business, Assemblyman Stirpe, 10 minutes.

22 ASSEMBLYMAN STIRPE: Thank you,

23 Helene. Hi, Commissioner.

24 COMMISSIONER KNIGHT: How are you,

1 Assemblymember.

2 ASSEMBLYMAN STIRPE: Good.

3 And a lot of my testimony is going to

4 sort of leverage on the discussions we had

5 last week where I talked about, you know, a

6 number of different things. I've got to say

7 that a lot of the issues I have concerns

8 about, Senator Kaplan's already reviewed.

9 And of course Assemblyman Bronson has also

10 taken a lot of those.

11 But let's go and talk about the

12 Centers of Excellence again.

13 COMMISSIONER KNIGHT: Yes.

14 ASSEMBLYMAN STIRPE: Now, you know, as

15 Senator Kaplan said, the return on investment
16 is almost astronomical -- I mean, from 27:1
17 to 42:1. And I kept saying, year after year,
18 to the people sitting in your chair, why do
19 we keep, you know, either cutting them or
20 just keeping them the same if they're having
21 that much success? Why aren't we doubling or
22 tripling the amount of funding that goes into
23 that? And I haven't really gotten a good
24 answer to that.

1 Is there anything, you know, you see
2 that makes it stay at such a small price?
3 And all these other economic development
4 programs we have don't have nearly the kind
5 of return that Centers of Excellence and CATs
6 have.

7 COMMISSIONER KNIGHT: So,
8 Assemblymember, you know, I agree that
9 they're great programs and they've done well
10 with the resources that we've provided --
11 that they've been provided with. And
12 Governor Hochul has increased funding
13 relative to prior budgets. You know, I think
14 it's an appropriate level, but I'm definitely

15 open to having more conversation with you

16 about it.

17 ASSEMBLYMAN STIRPE: Okay. Yeah,

18 we've asked to increase them from -- the main

19 ones from \$1 million to \$1.5 million. And

20 the other two Centers of Excellence, in

21 healthy water solutions and weather, from

22 Albany, to bring them up to at least a

23 million dollars to allow them to function

24 fully.

1 Also, there's a proposal we're putting
2 in for a new Center of Excellence in
3 Workforce Excellence in elder and healthcare
4 giving at Onondaga Community College. We're
5 in a situation in both those industries --
6 you know, in healthcare and elder care --
7 where it's a crisis situation, we desperately
8 need more people. And by creating a Center
9 of Excellence and providing some additional
10 funding, they can take successful programs
11 they have in nursing, CNAs, you know, home
12 healthcare workers, et cetera, and really
13 open the pipeline and try to push through a
14 lot more people.

15 So I hope, as these suggestions get
16 thrown out into the mix, that you'll take a
17 look at those and give them a good look.

18 COMMISSIONER KNIGHT: So,
19 Assemblymember, I understand the importance
20 of child/elder care and other care. They're
21 necessary to ensure participation in the
22 economy. And so I look forward to seeing the
23 Legislature's proposed budgets.

24 ASSEMBLYMAN STIRPE: Okay. Statewide

1 Broadband Initiative. A number of years ago
2 we put in \$500 million to help broadband
3 expand throughout the state. What we got
4 were a lot of reports that said everything
5 was great. And as we all knew, that wasn't
6 really true. You know, rural and urban areas
7 continue to have lots and lots of problems.

8 And I'm just wondering, even though it
9 is, you know, now \$1.4 billion, what kind of
10 things are we going to do that's different to
11 ensure that broadband actually expands? You
12 know, we tried to do it basically using the
13 private sector, supposedly giving incentives
14 to those businesses to go ahead and expand.

15 And, you know, they tried to do everything

16 they could to sort of skirt around those

17 requests and just sort of focus on things

18 that were the most profitable.

19 So I'm wondering if there are any

20 other ideas that you might have.

21 COMMISSIONER KNIGHT: So a lot of

22 things that we can improve on with respect to

23 the last -- prior program. You know, we were

24 working with the best data that we had, but

1 the data was not great. And so we are
2 expecting PSE data with more granularity, and
3 we'll be able to understand better, you know,
4 how to penetrate the state more.

5 This investment that is proposed is
6 the largest investment ever. And so the
7 funding provided for that will get us greater
8 coverage across the state. And then we'll
9 be -- take much more of a holistic approach.

10 And so although we had invested
11 \$500 million in the last program, it wasn't
12 enough to provide broadband throughout the
13 state. And we believe that the funding that
14 is provided for in this budget will give us

15 an opportunity to pursue this more probably

16 both, you know, in rural communities,

17 creating more coverage, and providing more

18 reliable, competitive, affordable broadband

19 in urban areas.

20 ASSEMBLYMAN STIRPE: Okay. Could I

21 recommend you take a really hard look at both

22 cooperatives and municipal broadband. I

23 think, you know, you can get people to join

24 together and they'll identify better where

1 the broadband is needed, and I think this
2 makes it more affordable.

3 COMMISSIONER KNIGHT: So,
4 Assemblymember, I just want to say that we
5 are looking at providing planning dollars for
6 municipalities, because we know that local
7 challenges need local solutions. And so, you
8 know, to your point about municipalities
9 providing broadband, that's certainly one of
10 those ideas that we would like to have
11 pursued.

12 ASSEMBLYMAN STIRPE: Okay. Another
13 issue involves the film industry upstate.
14 And, you know, while the tax credits have

15 gotten people to come upstate and produce

16 films and TV, one of the things that is still

17 missing -- and I think the film industry

18 struggles with -- is the human

19 infrastructure, the people trained in the

20 industry in upstate.

21 And, you know, we have a couple of

22 proposals that we're putting in to help build

23 that. There's a group in Syracuse in

24 particular that's looking for some money, and

1 they have four or five different programs
2 that they want to kick off. They've started
3 on a very small basis, but they want to move
4 into the high schools and take kids who
5 normally would not go to college, maybe, who
6 would have an interest in something like
7 this, bringing them in internships so they
8 get experience actually working on films,
9 et cetera, and then once they graduate they
10 can move right into the industry.

11 So I hope you'll take a good look at
12 that.

13 COMMISSIONER KNIGHT: Certainly,
14 Assemblymember. You know, the new Office of

15 Workforce Development may be able to support

16 this.

17 And also, as you know, the Film Tax

18 Credit Program has a contribution that is put

19 forth from the tax credits. The proposal

20 this year is to move from a quarter of a

21 percent to a half-percent into the fund. And

22 so that's also a possibility with respect to

23 providing funding for training in the film

24 and television industry.

1 ASSEMBLYMAN STIRPE: Okay. In the
2 budget the Governor put 45 million for state
3 economic development initiatives. And, you
4 know, I've always wondered exactly what that
5 money does. It's kind of like walking-around
6 money that ESD uses when something pops up, I
7 guess.

8 But do you have any more concrete
9 examples of how this money is used?

10 COMMISSIONER KNIGHT: So it supports a
11 range of our operations. I'm going to have
12 to ask Kevin Younis to speak to that.

13 ASSEMBLYMAN STIRPE: I was wondering
14 when he was going to come in here.

15 Kevin, are you there?

16 ESD COO YOUNIS: Sorry there. Can you

17 hear me okay?

18 ASSEMBLYMAN STIRPE: Yes.

19 ESD COO YOUNIS: Assemblyman, that

20 45 million is for -- if I'm thinking of the

21 right thing, it's the tourism and business

22 marketing efforts. So it's things, you know,

23 like the I Love New York programs and --

24 that's what that -- if I understand the 45

1 you're talking about, that's what it is.

2 ASSEMBLYMAN STIRPE: Okay. Also, you

3 know, there's a certain amount of money for

4 the Minority and Women-Owned Business

5 Development and Lending program. What I

6 don't know and what we don't find out a lot,

7 how much is used versus how much is requested

8 by this community? And, you know, I'm just

9 trying to find out if it's underutilized, you

10 know, underfunded. Kevin, do you have any

11 answers for that?

12 CHAIRWOMAN KRUEGER: We're going to

13 actually ask Kevin to give you that answer

14 offline because you've hit the zero mark.

15 ASSEMBLYMAN STIRPE: All right.

16 ESD COO YOUNIS: I'll do it.

17 CHAIRWOMAN KRUEGER: Thank you, and I

18 apologize.

19 We're going to go back to the Senate,

20 but we've also been joined by Senator Ramos.

21 And Senator Liu is up next.

22 SENATOR LIU: Thank you, Madam Chair.

23 And thank you, Commissioner, for

24 joining us.

1 I first want to expand a little bit --

2 or not expand but underscore what Chair

3 Stirpe had talked about, the broadband

4 initiative. I think that's very important.

5 I do question why the state has a

6 \$1.4 billion investment in that. Not to say

7 it's not a good investment, but the federal

8 government is already earmarking quite a bit

9 for broadband development. I would think

10 that we'd get a nice chunk of that here in

11 New York State and that we wouldn't have to

12 necessarily use our own taxpayer funds for

13 it.

14 And then a lot of the buildout

15 actually has to -- should be done by the
16 companies, which I think during this global
17 pandemic they've been making money hand over
18 fist. So I would ask you to take a look at
19 whether we actually need to expend that large
20 amount of New York State funds for the
21 development of broadband. It's important,
22 but I think there's money elsewhere to do
23 that.

24 COMMISSIONER KNIGHT: Yes. So,

1 Senator, just wanted to respond to that. So
 2 approximately \$300 million of the
 3 \$1.4 billion proposal, the ConnectALL
 4 proposal, is state funding. The rest is
 5 federal from, you know, prior COVID relief
 6 funding as well as the IJA bill.

7 SENATOR LIU: Okay.

8 COMMISSIONER KNIGHT: So it's
 9 \$300 million for state funding.

10 SENATOR LIU: That's a great
 11 clarification. Thanks very much.

12 I also want to underscore what my
 13 chairperson, Anna Kaplan, said before, which
 14 is we need to help our small businesses. And

15 to the extent that the state can come up with
16 ways to cut the taxes, the business taxes for
17 small businesses across the board -- even if
18 it's not a huge amount, because maybe we
19 can't afford a huge tax break, a small amount
20 of reduction in the tax rates would go a long
21 way to helping these small businesses and
22 really send a message to these small business
23 owners that we care about them.

24 COMMISSIONER KNIGHT: Yes. Understand

1 where you're coming from. Governor Hochul's
2 budget does have a line item for small
3 business tax relief, so we are working in
4 that direction.

5 SENATOR LIU: Yeah, I understand that.

6 But I'd love to get to a point where we can
7 have a differential tax rate, business tax
8 rate for small businesses that is not a
9 program that small businesses apply for but
10 really a reduction in the tax tables for
11 these small businesses.

12 And I think we could do much more of
13 that if we stopped emphasizing these special
14 deals with big companies. Which I'm so happy

15 to see that it was not part of your initial
16 testimony. I think that we do need to focus
17 more on small businesses, across-the-board
18 tax breaks for these small businesses.

19 And speaking of large companies that
20 get special tax deals, Tesla recently
21 informed me in writing that they had
22 absolutely met their job creation goals. I
23 guess I'm supposed to just take their word
24 for it.

1 But, you know, we -- we can't -- I
2 can't hold Tesla accountable, that's your job
3 at ESDC. Our job in the Legislature is to
4 hold ESDC accountable. And part of the way
5 we were supposed to do that is this database
6 of all these tax breaks, tax deals,
7 throughout the State of New York that had --
8 that were supposed to have been created years
9 ago --

10 CHAIRWOMAN KRUEGER: I have to cut you
11 off, Senator Liu.

12 SENATOR LIU: All right. Is it done?

13 CHAIRWOMAN KRUEGER: I promise -- your
14 three minutes is up, but I promise that I

15 will follow up with that question if no one

16 else has when we get to me. So thank you.

17 SENATOR LIU: Thank you, Madam Chair.

18 CHAIRWOMAN KRUEGER: Thank you.

19 And turning it over to you, Assembly.

20 CHAIRWOMAN WEINSTEIN: We go to the

21 ranker on Ways and Means, Assemblyman Ed Ra.

22 ASSEMBLYMAN RA: Thank you, Chair.

23 Good morning, Commissioner. It was

24 good to connect with you last week in advance

1 of the hearing.

2 What I wanted to ask you about

3 actually was something that came up

4 yesterday, and the DOT suggested I bring it

5 up today. So regarding the fiber

6 right-of-way fee, as you may know, you know,

7 there's a proposal to exempt projects that

8 are coming through the -- state-funded

9 projects from this fee. So, you know, I

10 think that people in the industry who are

11 putting private investment in are concerned

12 with this fee.

13 But one of the other things that has

14 been brought up, at least with me in talking

15 to our local companies, is the whole process,
16 the approval process. And one of them is
17 getting their permits. And they have to get
18 these maps of the rights-of-way -- which,
19 look, I understand the purpose of all this.
20 We want to make sure the work is being done
21 in a safe manner and all of that. But they
22 say that some of that takes a really long
23 time to get the maps of the right-of-ways
24 that they need.

1 So I'm wondering, you know, since
2 we're trying to streamline this process with
3 regard to the fee, does it maybe make sense
4 to have a centralized database also for the
5 maps when somebody is, you know, under that,
6 I guess, umbrella of the ConnectALL program?

7 COMMISSIONER KNIGHT: So, you know, it
8 is contemplated that the ConnectALL will
9 provide for proposals that standardize the
10 right-of-way access and also improve, you
11 know, the transparency of permitting.

12 And I'm open to, you know, specific
13 proposals. But, you know, we certainly want
14 to clear some of the regulatory hurdles in

15 getting our broadband deployed.

16 ASSEMBLYMAN RA: So, I mean, is this

17 idea of exempting these projects from those

18 fees -- I mean, do you view that as an

19 acknowledgement that perhaps these fees are

20 inhibiting private investment?

21 COMMISSIONER KNIGHT: So the notion of

22 exempting these fees, we want to, as I say,

23 streamline and be able to have the providers

24 have no barriers to deploying the broadband

1 infrastructure.

2 ASSEMBLYMAN RA: Okay, thank you. And

3 then the other thing -- and I know we spoke

4 about this last week -- if you could maybe

5 elaborate, I know it's come up already with

6 others today. Just ESD -- in terms of trying

7 to evaluate our economic development

8 programs, obviously it's -- with the change

9 in administration and, you know, your

10 leadership coming in, what is ESD doing to

11 try to better evaluate the success of their

12 programs? This has obviously been a hot

13 topic for many years within the Legislature,

14 to make sure as we fund these programs that

15 we are getting the job growth that we're

16 seeking.

17 COMMISSIONER KNIGHT: Absolutely.

18 So, you know, the thing about it is

19 ESD already produces a lot of data. You

20 know, we can do more to evaluate our

21 programs. And as I stated in my testimony,

22 looking to do more third-party program

23 evaluations, like Excelsior and START-UP.

24 ASSEMBLYMAN RA: Thank you. I yield

1 back my time, Chairs.

2 CHAIRWOMAN KRUEGER: Thank you very

3 much.

4 CHAIRWOMAN WEINSTEIN: We've been

5 joined by Assemblymembers McDonald and

6 O'Donnell.

7 To the Senate.

8 CHAIRWOMAN KRUEGER: Thank you.

9 I'm just checking for any -- we've

10 been joined by I think Senator Savino and

11 Senator Hoylman since the last time.

12 And I turn it over to

13 Senator Borrello.

14 SENATOR BORRELLO: Thank you,

15 Madam Chair.

16 Good morning, Commissioner.

17 First of all, I want to say I spent

18 10 years in county government, and I worked

19 well with ESD and the Western New York REDC.

20 I served on the board when I was county

21 executive. So I appreciate the challenge

22 you're facing.

23 You know, as Tom O'Mara mentioned,

24 this is the worst state to do business in and

1 the most costly state to do business in. So

2 we face a lot of challenges.

3 We've talked a lot about broadband,

4 but one of my concerns is that -- you know, I

5 asked the commissioner of DOT yesterday if

6 she could assess the impact of the DOT

7 fiber-optic tax on the right-of-way tax and

8 the other fees on the expansion of broadband,

9 and she said to -- she referred to you,

10 basically. She said this was an ESD issue.

11 So can you give me your estimates?

12 Have you actually looked at what this fee has

13 done to hinder the projects that are

14 currently underway?

15 COMMISSIONER KNIGHT: So, Senator, I

16 just want to say that, you know, with

17 ConnectALL we're looking to exempt all fees

18 in deploying broadband. You know, we

19 understand that it's very expensive to deploy

20 rural projects and so, you know, they need

21 more support. And, you know, that is one of

22 the drivers of exempting the fee under the

23 ConnectALL.

24 I have -- we have not done, you know,

1 analysis with respect to barriers created by
2 the fee, but, you know, we can take a look at
3 that and come back to you.

4 SENATOR BORRELLO: I think that's
5 really important. Because here's the thing.
6 That program is only -- obviously anybody
7 that's going to be participating in that
8 program is exempt from the fees. But I can
9 tell you countless small projects,
10 medium-sized projects by local, you know,
11 family-owned businesses that are not part of
12 the -- either the ConnectALL or the Broadband
13 for All that have to pay the fees.

14 So what you're saying is if you're

15 taking government money, then we'll exempt
16 you -- but if you're just paying your own
17 way, we won't exempt you. And that's why you
18 have all these projects that have been scaled
19 back or canceled, where they're redrawing
20 lines so they avoid state rights-of-way. In
21 the rural areas like I represent, that's a
22 big problem. It's also -- it means a lot of
23 people that live along those rural state
24 routes will just not get broadband service.

1 So I think we need to -- first of all,
2 I would appreciate if you would advocate to
3 the majorities to eliminate this fee, because
4 it has been so damaging. But I would like to
5 know what the impact has been, if you could
6 tell us -- again, not now, but to look at it
7 to see what the actual real impact is.
8 Because it seems like the benefit far
9 outweighs the damage it has done (sic).
10 COMMISSIONER KNIGHT: I certainly
11 appreciate your perspective, and we'll look
12 into that and get back to you.
13 SENATOR BORRELLO: Well, thank you.
14 And again, I think that -- it was mentioned

15 before about shovel-ready. And I have only a
16 few seconds left. But again, to me it is a
17 huge problem. As a former county executive,
18 we do not have the ability to have three to
19 five years to have land ready to go. We need
20 to have more shovel-ready throughout the
21 state so we can attract businesses
22 immediately.

23 Thank you.

24 COMMISSIONER KNIGHT: Understand. And

1 we ought to be able to provide resources to
2 support that effort.

3 SENATOR BORRELLO: Thank you.

4 CHAIRWOMAN WEINSTEIN: We go to
5 Assemblyman Friend, ranker on Economic
6 Development, for five minutes.

7 ASSEMBLYMAN FRIEND: Thank you, Chair.

8 And good morning, Commissioner.

9 I'm going to jump back to the
10 situation at Tesla. There was a news article
11 in December 2021 that said that Tesla has
12 1,636 employees working at the Gigafactory.
13 Can you confirm that those are Tesla
14 employees and not subcontracted out? Are

15 you -- do you know what their current

16 employment status is?

17 COMMISSIONER KNIGHT: Yes, today -- so

18 we're in the process of confirming the

19 information. We will have a third party

20 confirm this information. We also check

21 against Department of Labor data. But that

22 number is what they have reported to have at

23 Tesla, and those are Tesla employees.

24 We understand that they hire employees

1 through an outplacement firm. And once they
2 reach 500 hours, they are then converted to
3 full-time Tesla employees. So we understand
4 that transition, and that is not allowed to
5 be counted.

6 ASSEMBLYMAN FRIEND: Okay. And then
7 do you know, are they making cars or solar
8 panels? What is it that they're making at
9 the plant? Or are they --

10 COMMISSIONER KNIGHT: Yes, so I
11 visited the plant in December. They've
12 diversified the product mix, so they're
13 manufacturing the solar roof tiles,
14 superchargers, home residential energy

15 storage devices. They're, you know,

16 manufacturing a range of products.

17 ASSEMBLYMAN FRIEND: Okay, that's good

18 to hear.

19 At one point they had excess equipment

20 that the state had bought for them. Is

21 that -- have we sold off that equipment? Or

22 are they using that equipment that was

23 purchased by the state?

24 COMMISSIONER KNIGHT: I know that

1 there is some equipment that was able to be
2 used, and then there are other pieces of
3 equipment that are in the process of being
4 sold. I can turn to Kevin Younis on this.

5 But when I was there in December, they
6 were looking to move that equipment out of
7 the way so they can bring on more lines and
8 hire more people for production.

9 ASSEMBLYMAN FRIEND: Okay. And is
10 there a chance, then, that some of the
11 equipment that they might not be using could
12 possibly go to like our universities for
13 students to be trained on or for workforce to
14 be trained on to use?

15 COMMISSIONER KNIGHT: So I don't have

16 details like that at the moment, but I can

17 get back to you on that.

18 ASSEMBLYMAN FRIEND: Okay, I

19 appreciate that.

20 And I'd like to switch gears. I mean,

21 Tesla is one of the big companies, part of

22 the Buffalo Billion. But 95 percent of our

23 businesses in the state are small businesses.

24 And for the COVID-19 small business recovery

1 grant program, what we're seeing in the
2 applications submitted and applications
3 awarded is that roughly -- New York City and
4 Long Island have roughly a 50, 54 percent
5 application award rate, whereas upstate is
6 well below that, at only 20.4 percent.

7 Can you give an explanation on why
8 there's that discrepancy?

9 COMMISSIONER KNIGHT: I can't give you
10 an explanation at this moment, but I can come
11 back to you after we, you know, review the
12 data and understand what the discrepancy is.

13 You know, what I will say is that this
14 program is focused on reaching small

15 businesses, some of the hardest businesses to
16 reach. And I know that the regions are
17 working very hard to support these businesses
18 in gaining applications.

19 We have our next quarterly report due
20 in March, at the end of March, and so we'll
21 be able to provide for you a summary of
22 awards by region and by county.

23 ASSEMBLYMAN FRIEND: Okay --

24 (Unintelligible cross-talk.)

1 COMMISSIONER KNIGHT: Go ahead, Kevin.

2 ESD COO YOUNIS: It is -- I was just

3 going to add, Commissioner, that it does

4 track largely with population. So pretty

5 consistently, you know, by population, by

6 region, those grants are going

7 proportionately.

8 ASSEMBLYMAN FRIEND: Okay, so

9 population, not by actual applications, then.

10 ESD COO YOUNIS: I mean, you know, so

11 roughly the applications approved in each

12 region is consistent with the population in

13 that region. So New York City is

14 predominating, but New York City's population

15 is, you know, roughly 50 percent of the

16 state's population.

17 ASSEMBLYMAN FRIEND: Right, okay.

18 And then again, going back to small

19 businesses, I mean, I just hear over and over

20 again from my small business owners that,

21 again, it's a regulatory issue, being a big

22 thing that always gets in their way, as well

23 as looking for opportunities, whether it's a

24 grant or some sort of assistance. Which our

1 Regional Economic Development Councils have
2 been helpful with, but it might be good to
3 think of not only like our database of deals,
4 but an opportunity to take all of our grant
5 and award programs under ESD and put that in
6 one place so that our small businesses would
7 just have one place to look to be able to
8 have access to what is available for state
9 funding for them to be able to reach out and
10 ask for.

11 Thank you for your time, and I'll pass
12 it along.

13 CHAIRWOMAN WEINSTEIN: Back to the
14 Senate.

15 CHAIRWOMAN KRUEGER: Thank you very
16 much. And we are next up with Senator James
17 Skoufis.

18 SENATOR SKOUFIS: Thanks very much,
19 Chair.

20 And good to see you again,
21 Commissioner. I have a couple of comments
22 and then I want to focus on one question.

23 First, I know the ranking member
24 mentioned, as did one or two others, the

1 unaffordability for some in this state. I
2 just want to respectfully respond and note
3 that perhaps we would not be unaffordable if
4 constituents in my district and around the
5 state did not have to shoulder the wasteful
6 subsidies that local IDAs provide when
7 they're not needed -- and, quite frankly,
8 unnecessary spending from ESD when it's --
9 when, you know, it's been not needed in years
10 past.

11 And second, you know, I appreciate the
12 nod, Commissioner, that you offered to a
13 number of suggestions that some like-minded
14 colleagues and I have put to you in the past

15 few weeks to consider. I do just want to
16 note, though, that, you know, they do fall
17 short, in my opinion. You know, your
18 suggestion that, you know, you're going to
19 review the REDC process does not exactly
20 instill a lot of confidence in me that that's
21 going to be taken seriously. It's a very
22 vague statement and open-ended statement.

23 And so I want to offer, I want to
24 re-up again, as I have the past number of

1 weeks, the opportunity to meet with me and
2 like-minded colleagues to collaborate on some
3 commitments to reform ESD.

4 That said, I want to ask about the
5 but-for provision of economic development to
6 you. You know, but for an incentive, the
7 company would not site here in New York
8 State. I know that some if not many of your
9 programs require an attestation from
10 applicants that they basically check that
11 box: But for, we would not come.

12 I want to know, I would like to know
13 how you suss that out, what you at ESDC do to
14 determine whether they are being truthful

15 when they tell you but for the Excelsior job

16 credit or but for whatever program, we're not

17 coming to New York. Do you think the current

18 process is satisfactory? And if not, what

19 you believe, you think we should do to change

20 that and try to basically, again, determine

21 whether they are BSing, whether they are

22 lying to you and our taxpayers here in

23 New York.

24 COMMISSIONER KNIGHT: So thank you for

1 your question, Senator.

2 I agree on the importance of but-for.

3 We have, you know, a team of individuals that

4 examine the facts of each application. And,

5 you know, all of our programs are different,

6 but we look at, you know, what is the

7 applicant saying with respect to their

8 ability to move, whether or not they have,

9 you know, a lease that is up for renewal,

10 whether or not they have a facility that is

11 aging, what it is that they need to expand

12 their business and why would they be moving.

13 And so those are things that we look

14 at and take seriously and, you know,

15 applicants have to attest to the truthfulness
16 of the application. And any attempt to
17 defraud the state is a crime. And so I
18 think, you know, we are holding applicants
19 accountable for what it is that they say.

20 SENATOR SKOUFIS: Okay, my time is up.

21 Thank you for the answer.

22 CHAIRWOMAN KRUEGER: Assembly.

23 CHAIRWOMAN WEINSTEIN: We go to

24 Assemblywoman Clark, three minutes.

1 ASSEMBLYWOMAN CLARK: Hello,
2 Commissioner. Thanks for joining us here.
3 I'm going to push in a little on
4 childcare, which is one of my favorite
5 subjects. I wanted to chat a little -- I
6 know you do know, you know, many of the
7 issues surrounding the childcare sort of
8 ecosystem here in New York. But I wanted to
9 just ask a few -- and I have a couple of
10 questions at the end, but mostly just want to
11 make the point we know our providers -- we
12 know our workforce is leaving. Right? We
13 know parents are leaving the workforce at the
14 highest rate ever, particularly moms. And we

15 know businesses can't hire because of it.

16 They're struggling to find employees.

17 We also know that over 2,000 providers

18 shut their doors during COVID. Which our

19 providers are small businesses themselves,

20 and they can't cover costs in the current

21 subsidy system. There's not been enough done

22 there to understand what the true cost of

23 care is, let alone giving a wage increase to

24 those who work in the industry.

1 And we know -- you know, I've heard
2 the Governor talk at times about creating
3 on-site childcare places at some of our
4 larger companies. But I'm fearful of the
5 inequity that that would create. That
6 doesn't take into account our small
7 businesses, our restaurants, those companies
8 that don't have that kind of capacity to
9 build on-site childcare.

10 So my first question is, you know, are
11 there things that we can do to create a
12 system supporting small businesses that are
13 childcare providers?

14 Two, do you think employers have some

15 responsibility here to join in the game to
16 help with childcare as an issue, given how
17 much it affects their employees?

18 And last but not least, do you have
19 any ideas or suggestions of ways that ESD
20 could really be a partner in all of that?

21 Thank you.

22 COMMISSIONER KNIGHT: So thank you for
23 your questions about childcare. Definitely
24 agree on the importance. You know, it

1 impacts, you know, both economic growth and
2 economic equity.

3 You asked a couple of questions; I'm
4 going to try to get to them in order.

5 You know, the REDCs have prioritized
6 childcare. And the state has funded I think
7 about 27 childcare facilities across the
8 state through the REDC process. So that's
9 one way that we look to support the growth of
10 childcare facilities.

11 Secondly, we have implemented a
12 Childcare Tax Credit, it's recently come into
13 the fore. And whenever we're talking to
14 businesses, we believe that they should think

15 about locating childcare as they are locating

16 their business facilities.

17 And then, thirdly, you know, this is

18 not the purview of ESD, but Governor Hochul

19 has provided \$75 million in a line item to

20 support wage growth for childcare workers.

21 So I think, you know, those items, along with

22 a number of others, you know, support

23 increasing childcare availability for the

24 folks in this state.

1 ASSEMBLYWOMAN CLARK: Thank you. I'd

2 just echo that --

3 CHAIRWOMAN WEINSTEIN: Thank you,

4 Commissioner.

5 ASSEMBLYWOMAN CLARK: Okay. Sorry.

6 CHAIRWOMAN WEINSTEIN: Let's go to the

7 Senate.

8 CHAIRWOMAN KRUEGER: Okay, thank you,

9 Assemblywoman.

10 Next up is Leroy Comrie.

11 SENATOR COMRIE: Good morning. Good

12 morning, Commissioner Knight.

13 COMMISSIONER KNIGHT: Good morning.

14 SENATOR COMRIE: I have some

15 questions, I'll go right into them.

16 I agree with what my other colleagues

17 have said about the REDC. It's imbalanced,

18 and it needs to be corrected. And I would

19 hope that we could hear from you what you

20 plan on doing to help correct the imbalance

21 in the REDC. It's -- I'll ask that question

22 first.

23 COMMISSIONER KNIGHT: Yes. So,

24 Senator, I just would like to say that, you

1 know, with respect to taking a look at the
2 REDCs, I think that what we want to do is
3 see, you know, what's working and what's not
4 and what can we do better. And we'll be, you
5 know, soliciting input from --

6 SENATOR COMRIE: So you're willing to
7 meet with a group of us to make sure that we
8 can have that wide discussion about what's
9 wrong with it? Because there are many
10 members that are frustrated with the REDC.

11 COMMISSIONER KNIGHT: Definitely want
12 to solicit your input with respect to the
13 challenges --

14 SENATOR COMRIE: And we can have it

15 before the end of this month so that we can

16 be ready for something in the budget?

17 COMMISSIONER KNIGHT: Would like to

18 have that discussion with you, yes.

19 SENATOR COMRIE: Okay. The second

20 thing is on small business tax breaks, as

21 other members have said earlier, it's

22 important that the government and the

23 Governor's office come up with a series of

24 determined and focused tax breaks for small

1 business. I would hope that we could see
2 something from your office in specific on
3 that as well. If we can make sure that that
4 can happen, and if there's some questions
5 about it, there's an opportunity to reach out
6 to make sure that we have those -- that
7 package in place so that we can add it to the
8 budget as well.

9 Small businesses around the state have
10 been hurting due to the pandemic, and we need
11 some specific help and some specific actions.

12 And I hope that you can get back to us about
13 that as well.

14 The other issue that they talked about

15 would be the issue on Workforce and Economic

16 Development. What would be the duties of

17 this new office?

18 COMMISSIONER KNIGHT: So the office

19 will really focus on working with businesses

20 to understand where their needs were with

21 respect to trained employees, working with

22 workforce providers to connect them to the

23 businesses to understand how to create

24 training programs that prepare New York

1 residents for, you know, in-demand,
2 high-quality jobs.

3 SENATOR COMRIE: Thank you. And then
4 finally, on the Database for Economic
5 Incentives, can you tell us about where that
6 is vis-a-vis its placement and the
7 effectiveness of it?

8 COMMISSIONER KNIGHT: So, you know,
9 the Database of Economic Incentives are up.
10 I'd like to let you know that most of the
11 data and inputs were modeled after your
12 proposed legislation. And so that is
13 available on our website. It has about 1700
14 projects. We update it every quarter. And

15 billions of dollars of projects on the

16 database.

17 SENATOR COMRIE: Thank you. I just

18 want to say I believe that you will be a

19 great commissioner once we get you up and

20 running, and I hope that the outreach that

21 we've asked for can happen --

22 CHAIRWOMAN KRUEGER: Thank you, Leroy.

23 SENATOR COMRIE: Thank you.

24 CHAIRWOMAN KRUEGER: I'm going to cut

1 you off there. You can compliment her

2 offline. Thank you.

3 Assembly. Helene?

4 CHAIRWOMAN WEINSTEIN: Assemblyman

5 Jones for three minutes.

6 ASSEMBLYMAN JONES: Good morning,

7 Commissioner. Thank you for joining us

8 today. And I do have some -- a few points as

9 well.

10 We're talking about shovel ready. I

11 know Chair Bronson had mentioned it before.

12 Many of us are working on legislation to

13 commit for funds that are shovel-ready

14 funding there, so I would make that point.

15 And broadband. We have to look at
16 broadband again. I know it was mentioned
17 before by a few of my colleagues, but the DOT
18 tax that was put in the budget a couple of
19 years ago is just ridiculous. It's one of
20 the most ridiculous budget items I've ever
21 seen shoved in a budget.

22 From what I understand, the state made
23 \$8 million off of it last year. I read
24 something about that. It only hurts the

1 smaller businesses that try to get broadband
2 out to our rural areas and to our -- you
3 know, our impoverished communities. So we
4 need to get rid of that tax.

5 Not only that it's connected to the
6 ConnectALL -- and I applaud the Governor and
7 yourself for putting the \$1.3 billion for
8 ConnectALL. We just need to get rid of the
9 tax. Not if it's associated to the
10 ConnectALL, just get rid of it. That's all.

11 And the surveying fees that these
12 small companies have to put up with while
13 they're trying to connect to the
14 infrastructure here that's already in place.

15 MWBE. I bring it up every year in
16 this hearing. And I was pleased to hear the
17 Governor mention it, that she is going to
18 streamline the process and add, as you had
19 said before, add personnel to that office.
20 What are we specifically going to do
21 to that? Because I still have minorities and
22 women-owned businesses that have been on this
23 big loop and they still can't get certified
24 after three, four, five years of dealing with

1 this. And they're frustrated, I'm frustrated
2 about it as well. What are we going -- what
3 are we doing?

4 COMMISSIONER KNIGHT: So --

5 ASSEMBLYMAN JONES: And one other
6 question -- my time is very limited. One
7 other question. The \$800 million that we put
8 out for small business relief -- I don't know
9 if this has been asked already, but how much
10 of that money is actually out the door to our
11 small businesses? And do we have statistics
12 on that?

13 COMMISSIONER KNIGHT: We do have
14 statistics on that. I can answer that

15 question for you first.

16 You know, we are headed towards

17 \$500 million of disbursement. Over

18 27,000 businesses; 98.6 percent of those

19 businesses are microbusinesses with

20 10 employees or less. Eighty percent of

21 those businesses are MWBEs. So we can get

22 you more specifics on the program, but those

23 are the high-level metrics.

24 Want to speak to your question about

1 MWBEs and certification. You know,
2 unfortunately, you know, I encountered a
3 situation where the organization was not able
4 to keep up with processing of MWBE
5 certification applications. And so the
6 Governor has provided for \$11.4 million to
7 hire staff and consulting services to
8 eliminate the backlog of applications, and
9 then to be able to process them on a more
10 timely basis.

11 ASSEMBLYMAN JONES: Thank you very
12 much for your service, and I look forward to
13 working with you.

14 CHAIRWOMAN WEINSTEIN: Yes, to the

15 Senate now.

16 CHAIRWOMAN KRUEGER: Thank you. Thank

17 you. We are up to Senator Hinchey.

18 SENATOR HINCHEY: Hi. Thank you,

19 Chair. Thank you very much.

20 And Commissioner, it's nice to see

21 you.

22 I actually have very similar questions

23 to Assemblymember Jones. I echo the -- and

24 from Senator Borrello, the rural buildout.

1 But my question was specifically on MWBEs

2 also.

3 You know, we help -- I've helped, my

4 office has helped thousands of people with

5 cases, and some of the most frustrating have

6 been the MWBE cases. Which is really

7 disheartening and really sad. Because we

8 want to make sure these small businesses are

9 getting the support that they need and they

10 feel utterly failed by state government and

11 by a program that was meant to support them

12 and actually hurts them.

13 We had a business actually lose a

14 state contract because they had checked the

15 wrong box. And they brought their paperwork
16 back, put it forward, and then no one was
17 able to answer. They actually had to hire a
18 lobbyist to try to do it. And the whole
19 point is to not -- most of these businesses
20 don't have the funds to hire lobbyists to be
21 able to push that forward.

22 And so I guess -- I know you started
23 to answer the question with \$11 million. Do
24 you think that's enough? And what else are

1 we doing or do we plan to do to make sure
 2 that this program really works? Because of
 3 course a big piece of it is staffing, but
 4 there's so many more angles in which we need
 5 to make it work better for the people who we
 6 designed it for.

7 COMMISSIONER KNIGHT: So, you know, I
 8 want to say, you know, I'm still new to this
 9 role. But historically this agency had not
 10 had the resources to process these
 11 applications on a timely basis and provide
 12 the customer service to support the process.

13 You know, the Governor has
 14 committed -- has, you know, acknowledged that

15 there is a problem. And we are -- we have
16 resources now to address it. And so that is
17 what we're going to do on a forward basis to
18 support --

19 SENATOR HINCHEY: Do you think that's
20 enough? Do you think the \$11 million,
21 though, is enough? Or do you think there's
22 more funding needed? And what are some of
23 the other avenues that we could do to make
24 the program stronger?

1 COMMISSIONER KNIGHT: So, you know, we
2 will review this. We believe it's enough to
3 clear out the backlog and commit to timely
4 processing. But, you know, we also provide
5 support to MWBEs for our Small Business
6 Initiative and provide technical assistance
7 and access to capital and all kinds of other
8 supports to help our MWBEs.

9 SENATOR HINCHEY: Okay. I guess I --
10 so then I'm curious and I would love your
11 thoughts -- maybe you can send them
12 separately to us. But I would like your
13 thoughts on a more concrete plan, on how you
14 plan -- being new to the role, and we

15 appreciate that, but how you plan to reform
16 both the process as well as other ways we can
17 really support them.

18 Because it is the sign-up and the
19 designation and the recertification -- the
20 recertification process is what's been really
21 challenging. Even hearing that, you know,
22 there was a stack of applications and nobody
23 knew how to sort.

24 So would love, with my final seconds,

1 if you could send us separately in writing
2 some of the plans to bolster that program.

3 COMMISSIONER KNIGHT: I can assure you
4 this is a strong priority for me.

5 CHAIRWOMAN KRUEGER: Thank you.

6 I think she would like written
7 follow-up on how the design will change.

8 COMMISSIONER KNIGHT: Yes.

9 CHAIRWOMAN KRUEGER: And we will take
10 it both for the Assembly and the Senate,
11 Helene and I. Thank you.

12 Helene Weinstein.

13 CHAIRWOMAN WEINSTEIN: We go to
14 Assemblywoman Lunsford, three minutes.

15 ASSEMBLYWOMAN LUNSFORD: Thank you

16 very much. I'm glad to have the opportunity

17 to speak to you today, particularly about

18 childcare and transit. So I'm going to ask

19 my two questions and then go to you.

20 When we talk about economic

21 development, we focus a lot on what

22 encourages businesses here, but we don't talk

23 enough about what supports the workforce that

24 then works at those businesses.

1 So I'd like to hear a little bit about
2 what your plans are to help support our
3 community colleges, which -- you know, in
4 Monroe County we're very lucky to have a
5 community college with on-site daycare that
6 offers nontraditional hours to support people
7 who are trying to get into the workforce to
8 advance their careers to get certifications.
9 How can we expand that to more community
10 colleges, particularly in our rural
11 communities?

12 And transit. My district is a
13 suburban district. We have very limited
14 public transportation. And while we have

15 many qualified people in the city that abuts

16 my district, they can't get to work in my

17 district, particularly in home health care,

18 in group home settings that are in

19 residential parts of the district.

20 What can we do, particularly in

21 upstate, to help expand public transportation

22 to get more workers to the jobs?

23 COMMISSIONER KNIGHT: So thank you for

24 your question. You know, I agree with the

1 importance of childcare and its ability to
2 create opportunity to access the workforce.
3 You know, community colleges are a great
4 workforce asset, and we expect the new
5 Workforce Development Office to work closely
6 with them.

7 With respect to the new Workforce
8 Office, we also are going to be focused on,
9 you know, wraparound services and supports
10 for the ability for not only folks to be
11 trained, but what other supports do they need
12 to obtain this training. And that is
13 something that we are going to focus on.

14 With respect to transit, you know,

15 that could be a part of the supports that are
16 necessary for folks to be able to access
17 training and opportunity. And would also,
18 you know, connect with some of my colleagues
19 with respect to local transit, to figure out
20 if there are ways that we can support that
21 effort.

22 So look forward to working with you to
23 understand more how we can be supportive of
24 it.

1 ASSEMBLYWOMAN LUNSFORD: Very happy to
2 provide more information. I think the
3 transit piece is also important to our
4 workforce development. Because when I talk
5 to people at community colleges, when I talk
6 to administrators, they tell me that the
7 barriers to entry into those programs are
8 transit and childcare. I hear it over and
9 over and over again.

10 So we need to make sure that those
11 particular supports exist for particularly
12 our women, people of color, people coming
13 from low-income communities who otherwise
14 lack these supports in their family settings.

15 We need to do everything we can, because we
16 have the workers and we have the jobs, we
17 just need to match them together.

18 I'm going to relinquish the rest of my
19 time, and thank you very much.

20 CHAIRWOMAN KRUEGER: Thank you.

21 Back to the Senate, we're now up to
22 Senator Ramos.

23 SENATOR RAMOS: Thank you, Chair
24 Krueger. And good morning, Ms. Knight.

1 I wanted to ask a few things. First
2 off, with the New York State Department of
3 Economic Development, I couldn't help but
4 notice that there's no labor, community or
5 climate representatives on its board. And
6 I'm wondering what your plans are in order to
7 make sure that the ESD board actually is
8 reflective of our sustainable economic
9 development needs in the future.

10 COMMISSIONER KNIGHT: Absolutely. So
11 thank you for your question.

12 We have several board openings
13 available right now. And, you know, the
14 board appointments are the purview of

15 Governor Hochul. But agree that there should
16 be representatives, you know, across the
17 economic spectrum to support the work that we
18 do.

19 SENATOR RAMOS: Okay. Now, on the
20 Workforce Development Program, the Executive
21 Budget allots 350 million. And 150 million
22 of that funding goes to workforce development
23 programs, which includes 20.8 million for a
24 new Office of Workforce and Economic

1 Development inside of the ESD.

2 What role will the Department of Labor

3 and WBI be playing in this new office?

4 There's \$10 million that are earmarked for

5 the expansion of alternative certifications.

6 And I'm wondering if that covers union

7 apprenticeship programs with the trades.

8 COMMISSIONER KNIGHT: So just to, you

9 know, decompose the \$350 million, 170 is for

10 the new Workforce Office at ESD, and 180 is

11 for the Department of Labor, which will

12 continue to operate its programs. I can't

13 speak to the Department of Labor's programs

14 with respect to the apprenticeship --

15 SENATOR RAMOS: You don't know if they

16 play a role with ESD in this?

17 COMMISSIONER KNIGHT: So they will be

18 housed at ESD and continue to operate their

19 existing programs. And so ESD will focus on

20 programs related to the companies and

21 businesses in high-growth innovation areas to

22 support the training of those workers. So we

23 will coordinate, but ESD will be

24 industry-focused.

1 SENATOR RAMOS: Mm-hmm. And so the
2 other part of my question was the 10 million
3 earmarked for the expansion of alternative
4 certifications. Does that cover union
5 apprenticeship programs, yes or no?

6 COMMISSIONER KNIGHT: I would have to
7 get back to you on that.

8 SENATOR RAMOS: Yes, I think it's
9 really important to know what's in the budget
10 and exactly how that's going to impact
11 people. I mean, we expect those answers at
12 this hearing.

13 Thank you.

14 CHAIRWOMAN KRUEGER: Thank you.

15 Assembly.

16 CHAIRWOMAN WEINSTEIN: We go to

17 Assemblyman Conrad.

18 CHAIRWOMAN KRUEGER: We're not hearing

19 him.

20 CHAIRWOMAN WEINSTEIN: William --

21 Bill, we're not hearing you. Can -- even

22 though you're not muted, can you try muting

23 and unmuting again? Otherwise we'll skip

24 you. You may have to log out and come back

1 in. No, we're still not -- we're still not

2 hearing you.

3 So we're going to skip you. I think

4 you need to log out and log back in. Okay?

5 So we'll go -- next on our list is

6 Assemblywoman Giglio.

7 CHAIRWOMAN KRUEGER: I don't know that

8 she heard you --

9 ASSEMBLYWOMAN GIGLIO: Yes, I'm here.

10 Thank you.

11 So good af -- good af -- well, good

12 morning still. I am looking at the chart

13 that is up on ESD that has the awards by

14 region for the COVID-19 Small Business

15 Recovery Grant Program. It appears that out
16 of 53,000 applications, only 23,000 were
17 awarded. And out of the \$800 million, only
18 397,000 was awarded. So that's half.

19 So I'm wondering why they're falling
20 through the cracks and why these small
21 businesses are not getting the funding.

22 COMMISSIONER KNIGHT: Well, you know,
23 Assemblywoman, sorry that -- those numbers
24 are outdated. The current awards are closer

1 to \$500 million, and 27,000 small businesses.

2 You know, these businesses, having

3 worked, you know, in this space for a long

4 time, are the hardest to reach, and we're

5 still reaching them. We're processing about

6 175 applications a day, nearly \$3 million a

7 day of awards. And so we continue to reach

8 these hard-to-reach businesses and continue

9 to disburse funding from this program.

10 ASSEMBLYWOMAN GIGLIO: So I'm looking

11 at the application that you have online, and

12 it appears as though it's -- you know, the

13 qualifications are that you have to show that

14 you basically had a loss due to COVID in

15 2019. A lot of businesses had losses in 2020
16 and 2021. Do you think that we need to
17 change -- make changes to the program so that
18 people can access this money for the
19 continuation of loss due to COVID for 2020
20 and 2021?

21 COMMISSIONER KNIGHT: Well, the loss
22 has to be from '19 to '20. So the
23 legislation really talks about, you know,
24 impact of COVID. So that loss --

1 ASSEMBLYWOMAN GIGLIO: Right, but
2 there was a tremendous -- I'm sorry, I don't
3 mean to interrupt, but I am limited in my
4 time.

5 COMMISSIONER KNIGHT: Okay.

6 ASSEMBLYWOMAN GIGLIO: There's a
7 tremendous loss from 2020 to '21 and then
8 from '21 to '22. Do you think we need to
9 make changes to the program to open it up to
10 people that have suffered losses in those
11 years and not just 2019?

12 There's \$300 million still sitting in
13 the account. I'd rather see that in the
14 small business owners' hands.

15 COMMISSIONER KNIGHT: So we have a new

16 \$200 million C fund which is focused on

17 businesses that were started, you know, near

18 or after COVID. And so those -- that program

19 is designed to support newer businesses that

20 would have had potentially the loss between

21 '20 and '21.

22 ASSEMBLYWOMAN GIGLIO: Okay. So I'm

23 looking at the 800 million for COVID-19

24 Pandemic Small Business Recovery Grant

1 Program. And one of the qualifications is
 2 that you had to be in business prior to March
 3 of 2019. So if that money is going to new
 4 businesses that were created after March of
 5 2019, then that's not what's in the program.

6 COMMISSIONER KNIGHT: No, no, I'm
 7 talking about the -- we have a \$200 million
 8 program that we're proposing to support --

9 ASSEMBLYWOMAN GIGLIO: Okay, I'm
 10 talking about the 800 million, because you
 11 said that there is 500 million that has been
 12 disbursed.

13 COMMISSIONER KNIGHT: Yes, it has.

14 ASSEMBLYWOMAN GIGLIO: So that leaves

15 300 million in the account. And out of
16 53,000 on this outdated -- you said there's
17 more now applications you've awarded 27,000.

18 COMMISSIONER KNIGHT: -- 27,000.

19 ASSEMBLYWOMAN GIGLIO: Right. So
20 we're still tremendously behind in getting
21 this money out.

22 COMMISSIONER KNIGHT: Yeah, no, but
23 we're still disbursing about \$3 million a
24 day. So we think it's working. We're

1 processing about 175 applications a day.

2 ASSEMBLYWOMAN GIGLIO: So you don't

3 think that we need to open it up to people

4 that suffered COVID losses in 2019 and 2020,

5 2020-'21, '21-'22?

6 COMMISSIONER KNIGHT: I think that

7 Governor Hochul's proposed \$1 billion Small

8 Business Rescue Plan provides support for

9 businesses that potentially have suffered

10 difficulty during that time.

11 ASSEMBLYWOMAN GIGLIO: I disagree.

12 But thank you very much for your time.

13 CHAIRWOMAN KRUEGER: Thank you.

14 We're back to the Senate. Oh, we're

15 up to Senator Savino, who's the chair of --

16 I'm trying to get the committee right, I'm

17 sorry -- of technology and other categories.

18 Diane will explain the title. So she gets

19 10 minutes.

20 SENATOR SAVINO: Unfortunately,

21 Senator Krueger, can I pass now? I'm on

22 another call.

23 CHAIRWOMAN KRUEGER: Oh, yes.

24 SENATOR SAVINO: Can you come back to

1 me?

2 CHAIRWOMAN KRUEGER: Yes, I can do

3 that.

4 SENATOR SAVINO: Thank you. I'm so

5 sorry.

6 CHAIRWOMAN KRUEGER: You're welcome.

7 That's okay.

8 Senator Hoylman, please, for three

9 minutes.

10 SENATOR HOYLMAN: Thank you, Madam

11 Chair. Good to see you, Commissioner.

12 I wanted to ask you briefly in my

13 three minutes about the Penn Station

14 redevelopment plan. We've spoken about it

15 before. Senator Krueger and I actually wrote
16 an op-ed this week requesting that ESD hold
17 off on approval of the general project plan
18 until we have a clear idea of what this is
19 going to cost, cost both the taxpayers, what
20 the private developer is anticipated to reap
21 in terms of benefits from the plan, and what
22 the ultimate design and goals of the project
23 are.

24 Do you commit to waiting until we have

1 an opportunity to look at the numbers before
2 the ESD board approves the general project
3 plan?

4 COMMISSIONER KNIGHT: So, Senator,
5 what I can say is that, you know, there are a
6 number of negotiations and agreements that we
7 have to get through, particularly working
8 with the city on the pilot framework. And
9 so, you know, we will be able to provide that
10 information before we go to the ESD board.

11 SENATOR HOYLMAN: Thank you.

12 And is there anything in the budget in
13 terms of direct state support for the
14 Penn Station redevelopment plan? Last year

15 there was a \$1.3 billion allocation -- I

16 actually voted against it, for the record.

17 Is there going to be another allocation? Or

18 is that money, which may not have been spent

19 last year, going to be reappropriated in this

20 year's budget?

21 COMMISSIONER KNIGHT: So -- so I

22 believe that \$1.3 billion is appropriated in

23 this year's budget for railroad projects, but

24 I will confirm that for you.

1 SENATOR HOYLMAN: Thank you.

2 And finally, thank you for your

3 support of services for the homeless and

4 New Yorkers who are struggling with addiction

5 and mental illness in the area. I just want

6 to say for the record I really have

7 appreciated ESD's willingness to work with

8 local stakeholders in this

9 once-in-a-generation opportunity to improve

10 the lives of so many people who live unhoused

11 around Penn Station.

12 And this is a tremendous opportunity,

13 as I've expressed to you, to build more

14 affordable and supportive housing. I urge

15 you to think big in that regard, because we
16 don't have too many chances to house
17 New Yorkers with this kind of magnitude. So
18 look forward to discussing that with you as
19 this proceeds.

20 Thank you very much.

21 COMMISSIONER KNIGHT: Thank you.

22 CHAIRWOMAN KRUEGER: Thank you.

23 Assembly.

24 CHAIRWOMAN WEINSTEIN: We're going to

1 see -- I'm not sure if Assemblyman Conrad

2 has --

3 ASSEMBLYMAN CONRAD: I'm here. Can

4 you hear me?

5 CHAIRWOMAN WEINSTEIN: Okay, the sound

6 is working.

7 ASSEMBLYMAN CONRAD: It is. It is.

8 CHAIRWOMAN WEINSTEIN: Okay. You have

9 three minutes.

10 ASSEMBLYMAN CONRAD: Thank you. Thank

11 you, Chairs.

12 And thank you, Commissioner Knight.

13 You know, Western New York is home to

14 Launch NY, 43North, these nonprofit programs.

15 And, you know, Rochester has the GRE, and
16 they focus on this Economic Gardening
17 program.

18 Where are we, on the New York State
19 Development side, looking at to getting away
20 from focusing on Tier 3 companies and getting
21 on to focusing on these Tier 2 companies?
22 You know, they're 35 percent of businesses,
23 they're scalable, they're unique, there's a
24 high growth potential.

1 Where are we in trying to shift away
2 from focusing on these Tier 3 companies that
3 tend to commoditize wages and, you know, we
4 don't tend to get our bang for our buck here.

5 Where are we on that? Are we shifting
6 anything there resource-wise?

7 COMMISSIONER KNIGHT: So we, you know,
8 are focusing on venture funding, looking at,
9 you know, high growth -- high-growth
10 companies, high-growth industries.

11 With respect to the business
12 competitions, you know, there is \$75 million
13 allocated to streamline those competitions to
14 benefit from best practices and to provide

15 some centralization -- you know, maybe

16 economies of scale on marketing and

17 outreach -- with the goal of having these

18 innovative companies stay in New York and

19 grow. And so, you know, that's a focus of

20 the \$75 million.

21 You know, some of your colleagues

22 mentioned the CATs and COEs. Those are other

23 opportunities for innovation to happen with

24 respect to business, industry and academic

1 support, looking to commercialize products
2 and get those businesses to stay in New York.

3 So we have a number of initiatives
4 really focused on growing these innovation
5 companies that can plant their roots here in
6 New York State and grow and hire New Yorkers.

7 ASSEMBLYMAN CONRAD: You know, I just
8 feel like it's a checkerboard right now. You
9 know, that there's little things here or
10 there. But like you said, the CATs and the
11 COEs are certainly a great resource. But
12 making sure that this becomes kind of a
13 unified program rather than focusing just on
14 Tier 3s. You know, we tend to, you know,

15 award a certain amount of money to Walmart

16 coming in or something. I mean, that, to me,

17 doesn't seem beneficial.

18 It's more beneficial to me to see

19 these, you know, like I said, these Tier 2

20 companies, high-growth potential that are

21 going to, like you said, put their roots here

22 in New York State, to get the better share of

23 that resource. So just want to put myself on

24 the record saying that.

1 COMMISSIONER KNIGHT: And, you know,
2 we have this commitment to preparing these
3 shovel-ready sites which really do provide
4 the foundation for industries like the
5 semiconductor industry that, you know,
6 provides high-quality, high-wage jobs.

7 ASSEMBLYMAN CONRAD: All right. Well,
8 thank you very much.

9 CHAIRWOMAN KRUEGER: Thank you. And
10 back to the Senate?

11 CHAIRWOMAN WEINSTEIN: Back to the
12 Senate.

13 CHAIRWOMAN KRUEGER: Thank you.

14 Mike Martucci, our ranker, five

15 minutes.

16 SENATOR MARTUCCI: Thank you,

17 Chairwoman.

18 Thank you for being here, Ms. Knight,

19 and for -- you've answered a lot of my

20 questions already. I have just two quickly

21 for you.

22 One, could you take a moment and

23 please expand a little bit on the 350 million

24 that's been appropriated for workforce

1 development and sort of -- in particular,
 2 what programs that will be used for and what
 3 sort of workforce development you intend on
 4 targeting?

5 COMMISSIONER KNIGHT: Yes. So with
 6 respect to the 350 million, I want to kind of
 7 decompose that a little bit: \$170 million
 8 for ESD workforce development programs, and
 9 \$180 million of that are for existing
 10 Department of Labor programs.

11 With respect to the \$150 million of
 12 support, we're looking to provide to
 13 workforce providers that are connected with
 14 employers that have defined their training

15 needs so that we can link training directly
16 with employment and get more people in our
17 state employed through this kind of process.

18 The \$150 million really is to
19 support -- you know, some operating support
20 for workforce providers. And then we are
21 envisioning a pay-for-performance that is
22 defined or tied to quality job placement.

23 And then the third piece of this would be for
24 capital expenses that could be for equipment

1 or workforce training expansion.

2 And, you know, following the passage

3 of the budget, we would issue, you know, more

4 detailed program guidelines. But that's sort

5 of a high-level overview.

6 SENATOR MARTUCCI: Thank you.

7 And my second question is with respect

8 to the 75 million that's appropriated for an

9 Innovative Venture Competition Program. Can

10 you tell us a little bit more about what that

11 is?

12 COMMISSIONER KNIGHT: Yes. So, you

13 know, we have venture competition programs

14 around the state today. And that \$75 million

15 would be aimed to provide support for five
16 years of those competitions.

17 You know, we're looking to create, you
18 know, a more centralized structure. The
19 competitions wouldn't look too much different
20 on the ground, but really want to provide
21 best practices. You know, maybe be able to
22 recruit centrally, leverage some marketing.

23 And we think that the competitions could
24 benefit from economies of scale. And so that

1 is, you know, what we're seeking to do.

2 SENATOR MARTUCCI: Thank you so much,

3 Ms. Knight. And thank you, Chairwoman, for

4 the time today.

5 COMMISSIONER KNIGHT: Thank you.

6 CHAIRWOMAN KRUEGER: Thank you very

7 much, Mike.

8 Back to you, Helene.

9 CHAIRWOMAN WEINSTEIN: We go to

10 Assemblywoman Zinerman.

11 ASSEMBLYWOMAN ZINERMAN: Thank you,

12 Madam Chair.

13 Good morning, Commissioner. I'd like

14 to start out by thanking you for partnering

15 with the Bridge Street Development

16 Corporation in my district to provide

17 information to the public yesterday. It was

18 very well received, and I thank you for that.

19 Certainly there's a number of people

20 who have brought up the Regional Development

21 Councils, and I want to just plus-one that we

22 should meet as soon as possible to just kind

23 of talk about the unevenness of those

24 services.

1 And I want to start out by asking you
2 about this new workforce -- Office of
3 Workforce and Economic Development.
4 Unfortunately, a lot of times when we create
5 a new office it's because something hasn't
6 worked in the past. And so I want you to
7 talk a little bit more -- and I know you've
8 been asked about this, which is how are you
9 planning to have the folks who are in charge
10 of these various agencies coalesce under this
11 one office when clearly they are empowered
12 now to interact with one another and share
13 information and support?
14 So what's going to be different? Have

15 you already selected a head of that agency?

16 And, you know, how quickly is that person

17 going to be able to get on board to really

18 work with the agencies involved? So that's

19 one thing.

20 I just want to say that I am glad that

21 the Governor is investing in this model for

22 employment opportunities for workers with

23 disabilities. As you may know, the People

24 with Disabilities Committee in the Assembly

1 has a suite of legislative bills out right
2 now, and I hope that you look at them and
3 utilize some of those suggestions in ensuring
4 that people living with disabilities have
5 employment opportunities, from our young
6 people in schools to adults.

7 I am curious about the \$4.5 million
8 reduction to NYSCA, given where we are with
9 the arts and needing to ensure that not only
10 Broadway but, you know, small districts like
11 mine where we do have world-class artists who
12 need support, why that's being cut.

13 And then finally, finally, finally,
14 very near and dear to my heart, the

15 establishment of the BIPOC Farmer Engagement

16 and Outreach Program. This is great. But

17 what we need is land. And I think, you know,

18 urban development, the focus on urban

19 development and urban farms is good, but

20 we're not a project. We really are people

21 who are growing food to sustain communities

22 downstate.

23 And so I really encourage you all to

24 figure out ways that people can actually buy

1 land that the city owns that they're not
 2 doing anything with, to do some real farming
 3 so that we don't have a sharecropper model
 4 continuing into the 21st century.

5 So thank you.

6 CHAIRWOMAN WEINSTEIN: Okay. The
 7 Senate?

8 COMMISSIONER KNIGHT: I don't think I
 9 have time to answer your questions, but I can
 10 come back --

11 CHAIRWOMAN KRUEGER: I think you will
 12 need to give a follow-up with the
 13 Assemblywoman. And if you do so in writing,
 14 we can share it with everyone.

15 ASSEMBLYWOMAN ZINERMAN: That was my

16 first three-minute question. I'm sorry.

17 I look forward to speaking with you,

18 though.

19 CHAIRWOMAN KRUEGER: That's all right.

20 Thank you.

21 CHAIRWOMAN WEINSTEIN: To the Senate,

22 yes.

23 CHAIRWOMAN KRUEGER: Yes. Senator

24 Diane Savino, chair of Technology and

1 Internet, et cetera.

2 SENATOR SAVINO: Thank you, Senator

3 Krueger.

4 Good morning -- is it still morning?

5 Yes, it's still morning, Ms. Knight. I am

6 going to bounce around on a couple of

7 different issues. I know that people have

8 touched on the ConnectALL initiative; I'm

9 going to come back to it in a minute.

10 I want to talk a bit about the Small

11 Business Pandemic Relief Program that was

12 implemented and continues to provide

13 assistance to people. But there are gaps in

14 this program because there are businesses

15 that just don't seem to qualify for anything.

16 Particularly, small, like -- I see people

17 shaking their head up and down, so we're

18 probably all hearing from the same types of

19 people. Businesses that are gyms, that are

20 not large operated gyms but more studio gyms,

21 like fitness centers that are martial art

22 studios, none of them -- I have several in my

23 district, boxing gyms. They don't qualify

24 for anything. They were ordered to be closed

1 during the entire pandemic because of the
2 smallness of their operation and there's no
3 way to engage in that type of activity and
4 maintain social distancing.

5 So all of these programs, they reached
6 out to several different ESD grant programs
7 and they've been turned down consistently.
8 So what can we do to close those gaps so that
9 these businesses, who suffered tremendously,
10 don't lose everything and wind up going out
11 of business?

12 COMMISSIONER KNIGHT: So, you know, I
13 have to say the program was intended to be
14 industry-neutral. So I'd want to work with

15 you and look into that.

16 Most of the criteria was set in

17 legislation, but the program was intended to

18 be industry-neutral. So it wouldn't be

19 because of the type of business; it may be

20 some other eligibility criteria. And I would

21 like to look into that with you.

22 SENATOR SAVINO: That would be

23 helpful.

24 To the extent that we've sent, you

1 know, applicants, there's been every attempt
2 to assist them, it just seems to be they
3 don't qualify for anything. No matter what
4 metrics that they try and reach, they just
5 don't qualify. But it is a real problem, and
6 several of them have been forced out of
7 business.

8 I want to go back to the ConnectALL
9 initiative. So I understand that -- it looks
10 a bit like the previous program that
11 Governor Cuomo had created. So I'm just
12 wondering, how will it work differently than
13 the Governor's old New NY Broadband Program?

14 COMMISSIONER KNIGHT: Well, the New NY

15 Broadband Program was really focused on rural

16 communities.

17 But I'll tell you, you know, there are

18 kind of three key areas. You know, we're

19 going to have better data, so we'll be able

20 to better understand how to deploy the

21 broadband infrastructure more effectively.

22 This larger investment will support broader

23 deployment. And we're going to be looking at

24 this more holistically and have a digital

1 equity component to support the program.

2 SENATOR SAVINO: Do we have a sense of

3 how many regions of the state are still

4 without broadband? Have we been able to

5 quantify that?

6 COMMISSIONER KNIGHT: We will know

7 with better detail when the PSC maps are

8 released this spring. We'll have a much

9 better sense of what the coverage is.

10 SENATOR SAVINO: And -- but do you

11 have any -- and maybe you don't know this

12 yet. Maybe you can get back to me. What

13 gets in the way? I mean, we set out -- I

14 think it was 2015 was the beginning of this

15 process to finally achieve universal
16 broadband across the state, and here we are
17 almost seven years later and I think we're
18 probably no further down that road than we
19 were when we started this process.

20 I mean, what continues to be the
21 barrier to broadband?

22 COMMISSIONER KNIGHT: So, you know,
23 deploying broadband in rural and remote
24 areas, very difficult. And, you know, the

1 ConnectALL initiative seeks to identify some
2 of those problems and, you know, deal with
3 that a little more effectively.

4 You know, there's some regulatory
5 issues that make it difficult to create
6 expansive broadband coverage. And, you know,
7 we're looking to focus on how to do that.

8 SENATOR SAVINO: It's seven years
9 later. I mean, you certainly have your work
10 cut out for you.

11 I want to switch to something else
12 that's in the Governor's budget, something
13 that's very important to me and I know to
14 Senator Krueger, and she'll probably want to

15 talk about it as well.

16 There's a proposal to -- that the

17 Governor has that will create a Social Equity

18 Fund for cannabis dispensaries. Because one

19 of the challenges in other states that have

20 gone forward with allowing for the adult-use

21 market to proceed, almost every state has a

22 goal of bringing on social equity applicants.

23 And every state that has done it has failed,

24 because of the challenges of having access to

1 capital and credit in the marijuana industry.

2 It is -- as difficult as it is to have

3 access to capital and credit for MWBEs in

4 traditional industries, it is doubly

5 difficult in the marijuana industry. You

6 cannot walk into a bank, you cannot go to

7 traditional lending sources, so you either

8 have to have very rich friends or you have to

9 be able to capitalize it yourself. And

10 that's very generally very difficult to do

11 for MWBEs in any industry.

12 So I think the Governor wisely

13 recognized that and she's decided to put

14 forward this Social Equity Fund that will be

15 managed by ESD. But have you had an
16 opportunity to look at how you're going to do
17 it and how we're going to achieve these goals
18 of making sure we have the capitalized funds
19 for social equity applicants so that they can
20 enter this market and be competitive in
21 New York State, so we'll actually be the
22 first state that solves this problem?

23 COMMISSIONER KNIGHT: So I can tell
24 you that our ESD MWBE team is closely working

1 with the Office of Cannabis Management. This
2 fund is expected to be, you know, of the
3 purview of the Office of Cannabis Management,
4 but our staff is, you know, working actively
5 to help stand up this agency. And, you know,
6 we're providing them with foundational, you
7 know, information, documents to support, you
8 know, creating this fund, as we have
9 experience in, you know, creating other types
10 of funds.

11 SENATOR SAVINO: So I know that we're
12 moving legislation to accelerate provisional
13 licenses because we can do this, we'll have
14 this capitalized program for social equity

15 applicants and we won't have enough product,
16 legal product to sell. So we're going to try
17 and accelerate the growing and cultivation of
18 legal product with these new provisional
19 licenses so that things will come together,
20 hopefully all at the same time.

21 So do you think your program will be
22 ready in time for the potential dispensary
23 licenses to kind of be there when the -- I
24 guess when the crop is -- what's the term?

1 Would be reaped, right? Whatever it is. I'm
2 not a farmer. I guess when the product is
3 ready to come to market.

4 CHAIRWOMAN KRUEGER: Harvested.

5 Harvest the crop.

6 SENATOR SAVINO: Right, thank you.

7 COMMISSIONER KNIGHT: So I think

8 that -- it will be an Office of Cannabis

9 Management program, and I defer to my

10 colleagues. But we're working hard to

11 support them and will do everything that we

12 can to help them, you know, make this a

13 reality.

14 SENATOR SAVINO: I hope so. Because

15 again, I think it's very important that
16 New York be the one state that finally gets
17 this right. And I certainly look forward to
18 working with you on it.

19 I yield the rest of my time. Thank
20 you.

21 COMMISSIONER KNIGHT: Thank you.

22 CHAIRWOMAN KRUEGER: Thank you,

23 Senator Savino.

24 Assembly.

1 CHAIRWOMAN WEINSTEIN: We go to

2 Assemblyman Otis, chair of our Science and

3 Technology Committee, likewise for

4 10 minutes. (Pause.)

5 Steve, you're muted still. There you

6 go.

7 ASSEMBLYMAN OTIS: There we go. Thank

8 you so much.

9 And thank you, Commissioner. And good

10 luck on what is a great operation at ESD,

11 Empire State Development.

12 Two issues. One, we've had mentioned

13 in a few of our budget hearings in the last

14 few weeks the issue of electric vehicle

15 charging stations and the need to grow that
16 in the state. And one of the areas of
17 potential growth -- and I just sort of throw
18 it out there as something for you and the
19 Regional Economic Development Councils to
20 think about -- is at workplace parking
21 locations, and also at commercial shopping
22 center locations, EV charging stations become
23 an amenity to workers, become an attraction
24 to shoppers. And it may be something, as you

1 look into it, as always is tweaked, the
2 Regional Economic Development Council sort of
3 priorities and things that maybe you would
4 like to encourage applicants to look at as
5 part of broader plans, to look at the
6 electric vehicle charging station
7 opportunities. There is federal money out
8 there for this as well. And it is one way to
9 grow the electric vehicle purchase, is for
10 people to have a comfort level that charging
11 opportunities are going to exist at a variety
12 of locations and that they're visible.
13 So you are free to comment on that if
14 you have something --

15 COMMISSIONER KNIGHT: Yes.

16 Absolutely, yes.

17 ESD is very committed to growing the

18 green economy, and we can do that through,

19 you know, green projects under our Excelsior

20 program.

21 You know, EV charging stations are

22 mostly being supported by agencies like the

23 Public Service Commission and NYSERDA. But

24 we certainly will do all that we can to

1 support the growth of these stations.

2 Also, I believe that the Biden

3 administration has also announced major

4 support for EV charging infrastructure, so

5 we'll keep an eye on that as well.

6 ASSEMBLYMAN OTIS: Well, and there may

7 be a way to access some of that federal money

8 to bring it to commercial entities that

9 are -- that you're dealing with at Economic

10 Development, and try and draw that in.

11 We did have great comments from a

12 number of state agencies at a hearing last

13 week, and at some of the budget hearings as

14 well. So it certainly is a priority for the

15 Hochul administration, that is clear. But

16 thank you for your comments on that.

17 Then on the broadband, the digital

18 equity issues -- and I actually have had some

19 good conversations with folks on your team.

20 Wanted to bring to your attention the digital

21 inclusion tool, which is a -- beyond getting

22 people their broadband access and beyond

23 getting the mapping issues solved, there is

24 really an important need to get individuals

1 who were excluded from digital literacy into
2 the digital world that we're all benefiting
3 from right now, being on Zoom.

4 And so just wanted to bring to your
5 attention that there are great opportunities
6 there at Empire State Development, through
7 your Broadband Office, to -- and I think
8 folks are looking at this already -- to make
9 sure that we're dealing with the digital
10 inclusion model and that part of the equity
11 issue which really involves delivering
12 digital skills to excluded individuals. It's
13 very local, it's very hands-on, but it's a
14 necessary piece of the pie.

15 COMMISSIONER KNIGHT: So thank you for

16 that, the importance of that issue.

17 You know, the federal infrastructure

18 funding has -- will provide ESD with the

19 ability to lead a statewide digital equity

20 plan, in coordination with other agencies and

21 nonprofits. You know, we view digital

22 literacy and digital equity in a more

23 expansive view. So, you know, not only

24 providing affordable and reliable broadband,

1 but also providing -- you know, does the
2 person have access to internet-enabled
3 equipment. As you say, do they have the
4 training to operate on the internet safely.
5 And do they have access to high-quality
6 technical support.

7 So we'll be putting together a plan to
8 figure out those things as we think about
9 digital equity.

10 ASSEMBLYMAN OTIS: That sounds great.

11 And I certainly have offered my help to your
12 team on these matters. So we'll continue to
13 work together on it.

14 And thank you, and I'm going to yield

15 back the rest of my time. But good luck at

16 Empire State Development.

17 COMMISSIONER KNIGHT: Thank you.

18 CHAIRWOMAN KRUEGER: Thank you very

19 much -- for yielding back your time as well.

20 All right, I think that actually I am

21 up. Thank you, Hope.

22 So just a follow-up for a couple of my

23 colleagues. And childcare has come up

24 several times today, which actually intrigues

1 me, that it did in the context of your
2 agency. But I have a question from my
3 colleague -- excuse me, I'm just calling it
4 up -- Senator May, who wants to double-check
5 that you know that in December the Governor
6 signed the Investing in Care Act, which
7 requires the commissioner of Economic
8 Development to implement a long-term strategy
9 to support the growth -- oh, I'm sorry, of
10 the caregiving industry in New York State,
11 which I believe is really home care, not
12 childcare.

13 So is this on your radar? And what is
14 ESDC putting into the process? Because

15 apparently you have till the end of the year

16 to provide us a report.

17 COMMISSIONER KNIGHT: Yes. I'm aware

18 of the legislation that speaks to the

19 caregiving industry. Agree, you know, on the

20 importance of that. We're currently

21 evaluating how to best complete this, and it

22 may require a third-party consultant. But,

23 you know, we're working through, we'll figure

24 this out very shortly how to best tackle

1 providing this information.

2 CHAIRWOMAN KRUEGER: Okay, thank you.

3 And actually, then, it was another

4 Senate colleague who did ask about the

5 childcare issues and highlighted that there's

6 been a significant drop-off in the amount of

7 REDC funding for childcare from 2019 to '21,

8 but that the state did receive \$100 million

9 last year from ARPA to expand childcare in

10 deserts of childcare. And I'm wondering --

11 he's wondering what role the REDC Council

12 plays in the distribution of these funds and

13 can we expect that with the federal monies we

14 should see an increase in funding of

15 childcare through your agencies?

16 COMMISSIONER KNIGHT: So we're

17 definitely encouraging the REDCs to look at,

18 you know, bringing forth more childcare

19 projects. I'm not sure about the specifics

20 of these funds that were being referenced. I

21 don't think they've gone through ESD. But,

22 you know, would want to talk about those

23 funds and know more. But I'm not familiar

24 with those funds that --

1 CHAIRWOMAN KRUEGER: Other than the
 2 initials and the dollar amount, I'm not
 3 either. So I will refer you to
 4 Senator Brisport for follow-up on that.
 5 Thank you.

6 COMMISSIONER KNIGHT: Yup. Yup.

7 CHAIRWOMAN KRUEGER: Okay. So I want
 8 to go back to comments that were made by a
 9 couple of my colleagues, and one was of
 10 course that there's an been an outmigration
 11 of people in New York State and some
 12 perception that we are losing businesses to
 13 outmigration.

14 And yet when I look up some

15 economists' research on migration out of
16 New York and the growth in it, it actually
17 shows that it's -- we're top-heavy with
18 people heading towards retirement. And so
19 several states saw outmigration because
20 people are retiring to warmer states, and
21 they're not at the stage of their lives where
22 they were likely to be starting businesses.

23 And I'm wondering whether you all do
24 research to confirm, you know, what are the

1 trigger points of people coming to or leaving

2 New York? Because I think we throw around a

3 lot of information that's not necessarily

4 based on facts.

5 COMMISSIONER KNIGHT: So, you know, we

6 certainly do look at factors with respect to,

7 you know, what's driving population issues.

8 And although we had 319,000 people leave from

9 2020 to '21, the population did grow in New

10 York State from 2010 to 2020, you know,

11 according to the census.

12 And we also saw significant growth in

13 some cities around the state -- you know,

14 Buffalo, I think 6.5 percent growth. And

15 Syracuse, 2.4 percent growth. And Utica,
16 4.9 percent growth. And so we have seen that
17 some cities, communities around the state
18 have grown.

19 And so, you know, we are looking at --
20 you know, our budget reflects investing in,
21 you know, communities, workforce development,
22 tax relief -- you know, all the things that
23 we believe create the right environment for
24 economic growth. And so like I said, we

1 certainly keep our eye on these issues.

2 CHAIRWOMAN KRUEGER: And also do you

3 keep your eye on growth in new businesses?

4 Because I've also found some data showing

5 that until the pandemic, we were one of the

6 states with the highest rate of new

7 businesses being created, and something like

8 98 percent of them were small businesses, to

9 reinforce what I think quite a few of my

10 colleagues pointed to today, the importance

11 of our making sure that we are prioritizing

12 what we do correctly for smaller businesses.

13 And yet on your website the most

14 recent report I could find on businesses

15 growing or shrinking was 2015 data in a 2018

16 report.

17 So do you still do annual reports on

18 the patterns of small businesses and business

19 growth? Maybe I just couldn't find it.

20 COMMISSIONER KNIGHT: So we have -- we

21 publish every year the state of Small

22 Business, and it's on our website. We're

23 happy to share it with you.

24 But, you know, we have seen data

1 that's suggesting that new business
2 incorporations are very high. And so, you
3 know, we will continue to track that. We
4 certainly believe that there is -- you know,
5 the work from home and other trends have
6 promoted, you know, more entrepreneurship,
7 and we will continue to keep our eye on that
8 to figure out what we can do to support, you
9 know, this emerging-business growth.

10 CHAIRWOMAN KRUEGER: Thank you.

11 Can you define what economic
12 development is? And I'll say that when I
13 point out, for example, so there's all this
14 news that we have a new form of gambling in

15 New York State, online betting, and \$2
16 billion went through it in a very short
17 period of time. But I don't think of that as
18 economic development. I mean, it's not any
19 new jobs. And it's \$2 billion that didn't
20 get spent somewhere else and instead went to
21 pretty much whoever owns online betting.

22 So is that economic development? And
23 how do you define it?

24 COMMISSIONER KNIGHT: So, you know, I

1 think about economic development, you know,
2 sort of looking at balanced growth and with
3 an equity lens and, you know, opportunity at
4 the forefront.

5 You know, I believe that it's, you
6 know, improving the standard of living for
7 the people that live in our state. It's
8 things like providing access to employment
9 and income and reducing rates of poverty.

10 And I think that Governor Hochul's
11 vision for economic development, you know,
12 reflects that -- much more focused on
13 investment in small business. We know that
14 98 percent of all businesses are small

15 businesses, and so that's an important area

16 to focus.

17 CHAIRWOMAN KRUEGER: So then you would

18 agree with me that online gambling isn't

19 increasing income for most people who

20 actually participate in it and doesn't really

21 create jobs and actually takes money away

22 from other things that people no longer have

23 to spend that disposable income on because it

24 went into their phones into bad bets?

1 COMMISSIONER KNIGHT: It's hard for me
2 to comment. I don't really know the
3 composition of the elements of the online
4 betting industry. I could take, you know, a
5 look at that.

6 But, you know, I know it does generate
7 significant tax revenues. And so --

8 CHAIRWOMAN KRUEGER: That's true, it
9 does. It does. So the Tax Department gets a
10 couple more people to collect the taxes, yup.

11 But -- and --

12 COMMISSIONER KNIGHT: You know, I
13 would defer to my colleagues who are in the
14 space.

15 CHAIRWOMAN KRUEGER: I think you
16 should not defer to them, that you should be
17 the economic development expert who actually
18 can explain to us what generates economic
19 activity and jobs in our state and what
20 doesn't. Because even though not everything
21 in the world is your responsibility, when
22 huge amounts of money go in one direction,
23 they're not available to go in another
24 direction.

1 So I will ask you to think about that
2 for the future and being able to define what
3 the mandate of your agencies are, actually.

4 And I am out of time, so I'm going to
5 hand it back to the Assembly. Thank you very
6 much.

7 CHAIRWOMAN WEINSTEIN: So we are going
8 to go to Assemblywoman Gallagher for three
9 minutes.

10 ASSEMBLYWOMAN GALLAGHER: Good
11 morning. Yes, it's still morning.

12 CHAIRWOMAN WEINSTEIN: Barely, yes.

13 ASSEMBLYWOMAN GALLAGHER: Okay, so I
14 was very pleased to hear that your definition

15 of economic development is balanced growth
16 with an equity lens, because I know that
17 there are quite a few transitions that we
18 need to make in workforce in a number of
19 different fields that have long propped up
20 our economy. And one of them will be my
21 first question, then we'll see if I have time
22 for the second one.

23 So New York's incarcerated population
24 has fallen dramatically in recent years to

1 just above 30,000 people, less than half of
2 the incarcerated population six years ago.
3 Yet New York jails remain overstaffed, 30 of
4 which in excess of SCOC guidelines, costing
5 upstate counties \$638 million annually. In
6 several facilities the average number of
7 correctional officers outnumber the average
8 number of people in detention.

9 So I'm wondering, what is ESD doing to
10 retrain corrections officers to assure that
11 the incarceration of downstate Black and
12 brown New Yorkers is no longer an upstate
13 jobs program? Thank you.

14 COMMISSIONER KNIGHT: You know, I

15 cannot speak to Department of Corrections
16 agencies' operations. But I can tell you that
17 ESD will be focused on the strategy of how to
18 repurpose the prison facilities across the
19 state, and Governor Hochul is putting
20 together a commission to do that. That is
21 something that we will provide a lot of
22 support and guidance on.

23 ASSEMBLYWOMAN GALLAGHER: And what
24 kind of -- what kind of industries are you

1 really thinking about placing in these
 2 counties that really need jobs and job
 3 opportunities? What are the industries that
 4 are going to be growth industries for those
 5 counties so that they can permanently move
 6 away from corrections?

7 COMMISSIONER KNIGHT: So, you know, as
 8 we have stated earlier in the hearing, really
 9 focused on, you know, manufacturing and, you
 10 know, also looking to site semiconductor
 11 facilities across the state.

12 It really depends on the counties, you
 13 know, their assets, what the realities are.
 14 We're going to take the opportunity to

15 understand those and figure out, you know,

16 the best industries that we can attract to

17 those regions across the state.

18 ASSEMBLYWOMAN GALLAGHER: And all of

19 those industries will come with New York

20 State economic development job training

21 programs to make sure that they benefit the

22 people who are losing the work in the

23 correctional facilities? Can I have you

24 promise that?

1 COMMISSIONER KNIGHT: We will be
 2 attracting companies that will be providing
 3 employment opportunities, and our Workforce
 4 Development Office will be focused on linking
 5 those opportunities to training.

6 CHAIRWOMAN KRUEGER: Thank you. I'm
 7 cutting you off.

8 CHAIRWOMAN WEINSTEIN: Yes, thank you.

9 ASSEMBLYWOMAN GALLAGHER: Thanks.

10 CHAIRWOMAN KRUEGER: I'm sorry, our
 11 last Senator, I believe -- just
 12 double-checking no other extra hands went up;
 13 correct -- is second round for Senator Anna
 14 Kaplan.

15 SENATOR KAPLAN: Thank you,

16 Ms. Knight, I know it's been a long day for

17 you. I just want to bring it back again to

18 REDC. My colleague Senator Comrie talked

19 about how important it is for us to really

20 sit down and reexamine that -- the whole

21 regional award.

22 I want to bring to your attention that

23 last year REDC changed to a new format where

24 there are no longer regional awards and

1 instead the money was given out on a rolling
2 basis for individual projects. I think that
3 is a concern for me, because I think some of
4 the regions lost in a big way. I can tell
5 you Long Island went from a 90 million award
6 to a 40 million award, whereas the
7 Hudson Valley took home 102 million.
8 So I think when we sit down and
9 reexamine this whole REDC, the approach to
10 ensure better regional parity should be part
11 of the conversation. And I hope that you're
12 on board on that and with me, and hopefully
13 we can discuss also how we can get parity for
14 the entire state.

15 COMMISSIONER KNIGHT: So definitely
16 want to have that discussion. It's important
17 that we invest in every region. So I agree
18 and want to, you know, have that discussion.

19 SENATOR KAPLAN: Thank you.

20 I want to go back to the capital costs
21 tax credit program that I started. There was
22 additional language setting impossible
23 deadlines for businesses to submit
24 applications which ultimately will make the

1 program useless.

2 Will you work with me to fix this

3 provision to ensure that we're actually

4 delivering real benefits to the small

5 businesses who are seeking our assistance?

6 COMMISSIONER KNIGHT: I want to work

7 with you to, you know, definitely make the

8 process so that businesses seeking our

9 assistance are able to access the funding. I

10 want to make it successful.

11 SENATOR KAPLAN: Absolutely. Thank

12 you.

13 I've also been championing a

14 manufacturing tax cut parity measure for

15 years. Currently the largest manufacturers
16 have a zero percent franchise tax rate, while
17 small manufacturers still pay a franchise
18 tax. Can you speak about the discrepancy and
19 what manufacturing tax cuts for small
20 manufacturing would mean for economic
21 development here in New York?

22 COMMISSIONER KNIGHT: So, you know, I
23 would like to spend more time with you on
24 this because I want to have a better

1 understanding of what the inputs are with
 2 respect to providing a more significant tax
 3 cut for a small manufacturer. So look
 4 forward to talking to you about that.

5 SENATOR KAPLAN: Thank you. Thank you
 6 very much, my time is up. Thank you, Chair.

7 CHAIRWOMAN KRUEGER: Thank you, Chair.

8 Helene, back to the Assembly. I don't
 9 think we have any more Senators, so why don't
 10 you just keep rolling.

11 CHAIRWOMAN WEINSTEIN: We have quite a
 12 few Assemblymembers. We'll go first to
 13 Assemblywoman Rajkumar.

14 ASSEMBLYWOMAN RAJKUMAR: Thank you.

15 Good morning, CEO Knight.

16 COMMISSIONER KNIGHT: Good morning.

17 ASSEMBLYWOMAN RAJKUMAR: I only have

18 three minutes, so I'll ask all my questions

19 and then you can dive right in.

20 COMMISSIONER KNIGHT: Okay.

21 ASSEMBLYWOMAN RAJKUMAR: First, after

22 ESD has fulfilled its commitment in terms of

23 grants and tax credits, is there any actual

24 monitoring of the job creation that was

1 spurred? How do we know the job creation
2 stemming from ESD's support is long term?
3 Second question. For years there's
4 been discussion of Northeast states not
5 undercutting each other with their tax grant
6 proposals. For example, New York not luring
7 business from Connecticut, Connecticut not
8 luring business from New Jersey, and so on.
9 How has that worked out for us? What has
10 come of entering into this kind of armistice?
11 Third, is there a concern that we are
12 in some cases offering incentives to keep
13 businesses in New York State when there's not
14 actually a risk that they will relocate? And

15 if so, how is that prevented?

16 Next, is there a plan for workforce

17 development to train New Yorkers for jobs of

18 the future instead of the past? How do we

19 ensure that we are responding to the future

20 needs of our economy rather than the needs of

21 entrenched employers?

22 And then finally, let's talk about

23 economic development in South Queens. You

24 actually used to lead the Greater Jamaica

1 Development Corporation, so I consider you a
2 unique authority on the region. I am very
3 interested in any proposals you may have to
4 utilize Resorts World and JFK Airport to
5 create jobs in my district. This would be a
6 game-changer for my constituents, lifting up
7 entire families. So what are your plans for
8 job creation in South Queens?

9 Thank you.

10 COMMISSIONER KNIGHT: Thank you for
11 your questions. I'm going to try to answer
12 them in order.

13 So, you know, with respect to projects
14 in terms of monitoring them, we monitor them

15 for the duration of the commitment. So the
16 projects have to provide reports, we verify
17 them and then are able to affirm their
18 commitments.

19 Most of our assistance is not paid out
20 until the milestones have been achieved. So,
21 you know, we're only going to advance
22 assistance when these milestones for job
23 commitments have been achieved. And if they
24 haven't, we have the ability to apply

1 clawbacks.

2 With respect to flight risk of

3 companies, you know, I'm doing some more

4 research with the team on this but it's a

5 very small percentage of companies that come

6 to us to tell us that they are going to leave

7 and -- you know, if they don't get an

8 incentive package or if they're getting an

9 incentive package from another state. And so

10 really trying to circle, you know, what the

11 universe of that group of businesses are.

12 But we believe a very small number.

13 And so, you know, I'll come back to you on

14 that.

15 With respect to jobs in the future, I

16 think this is what the Workforce Development

17 Office is expressly focused on. We are, you

18 know, looking at jobs of the future and then,

19 like I said, migrating back, understanding

20 what the training is required to access those

21 jobs of the future, and standing up our

22 Workforce Development Office to really focus

23 on those emerging industries and jobs

24 associated with them.

1 CHAIRWOMAN WEINSTEIN: Commissioner, I

2 hate to cut you off, but the time has

3 expired. You can email Senator Krueger and

4 myself as well as responses to questions you

5 haven't been able to answer, and we'll make

6 sure they're distributed to all members here.

7 So now we're going to go to

8 Assemblywoman Griffin.

9 ASSEMBLYWOMAN GRIFFIN: Thank you.

10 Thank you, Chairs.

11 And good morning, Ms. Knight.

12 Like so many of my colleagues, I

13 remain concerned about support and assistance

14 to our small businesses. Specifically, I

15 find that small businesses which employ under
16 50 employees have really been left out of
17 support. And I find that many of the
18 businesses in my district that are the
19 smaller size are still struggling to bounce
20 back, are still struggling to make ends meet
21 and recover from their businesses being
22 closed for so long.

23 And many of these businesses have
24 applied for various forms of support but

1 really haven't received any or the support
 2 they've received has strings attached that
 3 they can't meet those standards.

4 And I wondered if you could tell me
 5 the steps being taken to utilize the money
 6 that's left over in that pandemic grant.
 7 What steps are being taken to apply that to
 8 these small businesses? And then also how
 9 will the seeding funding grant proposal --
 10 how is that planned to help these struggling
 11 small businesses of this small size?

12 COMMISSIONER KNIGHT: So most ESD
 13 programs go to small businesses. You know,
 14 our \$800 million Small Business Grant

15 Recovery Fund, 98 percent of those awards
16 went to microbusinesses, those with under
17 10 employees. So tremendous grant support to
18 microbusinesses.

19 The \$200 million seed fund is a
20 companion to the \$800 million fund, but it
21 will help new businesses that were formed,
22 you know, immediately prior to or during
23 COVID. And so those businesses were left out
24 of a lot of the funding that was available to

1 businesses that were in existence in 2019,
2 which is why we've provided this fund for
3 what we'll call new or emerging businesses.

4 ASSEMBLYWOMAN GRIFFIN: Okay. Well,
5 thank you. And I also wanted to echo the
6 comments of Senator Kaplan regarding the
7 REDC. You know, it was disappointing to see
8 that the support to the Long Island region,
9 which is so in need, that it was reduced by
10 so much. And so I just wanted to echo those
11 comments, because I believe the regional
12 support should be equitable throughout the
13 state and one region shouldn't see a great
14 drop while another area receives a great

15 increase.

16 And if you could just send information

17 on the other proposal of the investment

18 venture competitions that's in Governor

19 Hochul's proposals, I would love to see more

20 information on that. Thank you very much for

21 your time this morning.

22 COMMISSIONER KNIGHT: Thank you. Will

23 do.

24 CHAIRWOMAN WEINSTEIN: Thank you.

1 We're now going to go to Assemblywoman

2 Woerner.

3 ASSEMBLYWOMAN WOERNER: Thank you,

4 Chair Weinstein.

5 And thank you, Ms. Knight, for your

6 testimony.

7 I represent a particularly rural area,

8 so I'm going to focus on rural economic

9 development. And you had mentioned in an

10 earlier statement that you foresee

11 emphasizing manufacturing and semiconductors

12 throughout the upstate rural communities to

13 try and basically bring those communities

14 back which have been so hollowed out over the

15 last few years.

16 I'm wondering if you can talk a little

17 bit more about how do you intend to build an

18 ecosystem of businesses that support the

19 semiconductor industry, as well as how does

20 the agency intend to support the agriculture

21 part of our state, particularly in terms of

22 value-added agriculture? And my particular

23 area of focus is on fiber and textiles, which

24 are a growth opportunity for us in this

1 state. So that's one set of questions.

2 The second is on the workforce

3 development office, which I'm supportive of,

4 what metrics do you anticipate using to

5 assess the effectiveness of the extensive set

6 of workforce development programs we offer in

7 this state? And how will you measure that

8 effectiveness longitudinally? And then I'll

9 make a comment about broadband if I have time

10 at the end.

11 COMMISSIONER KNIGHT: Okay, thank you

12 for your questions. I'll try to answer them

13 in order.

14 You know, with respect to looking at

15 the semiconductor industry, we have a range
16 of initiatives. You know, we have R&D
17 initiatives at the NY Creates Albany Nanotech
18 Complex; other entities that are focused on
19 how we build out our ecosystem for the
20 semiconductor industry.

21 And so we're looking at, you know, all
22 sorts of sites. I think Luther Forest is in
23 your district.

24 ASSEMBLYWOMAN WOERNER: It is.

1 COMMISSIONER KNIGHT: And that's a
2 site that, you know, we certainly want to
3 focus on and build out ancillary businesses
4 as well. So we, you know, envision, you
5 know, a suite of businesses around the
6 semiconductor industry.

7 You know, with respect to agriculture,
8 we know that's an important industry. You
9 know, it's important for the state. And, you
10 know, in your district where you have farms
11 that are focused on value-added fiber and
12 textiles, you know, we look to these
13 partnerships with academic institutions to
14 focus on innovation and commercialization of

15 products that, you know, kind of feed back to

16 these farms that are producing the

17 foundational products.

18 So, you know, we look towards the

19 innovation that's happening at these academic

20 institutions to support the work of the farms

21 in your district.

22 And then finally, with respect to

23 workforce development and metrics --

24 CHAIRWOMAN WEINSTEIN: Commissioner,

1 the time has expired. So if you could follow
2 up in writing with us, along with some of the
3 others.

4 And we go to Assemblyman Palmesano.

5 ASSEMBLYMAN PALMESANO: Thank you,
6 Commissioner. I've got a couple of quick
7 questions and I think it could be a real
8 quick answer.

9 Given our challenges with our tax
10 regulatory policies, our energy policies,
11 comments about us being at a competitive
12 disadvantage in the business climate at 49th
13 or 50th, don't you view your working
14 relationship, your partnership with our local

15 IDAs as absolutely critical in the efforts to
16 recruit, retain and grow jobs and businesses
17 right here in New York State to improve our
18 economy? Do you view that as a critical
19 relationship in your efforts working with our
20 local IDAs, yes or no?

21 COMMISSIONER KNIGHT: So local IDAs
22 have been very important in many of the
23 projects -- you know, particularly in
24 identifying shovel-ready sites --

1 ASSEMBLYMAN PALMESANO: Perfect. So

2 that's yes. Thank you.

3 The reason I cut you off is because I

4 have -- the reason I'm glad you view that as

5 a critically important relationship, it's

6 important. I believe that and so do my

7 colleagues. My concern is I believe the

8 majorities in our house do not, given the

9 fact that they denied New York State Economic

10 Development Council from testifying here

11 today so we could not hear their input or get

12 them to answer some questions.

13 And given the fact that they have that

14 relationship with our local IDAs -- whose

15 primary focus is to help improve our local
16 economic development and the local economies.
17 So given that -- this is a follow-up on that
18 question -- aren't you more apt to have daily
19 conversations and meaningful conversations on
20 economic development in New York State
21 working with our local IDAs and Economic
22 Development Councils than, say, you might
23 regarding the University of Minnesota, with
24 no disrespect, who was allowed and is a part

1 of our panel to testify -- isn't your
 2 relationship going to be more apt to have
 3 those conversations about economic
 4 development efforts in New York working with
 5 our local IDAs versus the University of
 6 Minnesota? Yes or no.

7 COMMISSIONER KNIGHT: You know, the
 8 IDAs are definitely strong partners.

9 ASSEMBLYMAN PALMESANO: Great, and I
 10 agree. And I'm glad you agree, I'm glad the
 11 administration agrees. But again, I think
 12 it's just kind of unfortunate the majorities
 13 of this house refuse to let the New York
 14 State Economic Development Councils testify

15 here today on those important areas, to get

16 answers, get input and ask questions.

17 I would like to shift to broadband, if

18 I could, real quick. I know this proposal

19 about the ConnectALL, that kind of removed

20 the burdens of the fiber optic tax on the

21 right-of-way for some projects. Wouldn't it

22 be a much better and smarter policy to

23 totally eliminate the DOT right-of-way fiber

24 optic tax on everyone, given the fact that

1 we're hearing this has been a disincentive
 2 for businesses to invest, with this burden --
 3 added cost and burden? So wouldn't it be
 4 better, wouldn't it be a smarter policy for
 5 New York just to totally eliminate it
 6 altogether, rather than just picking specific
 7 areas and picking winners and losers?
 8 Wouldn't that be a better, more effective
 9 economic development policy, from your
 10 perspective?

11 COMMISSIONER KNIGHT: Your colleagues
 12 have definitely raised this. And, you know,
 13 I've heard this concern and I will follow up.

14 ASSEMBLYMAN PALMESANO: Thank you.

15 And I hope you weigh in to the Governor and
16 say this -- we should just scrap it
17 altogether if we want to develop broadband,
18 particularly in our rural areas. Because,
19 you know, our rural areas really need the
20 help. And I hope you can make that a
21 priority in your efforts.

22 CHAIRWOMAN WEINSTEIN: Thank you.

23 Assemblywoman Buttenschon, are you
24 here? I know --

1 ASSEMBLYWOMAN BUTTENSCHON: Yes, thank

2 you. Can you hear me?

3 CHAIRWOMAN WEINSTEIN: Yes. You're

4 next.

5 ASSEMBLYWOMAN BUTTENSCHON: Thank you,

6 Chairs.

7 And thank you so much for the update,

8 Commissioner Knight. I sincerely appreciate

9 it.

10 Many of my colleagues have touched on

11 so many important issues -- broadband,

12 childcare -- and so many that Chair Bronson

13 had brought forward. My concern continues to

14 lie, as many of my colleagues have talked

15 about, with the minority and women-owned

16 businesses and that process. And I know you

17 stated there's money in the budget.

18 My question is specific to the

19 timeline of how to help those folks now. And

20 as you look at the funding that will be

21 coming forward, when would you see the

22 implementation, as currently so many

23 businesses have advised me of those concerns.

24 So just, again, specifically the timeline.

1 COMMISSIONER KNIGHT: So, you know,
2 we're looking at a timeline of a year to
3 significantly improve the processing of MWBE
4 applications -- certifications. You know, we
5 will work immediately after the budget is
6 passed to implement these new resources and
7 have a better understanding of where we will
8 be a year from now.

9 But, you know, I'm committed to making
10 those improvements and getting up and running
11 very quickly.

12 ASSEMBLYWOMAN BUTTENSCHON: Thank you.

13 And then just one final question, I
14 know we touched on it earlier, regarding our

15 small businesses and the ability of being
16 involved in the regional system that is in
17 place that I know is wonderful. However, is
18 there any thought of working with our
19 chambers, as so many of them connect to small
20 businesses to ensure that those small
21 businesses are addressed in those {audio
22 dropped}.

23 COMMISSIONER KNIGHT: So, you know,
24 many of our partners in the regions are

1 connected to the chambers, and we've worked
 2 with a large number of them, you know, since
 3 the onset of COVID, being able to help push
 4 information out and work collaboratively with
 5 the chambers and organizations to support
 6 small business.

7 ASSEMBLYWOMAN BUTTENSCHON: I
 8 understand. My question is just a direct
 9 link because they have explained, as others
 10 have stated, that they don't have that input
 11 that they would like.

12 So thank you for your time this
 13 morning. I yield back.

14 CHAIRWOMAN WEINSTEIN: Thank you.

15 We go to Assemblyman Palmesano -- no,
16 actually -- sorry, I've been missing some
17 people in the order in the chat. Assemblyman
18 Palmesano and then Assemblywoman Hyndman.

19 ASSEMBLYMAN PALMESANO: With all due
20 respect, Madam Chair, I did do my questions.

21 CHAIRWOMAN WEINSTEIN: You did speak,
22 right. I'm sorry.

23 ASSEMBLYMAN PALMESANO: Although I
24 would happily take another three minutes --

1 CHAIRWOMAN WEINSTEIN: No. No, no,

2 no. I had you on my mind because I'm going

3 to correct something you said later.

4 Assemblywoman Hyndman.

5 ASSEMBLYWOMAN HYNDMAN: Hi. Thank

6 you. Thank you, Chair. I know Phil would

7 love to speak again.

8 (Laughter.)

9 ASSEMBLYWOMAN HYNDMAN: Good

10 evening -- good afternoon. I hope not. It's

11 so good to see you from Harlem to Queens and

12 now to Albany.

13 So my question is a little different.

14 You may not have the answers for this, but

15 I'd appreciate the follow-up from your staff.

16 If you would be able to tell, how much

17 revenue does the state get in appearance

18 enhancement? And I ask that because in the

19 budget it specifically talks about the

20 ability of individuals to become natural hair

21 care licensed through the State of New York

22 by way of a professional who's been in the

23 industry that has the cosmetology license.

24 And my concern is that individuals --

1 it will create an environment for fraud for
2 individuals that would sign off on licenses
3 whether or not someone has adequately trained
4 under their license. So I would just like to
5 voice my concerns. It's not really a
6 question.

7 I just wanted to also talk about the
8 revenue that the state would lose from the
9 appearance enhancement training institutes
10 that are throughout the State of New York,
11 some of them owned a lot by women who have
12 gotten -- been in the industry and now are
13 training those in the industry. So I'm
14 concerned about the oversight that would take

15 place -- not necessarily from Economic
16 Development, but the Department of State, and
17 knowing the Department of State doesn't do
18 enough outreach to unlicensed barbers,
19 beauticians, cosmetologists, and nail
20 technicians.

21 So I'm concerned about seeing this in
22 the Governor's budget. So if you could relay
23 those concerns to the Governor. And if I
24 could get an answer about how much revenue

1 does the appearance enhancement industry

2 bring into the State of New York, I'd be

3 happy to --

4 COMMISSIONER KNIGHT: I will follow up

5 on that and also consult with my colleagues

6 at the Department of State on some of your

7 specific issues.

8 ASSEMBLYWOMAN HYNDMAN: Okay, thank

9 you very much. Thank you, Madam Chair.

10 CHAIRWOMAN WEINSTEIN: Okay. Well,

11 now I'm definitely next.

12 So first, Commissioner, I have a

13 question on behalf of a colleague,

14 Assemblyman Lavine, who isn't a member of one

15 of these committees so he wasn't able to be

16 here today. So I'm just going to read what

17 he said.

18 "Much like Moynihan Train Hall project

19 before it, Governor Hochul's Penn Station

20 project proposal will result in major transit

21 improvements for the millions of commuters

22 and travelers passing through this nationally

23 significant transportation hub and will

24 create much-needed improvements to the

1 adjoining neighborhood and district. This
 2 will be of tremendous benefit to Long Island
 3 Rail Road riders.

4 "Do you believe this will result in
 5 more New Yorkers being able to return to
 6 in-office work and support the continued
 7 revitalization of New York City and the
 8 metropolitan region?"

9 COMMISSIONER KNIGHT: Thank you for
 10 that question.

11 We agree that the work to Penn Station
 12 is important, and Governor Hochul's plan
 13 supports the desire for folks who want to
 14 come back into the office. You know, being

15 able to access a world-class transit hub

16 definitely will contribute to a desire to

17 want to come back into the office and be in

18 the central business district. So yes.

19 CHAIRWOMAN WEINSTEIN: Thank you.

20 And then on behalf of myself, so first

21 I want to just respond to comments made by a

22 Senator and by an Assemblymember accusing the

23 majorities of both houses of not inviting the

24 REDC and not caring about the regional

1 developments.

2 I've been a member of the Ways and
3 Means Committee for many years, and the REDC
4 were never formally invited. They are not an
5 official government agency. There is nothing
6 that prevents them from requesting to testify
7 as a public member, as other public groups
8 have requested, and we'll be hearing from
9 them later.

10 And I just want to emphasize that that
11 includes the time that the Democrats were in
12 the majority in the Senate and all the time
13 that the Senate majority was Republican:
14 They never sought to invite the REDC. So

15 it's not a partisan issue, and they're

16 welcome to come testify before us next year.

17 Commissioner, talking about the REDCs,

18 I am a member, along with Assemblywoman Donna

19 Lupardo in our house, of the SIAT, the

20 Strategic Implementation Assessment Team,

21 which in some years past has heard the REDCs

22 present their proposals to us, with the idea

23 that we'd make the assessments and refer them

24 for grant funding.

1 However, under the prior
2 administration, the -- there really hasn't
3 been a reliance upon certainly the
4 recommendations of the SIAT, I think it's
5 been really just a pro forma presentation to
6 us.

7 So I would hope that moving forward
8 that there would be more involvement from the
9 members of the SIAT in helping to determine
10 input and not just sort of be a
11 rubber-stamping of ESD. And, you know, I do
12 look forward to that change moving forward.

13 I have a --

14 COMMISSIONER KNIGHT: Yeah, I welcome

15 more legislative involvement in the REDCs for

16 sure.

17 CHAIRWOMAN WEINSTEIN: Okay, thank

18 you.

19 And then turning to the DRI, the

20 Downtown Revitalization Initiative, so the

21 Executive provides 100 million for the new

22 NY Forward program. And if you could just

23 explain -- so I think this -- if I'm reading

24 it correctly, this is a supplementation that

1 will run alongside the DRI. So what's the
 2 justification for the creation of this new
 3 program, and how will its economic impact
 4 differ from the existing Downtown
 5 Revitalization Initiative? And how will
 6 eligibility of these funds -- both sets of
 7 funds -- be determined?

8 And if you can elaborate what
 9 constitutes a small or rural community, and
 10 will these communities also be eligible for
 11 the DRI funds?

12 COMMISSIONER KNIGHT: So -- you know,
 13 thank you for that question, Assemblywoman.

14 You know, so this NY Forward

15 communities program is focused on smaller
16 downtowns. We'll have to define, you know,
17 what those are, you know, from a size
18 perspective. But certainly, you know, the
19 DRI process has focused on what I'll call
20 larger communities. And this is definitely
21 something to focus on smaller communities and
22 rural areas.

23 We understand that, you know, to make
24 this recover -- the economic recovery more

1 equitable, we've got to focus on investing in
 2 smaller downtowns and more rural communities.
 3 We're looking at implementing this process
 4 very similar to the DRI. So the REDCs,
 5 working in partnership with the Department of
 6 State, will be involved in the selection of
 7 these communities.

8 CHAIRWOMAN WEINSTEIN: Okay. Thank
 9 you. So I look forward to working with you
 10 with your vision and with the Governor's
 11 vision as we recover from the pandemic.

12 And I will yield back the remainder of
 13 my time.

14 COMMISSIONER KNIGHT: Thank you.

15 CHAIRWOMAN WEINSTEIN: And, Senator, I

16 don't see any new Senators, so I'm going to

17 go to Assemblyman Bronson for his second

18 round of three minutes.

19 CHAIRWOMAN KRUEGER: A good plan. I

20 also do not see any more Senators.

21 ASSEMBLYMAN BRONSON: Thank you very

22 much, Chairs.

23 Commissioner, I just want to highlight

24 a couple of points that have been brought out

1 earlier.

2 First of all, the Centers of

3 Excellence and the Centers for Advanced

4 Technology have a very long record of success

5 in developing innovative businesses. It's

6 great that in this budget there is not the

7 historical approach to combine the two

8 programs and require a new RFP.

9 That said, I join many of my

10 colleagues in pushing that we need an

11 increase in the overall funding this year,

12 given that solid record of success for the

13 CATs and COEs.

14 Regarding UI assistance, I know this

15 isn't directly in your area, but the
16 borrowing I think at this point from the
17 federal government is around \$9.5 billion.
18 And our businesses, especially small
19 businesses, will be adversely impacted
20 through assessments for years to pay that
21 back. You know, as we fight for federal
22 help, we at the state also need to offset
23 this cost.

24 Regarding my question, this relates to

1 the creation of the Small Business Seed
 2 Funding Grant Program to provide grant
 3 funding to support early stage small and
 4 microbusinesses recovering from the COVID-19
 5 pandemic that did not meet the eligibility
 6 requirements of the \$800 million
 7 Small Business Recovery Grant Program enacted
 8 last year.

9 Why are we doing this? Wouldn't it be
 10 a better strategy to increase the dollar
 11 amount of the current grant program that's
 12 already being implemented and adjust the
 13 eligibility requirements to include those
 14 early-stage businesses as well as the

15 businesses that were eliminated?

16 And with all due respect, the

17 parameters were drastically narrowed by the

18 department and are not in legislation. We

19 need to better evaluate viable businesses and

20 not eliminate a business because it showed a

21 loss in 2019. And many businesses show

22 losses all the time on their tax returns but

23 they're very viable and have been in

24 existence for many years and contribute to

1 the economy.

2 So I'd like to hear your thoughts

3 about the approach of combining the new

4 proposal and adjusting the current criteria.

5 COMMISSIONER KNIGHT: So, you know, we

6 think that it's cleaner to create a new

7 program. We still see businesses that are

8 eligible for the \$800 million program still

9 applying. As I mentioned, we are processing

10 \$3 million a day in applications for

11 businesses that do meet the criteria of the

12 \$800 million program.

13 So, you know, we believe we need to

14 leave that intact and create a new program to

15 support these businesses that were started

16 just around COVID or just after. But, you

17 know, we're open to any ideas and, you know,

18 would want to talk to you about this.

19 ASSEMBLYMAN BRONSON: Okay. There are

20 so many businesses that have reached out to

21 us showing that they're not meeting the

22 eligibility requirement of the current grant

23 program, so we have to address that. Thank

24 you, Commissioner.

1 CHAIRWOMAN WEINSTEIN: Thank you.

2 Back to the Senate. The Assembly is finished

3 with questions.

4 CHAIRWOMAN KRUEGER: Thank you very

5 much, Assembly.

6 And I believe the Senate is finished

7 with questions. Which means, Ms. Knight, you

8 are free to go on with your day and your

9 responsibilities to the state. Thank you for

10 being with us here today. I know you have a

11 number of requests that you'll be following

12 up with in writing --

13 COMMISSIONER KNIGHT: Yes.

14 CHAIRWOMAN KRUEGER: -- that we will

15 share with everyone. Thank you very much.

16 COMMISSIONER KNIGHT: Thank you.

17 ASSEMBLYMAN PALMESANO: Madam Chair,

18 may I just make one quick point? Not a

19 question, just more on a logistical thing

20 that was brought up by Chairman -- Chairwoman

21 Weinstein.

22 CHAIRWOMAN KRUEGER: Why don't you

23 bring it up to her directly rather than take

24 committee time. Let me just move on to --

1 ASSEMBLYMAN PALMESANO: I'll put it in

2 the chat, because it's important. I'll put

3 it right on the chat because it's important.

4 Maybe someone --

5 CHAIRWOMAN KRUEGER: That's perfect,

6 thank you.

7 I'm going to ask the New York State

8 Office of General Services Acting

9 Commissioner Jeanette Moy to come before us

10 now.

11 OGS COMMISSIONER MOY: Hi, how are you

12 doing? Good morning -- or good afternoon.

13 CHAIRWOMAN KRUEGER: Hi. Good

14 afternoon. You might have had the illusion

15 you were starting in the morning, but that

16 was just an illusion.

17 I think you have now figured out how

18 we do this. You have up to 10 minutes to do

19 an overview of the testimony you have

20 submitted to us, and then we will ask you

21 questions.

22 OGS COMMISSIONER MOY: Greetings,

23 Chairs Krueger and Weinstein, Ranking Members

24 O'Mara and Ra, and distinguished members of

1 the Legislature.

2 My name is Jeanette Moy. I joined
3 Governor Hochul's administration in November
4 2021 and was recently confirmed as
5 commissioner of the New York State Office of
6 General Services. It is a privilege and an
7 honor to appear before you today and to
8 provide an update on our efforts at OGS since
9 my esteemed predecessor, Commissioner RoAnn
10 Destito, last testified before the committee
11 in February 2021.

12 Like 2020, 2021 was a challenging time
13 for all New Yorkers. The pandemic
14 continuously changed the way we live, work,

15 and interact with one another. In addition
16 to our COVID-related activities, OGS
17 continues delivering the services and support
18 that our customers and the public depend on.

19 For our real estate portfolio, OGS
20 manages and maintains 20 million square feet
21 of state-owned space and leases 11.7 million
22 square feet of office, warehouse and other
23 required space on behalf of agencies
24 statewide. We are responsible for the

1 administration and daily operations of over
2 150 state-owned buildings and structures
3 totaling over \$7 billion in assets, serving
4 approximately 30,000 tenants and thousands of
5 visitors.

6 As a part of Governor Hochul's
7 proposed Executive Budget, we requested
8 \$175.5 million in capital funding to address
9 critical Empire State Plaza infrastructure
10 needs, including health and safety concerns,
11 electrical systems, conveyance systems, and
12 structural repairs. We will begin design and
13 procurement planning to restore the Capitol
14 Eastern Approach, which includes

15 comprehensive repair and rehabilitation of
16 the Eastern Approach Staircase along the
17 connecting North and South Promenades,
18 East Portico, and Executive Ramp at the
19 Capitol.

20 We will launch the Capitol Roof
21 Project to address the failing center
22 courtyard roof as well as restore the windows
23 and install new copper wall cladding and
24 roofing for the Hawk Street passage and

1 restaurant.

2 And finally, the Empire State Plaza

3 Energy Infrastructure Master Plan, awarded in

4 August of 2021 and scheduled for completion

5 in the spring of 2023, seeks renewable energy

6 and energy efficiency solutions for the

7 plaza.

8 In addition to maintaining space, we

9 also design, build, and conduct project

10 permitting with our design and construction

11 division. This team provides architectural,

12 engineering, contracting, and construction

13 management services to over 50 state agency

14 clients, with a current workload of

15 \$1.2 billion in active construction projects

16 and another \$1.8 billion in design

17 development.

18 OGS provides shared services for other

19 agencies. Through the Business Services

20 Center, OGS provides transactional

21 back-office administration services for many

22 Executive agencies. We deliver

23 personnel-related transactional services for

24 55 agencies and financial transactional

1 services for 65 agencies, supporting
2 approximately 44,500 state employees. This
3 year we will launch a long-awaited
4 modernization initiative to replace three
5 antiquated, end-of-life human resource
6 technology systems maintained by the state.

7 We also deliver administration and
8 support services for agencies, including
9 fleet management, printing and mail services,
10 food distribution, warehousing, and surplus
11 property disposition. In 2021 our team
12 partnered with DOH, DHSES, and DMNA to
13 distribute 15 million pieces of PPE that
14 included non-surgical masks, face shields,

15 gloves, and surgical gowns, along with

16 3 million test kits to nursing homes, adult

17 care facilities, Senate and Assembly offices,

18 childcare resources and referrals, and

19 independent living centers.

20 Our procurement services team manages

21 a portfolio of approximately 1,500

22 centralized contracts for commodities,

23 services, and technology valued at

24 \$29.9 billion. These contracts are leveraged

1 by more than 8,000 authorized users

2 consisting of state agencies, local

3 governments, schools, and nonprofits.

4 In 2021, OGS supported

5 pandemic-related buys including aggregate

6 buys, contracts for PPE and testing kits, and

7 support for employee COVID testing

8 initiatives. We stood up a contract award

9 for PPE and other related items that has

10 34 awardees, including 11 New York

11 State-based manufacturers, two certified

12 SDVOBs, and six certified MWBEs.

13 Our success in administering the

14 statewide Service-Disabled Veteran-Owned

15 Businesses program continued in 2021. Last
16 year our team certified 143 firms, resulting
17 in 936 active certifications. Through
18 effective outreach and engagement, our
19 certification program has empowered SDVOBs to
20 win nearly \$182 million in state contracts in
21 fiscal year '20-'21, representing a
22 22.4 percent growth compared to the previous
23 year.

24 We are proud of our track record in

1 supporting SDVOB companies. In fiscal year
2 '20-'21, our agency awarded \$13.5 million in
3 contracts to SDVOBs, totaling a 6.49 percent
4 utilization rate.

5 We are also proud of our commitment to
6 minority- and women-owned businesses
7 interested in state contracting. For fiscal
8 year '20-'21, OGS awarded \$208 million in
9 contracts to MWBEs, resulting in a 49 percent
10 utilization rate for OGS.

11 Now, providing an exceptional visitor
12 experience at the Capitol and the
13 Empire State Plaza is a source of pride for
14 OGS's convention, cultural events, and

15 curatorial teams. This winter we reopened
16 the Empire State Plaza Ice Rink for the first
17 time since the start of the pandemic, a
18 time-honored tradition for Capitol Region
19 residents, visitors, and their families. And
20 most recently, we hosted a brief Lunar
21 New Year celebration on the Concourse for
22 state employees.

23 OGS continues to take on new
24 initiatives announced in the Governor's 2022

1 State of the State, including the EV
2 Light-Duty Fleet Plan to electrify the
3 state's light-duty passenger fleet by 2035,
4 which will drive demand for electric vehicles
5 in the state and generate new job
6 opportunities for New Yorkers. OGS, which is
7 responsible for developing statewide
8 contracts for vehicle purchases and
9 administering the state's fleet program, will
10 lead the implementation of the Governor's EV
11 initiative with care and precision.

12 The Governor's Executive Budget also
13 includes a proposal to create the Office of
14 Language Access, which will codify the

15 state's language access policy by ensuring
16 that these vital services are administered
17 efficiently and in a manner that is most
18 responsive to the needs of limited-English-
19 proficiency New Yorkers. The plan is to
20 house this office at OGS to leverage our
21 experience with creating and managing
22 statewide shared services and enterprise
23 systems.

24 If included in this year's budget, we

1 look forward to working with members of the
2 Legislature, and stakeholders such as the
3 Language Access Coalition, to ensure the
4 success of this initiative.

5 It is an absolute honor to lead OGS's
6 talented and dedicated team. I am confident
7 that this agency has the talent necessary to
8 do great things for the State of New York.

9 Together we will launch new initiatives and
10 focus our efforts to ensure that our services
11 drive efficiency, resiliency, sustainability,
12 diversity, and transparency.

13 Thank you for listening to my
14 testimony. I'd like to turn it back to

15 Chair Krueger and Chair Weinstein, and I'm

16 happy to take any questions.

17 CHAIRWOMAN KRUEGER: Thank you very

18 much, Commissioner Moy. Or Acting

19 Commissioner Moy.

20 Senator Mike Martucci, our ranker,

21 will be the first questioner.

22 SENATOR MARTUCCI: Thank you,

23 Chairwoman.

24 Commissioner, I have a question with

1 respect to a regulation or a rule -- I guess
2 you should call it a rule, really -- that the
3 OGS currently has in place that restricts
4 visitors from coming here, where I'm sitting
5 now, into our Legislative Office Building.

6 As you know, and so many of our
7 colleagues, the reason we have these forums
8 is because we want to hear from folks
9 especially during the budget process, which
10 is really the biggest thing that we undertake
11 each year. Do you have any perspective on
12 when OGS might change its approach on some
13 public facilities like, for example, this
14 Legislative Office Building, to allow public

15 access so we can have more access to

16 constituents, especially as we undergo this

17 really important process?

18 Because right now, as I'm sure you're

19 aware, myself and other legislators sometimes

20 take meetings on the street, where it's

21 rather cold, to talk to constituents who

22 travel a long way to be here and have some

23 face time with us.

24 OGS COMMISSIONER MOY: I appreciate

1 the question.

2 You know, the overarching goal when we

3 instituted that rule was to keep folks safe,

4 to keep the buildings safe and to keep

5 government moving forward. The visitation

6 rules were created in consultation with the

7 Department of Health, with the State Police,

8 and with all parties. And certainly over the

9 past -- this past winter has been a difficult

10 one with the surge in Omicron. We are

11 constantly looking at the facts on the ground

12 to see when we might be able to make changes

13 or modifications.

14 At this time there are active

15 conversations that are taking place.

16 Certainly if there are shifts that will take

17 place in that visitor policy, your team and

18 your group -- we'll certainly get to you and

19 make sure that you're aware of it.

20 But I appreciate the feedback on it.

21 Certainly I look forward to a day when, you

22 know, we can lift all of those access points.

23 And, you know, it is exhausting to be at this

24 moment in the pandemic. But we are going to

1 be monitoring it very closely, and I'm eager
2 to be able to lift those restrictions in the
3 future. I just don't have plans right now to
4 share.

5 SENATOR MARTUCCI: Thanks,
6 Commissioner. And again, I'm sure you
7 understand my concerns with respect to this.

8 And again, I would ask -- I know that you're
9 monitoring this regularly, but that that
10 regular monitoring continues. There's some
11 new data, new data that emerges really every
12 day. And again, I think this is an important
13 part of the process of allowing public access
14 to elected officials.

15 So thank you for your response. And

16 thank you, Chairwoman Krueger.

17 OGS COMMISSIONER MOY: Absolutely.

18 And I deeply appreciate that feedback and

19 we'll certainly -- we'll be monitoring very,

20 very frequently, and we'll get back to you.

21 CHAIRWOMAN KRUEGER: Thank you.

22 Back to the Assembly.

23 CHAIRWOMAN WEINSTEIN: We will go to

24 Assemblyman Bronson --

1 ASSEMBLYMAN BRONSON: Thank you,

2 Chairs.

3 CHAIRWOMAN WEINSTEIN: -- for

4 10 minutes if he needs it.

5 ASSEMBLYMAN BRONSON: Absolutely.

6 I'll be quick.

7 Thank you, Chairs. And

8 congratulations, Commissioner, on your new

9 role. So very excited for you and for our

10 state.

11 I also want to thank you for your work

12 on the contracts for PPE, testing kits, and

13 other ways to support and protect our public

14 employees. That those employees kept our

15 state running during the pandemic, and so we
16 are indebted to them and to you in helping to
17 protect them.

18 Looking at the important issue of
19 electric vehicles as part of our overall
20 strategy to reduce adverse impact on our
21 environment, the Executive Budget includes
22 \$17 million related to the conversion --

23 (Zoom freeze.)

24 CHAIRWOMAN KRUEGER: We lost you,

1 Harry.

2 CHAIRWOMAN WEINSTEIN: Harry, you look

3 frozen.

4 CHAIRWOMAN KRUEGER: Uh-oh, he is

5 frozen. I don't know what to do to help him.

6 Warm up, Harry.

7 (Laughter.)

8 CHAIRWOMAN KRUEGER: Oops, we now are

9 losing him.

10 CHAIRWOMAN WEINSTEIN: So, you know,

11 why don't you -- I see Senator Savino has her

12 hand up. Why don't you go to her and

13 Assemblyman Bronson will probably have to log

14 out and log back in.

15 CHAIRWOMAN KRUEGER: Okay. Senator

16 Savino, are you ready to come on? I see you

17 talking to someone. Are you available to ask

18 your question?

19 SENATOR SAVINO: Yes, I am. I am.

20 CHAIRWOMAN KRUEGER: Thank you. The

21 Assemblymember froze, so while he's trying to

22 get back on, we're trying to keep going.

23 SENATOR SAVINO: Thank you. Thank

24 you, thank you.

1 Commissioner, good to see you. So I
2 just only have a couple of questions. I
3 notice that in your testimony you're talking
4 about replacing some of the legacy systems,
5 which are older than most of us combined
6 here, particularly the ones with HRA. So can
7 you talk a bit about that process, where you
8 are in it?

9 And then the other issue is you
10 reference also about \$29 billion worth of
11 contracts, some of them with respect to
12 technology. I'm very concerned about the way
13 the state and local governments are
14 purchasing technology, often doing it at the

15 local level, and the current risks that we

16 face with respect to cybersecurity and

17 ransomware attacks.

18 So I think a more coordinated approach

19 from the state level, helping local

20 governments avoid the potential risks, are

21 really necessary. So I'm hoping you can talk

22 about what role OGS can play with respect to

23 that.

24 OGS COMMISSIONER MOY: Great. So

1 there are two questions that you asked. I
2 think the first one you're asking about is
3 the human resources system that we're looking
4 to implement.

5 SENATOR SAVINO: Right.

6 OGS COMMISSIONER MOY: We are
7 replacing three different systems. One is
8 Human Capital Management, HCM. Another is
9 NYSTEP, which manages the current employment
10 information. And then NYBEAS, which does
11 benefits and accounting.

12 Those three systems are in PeopleSoft.
13 They're older enterprise applications. We've
14 been looking to replace them for quite some

15 time. We have gone through a solicitation
16 process and we've identified a vendor who's
17 going to help us through that implementation.
18 We've worked very closely in partnership with
19 our sister agencies -- ITS, GOER and Civil
20 Service. And there's also a broad set of
21 input that comes in from other state
22 agencies.

23 We're looking to begin that
24 implementation this year. It is a process to

1 actually build out that system. So we're
2 going to be hopefully getting input around
3 the design. We're going to be working
4 through the creation of the system itself and
5 hope to launch something in a few years.

6 So we'll be updating that timeline
7 relatively soon.

8 SENATOR SAVINO: And then I hope that
9 there's some possibility to work with Civil
10 Service in terms of developing a workforce
11 that can then manage these systems so that
12 we're not constantly relying on contracting
13 out for IT consultants, which the state in
14 the past has spent an extraordinary amount of

15 money on relying on IT consultants.

16 OGS COMMISSIONER MOY: Absolutely.

17 And I think, you know, one of the things that

18 we are grateful for from a partnership

19 perspective, you know, our Business Services

20 Center is one of the primary users, along

21 with many other state agencies. So we are

22 going to be making sure that our business

23 applications that folks can actually use the

24 system are able to make changes as needed.

1 The second question that you had
2 relative to the technology, you were asking
3 about the support that possibly we can
4 provide in terms of support for local
5 entities. We do provide a fair amount of
6 cybersecurity training that's available.
7 We're happy to give more information to your
8 office.

9 We do so in partnership with ITS and
10 DHSES. Those are the two entities that are
11 really more of a lead on it. But we help to
12 deliver that training, we have the
13 relationships from a procurement perspective.
14 We push out that training. We do so for

15 procurement officers, whether it's at the
16 agency side or clients use our contracting
17 services.

18 But between ITS and DHSES, the two of
19 them have been leading cybersecurity efforts
20 on behalf of the state. And certainly happy
21 to take back that feedback and make sure that
22 we are reaching out to any constituent that
23 needs access to those services and support.

24 SENATOR SAVINO: Thank you.

1 OGS COMMISSIONER MOY: Absolutely.

2 Thank you very much Senator Savino.

3 CHAIRWOMAN KRUEGER: Great.

4 Assembly.

5 CHAIRWOMAN WEINSTEIN: Thank you. And

6 I believe Assemblyman Bronson is back with us

7 for the hearing. So if you can --

8 ASSEMBLYMAN BRONSON: Yes, I am. Yes,

9 I am, Chair. And hopefully the technology

10 works better this time.

11 First of all, Commissioner, I want to

12 congratulate you on your confirmation and new

13 role as commissioner and want to thank you

14 for all the work and contracts for PPE,

15 testing kits, and overall support for our
16 public employees who kept our state running
17 during the pandemic and continue to do so.

18 Looking at the important issue of
19 electric vehicles as part of our overall
20 strategy to reduce adverse impact on our
21 environment, the Executive Budget includes
22 \$17 million related to the conversion of
23 light-duty vehicles in the New York State
24 fleet to electric vehicles.

1 How many vehicles will the \$17 million
2 allow us to purchase? And what's the timing
3 of those purchases? And what limitations do
4 you see, given the limited electrical vehicle
5 infrastructure that we currently have in the
6 state?

7 OGS COMMISSIONER MOY: That's a great
8 question. And, you know, one is I think
9 investing in the EV fleets is one of the bold
10 ambitions that's been laid out by the
11 Governor. I'm thrilled to take it on.

12 Our first step is to better understand
13 the infrastructure that needs to come into
14 place. Certainly our state agency, we have

15 about 18,000 light-duty vehicles that are
16 maintained by numerous agencies. And one of
17 the first things we have to do is to start
18 planning out that infrastructure: Where are
19 they located, what are their usage, what are
20 their driving patterns.

21 Our first step is going to be to
22 understand, from a technology perspective, my
23 priorities looking at the telematics
24 system -- you know, an ability to be able to

1 identify, as we invest in EV vehicles, which
2 ones are performing, what does that look
3 like, how is the battery life, which ones
4 should we buy for future years.

5 So there are a lot of steps that we
6 need to take at the inception of this
7 process. Thankfully, there are a number of
8 state and local entities that have already
9 started down this route of converting to an
10 all-EV fleet, and we'll be leveraging their
11 knowledge and awareness.

12 My partners in NYSERDA, NYPA, Thruway
13 Authority and others -- DOT -- will all be
14 looking together at the infrastructure that's

15 available. There are a number of state
16 locations where I want to take a look at
17 opportunities for charging stations, how that
18 fleet is used.

19 So this year is a year in which we
20 need to do a significant amount of planning.
21 I do look forward to getting back to you all
22 soon in terms of what our progress is so we
23 can start looking at where the purchases are,
24 which parts of the fleet are going to be

1 replaced first. But we have through 2035 to
2 really make this program work, and I am
3 incredibly dedicated towards moving this path
4 forward. I think it's the right thing for
5 the state, and I'm glad OGS is taking it on.

6 ASSEMBLYMAN BRONSON: Thank you,
7 Commissioner. Thank you, Chairs.

8 CHAIRWOMAN KRUEGER: Thank you very
9 much. Okay, back to me, I think, Helene.

10 CHAIRWOMAN WEINSTEIN: Yes. Then we
11 have someone.

12 CHAIRWOMAN KRUEGER: Good.

13 Hi, Jeanette. Nice to see you again.

14 You know, Assemblymember Bronson

15 really headed down the same path as me with
16 the EV vehicles. And I had mentioned to you
17 when we met around confirmation that the
18 Education hearing had many people discussing
19 electric buses and could we, would we, should
20 we, how would all these individual school
21 districts deal with it. Then yesterday we
22 had a transportation hearing where there were
23 also people supporting electric buses but
24 asking a million questions.

1 So I'm hoping that you have within
2 your mandate the ability to do the advice and
3 research into procurement of electric school
4 buses.

5 And also just to ask specifically --
6 because it's come up so many times -- are we
7 smarter if we allow for 15-year leases versus
8 five-year leases on the electric buses?
9 Because I'm hearing from quite a few people
10 that the math doesn't really work in a
11 five-year timeline on electric buses. And we
12 know we want to get this right in New York.

13 OGS COMMISSIONER MOY: That's great
14 feedback on the leases. I'll certainly look

15 into that detail and make sure that our

16 procurement team is up-to-date on it.

17 One of the positives -- OGS is

18 actually right now crafting a replacement for

19 the solicitation of school buses. We're

20 looking for more electric options. So it is

21 something that we are actively working on.

22 We do have contracts that allow for

23 purchases of vehicles, including school

24 buses, and so it is something that we are

1 actively paying attention to. We're looking
2 to see what's out in the market. We want to
3 shape a solicitation that makes sense and
4 will be useful for local governments and our
5 partners and our clients of our contracts.

6 That solicitation -- you know, the
7 school bus contract itself I believe expires
8 in November, I want to say. And, you know,
9 hopefully we'll be resoliciting it in the
10 next couple of months. So it is something
11 that we are actually working on, and your
12 feedback was incredibly helpful in the
13 conversation. So we'll be thinking about not
14 just the infrastructure of the buses

15 themselves, but infrastructure.

16 And the pieces around leases, again,

17 we'll take that back and happy to hear more

18 feedback on it.

19 CHAIRWOMAN KRUEGER: Great. And I

20 would just suggest, have someone in your

21 office review the Senate/Assembly budget

22 hearings for Education and for

23 Transportation, because there's testimony in

24 both of those hearings from the districts and

1 from people who apparently are in the
2 electric school bus business. So it might be
3 useful information for you as well.

4 Because I do feel that the entire
5 Legislature agrees with the Governor: We
6 want to get this done, we want to get this
7 right. But speaking for most legislators, we
8 didn't go to vehicle mechanic school, so we
9 are not particularly helpful to our districts
10 in their goals of trying to make sure they
11 have electric vehicles.

12 So that was really my focus for you
13 today. I'm going to hand it back to the
14 Assembly. And thank you very much.

15 CHAIRWOMAN WEINSTEIN: We have our
16 chair of Science and Technology, Steve Otis,
17 for three minutes.

18 ASSEMBLYMAN OTIS: Thank you.

19 Commissioner, I'm just going to hit --
20 drill down on a few of these topics briefly.

21 On the electric vehicle piece, one of
22 the things you're obviously going to have to
23 be doing is installing more charging
24 infrastructure for your fleets. And one

1 thing to look at in doing that is at some
 2 locations making the charging equipment
 3 publicly facing, to give the public an
 4 opportunity, would help sort of with the
 5 whole cause.

6 Question. The decision on whether an
 7 electric vehicle is going to be purchased for
 8 a particular agency's fleet, does that
 9 initially come from OGS or from the home
 10 agency?

11 OGS COMMISSIONER MOY: We are going to
 12 be partnering very closely with the agencies
 13 in order to determine what is the path
 14 forward.

15 To your point around infrastructure,
16 one of the things that OGS is going to be
17 doing is we have a number of statewide
18 facilities across the state. We're going to
19 be looking at places where we can put in
20 infrastructure that allows for charging so
21 that other agencies can have access to it.

22 Whether it's on the Harriman State
23 Campus or Duryea, down on Long Island, we're
24 going to be taking a whole-agency approach to

1 try to look at options. I think it's great
2 feedback around, you know, public charging
3 and ensuring that others have access to it.
4 And certainly I'll make sure that we take
5 that feedback and see what can be possible.
6 ASSEMBLYMAN OTIS: That's great.
7 Now, another topic -- and I'm not sure
8 which agency deals with this primarily. But
9 we've had, in the last few years especially,
10 first with the Department of Labor through
11 the unemployment insurance and then ERAP,
12 Department of Health, different agencies have
13 had big surges in demand for online
14 participation and basically having to upgrade

15 the online infrastructure to deal with great

16 demand.

17 And none of us know where the next

18 agency that's going to get a surge, receive a

19 surge, where that's going to be. What role

20 does your agency play compared to the Office

21 of Information Technology Services or other

22 agencies to sort of anticipate and have us

23 better prepared for wherever the next surge

24 occurs?

1 OGS COMMISSIONER MOY: That's a great
2 question. And, you know, we have a very
3 strong relationship with ITS, who leads many
4 of those conversations.

5 We are a business owner. So in our
6 perspective, we have a number of systems that
7 we manage as business owners, so those
8 applications are ones in which we give input
9 to it, we're able to identify when there are
10 issues, we have regular conversations on the
11 applications in which we own them.

12 ITS actually is the one that actually
13 looks across the portfolio of all state
14 agencies. And I'm sure that Tony Reddick and

15 his team would be able to answer that for

16 you.

17 ASSEMBLYMAN OTIS: Great. Thank you

18 very much. Congratulations on your new

19 position. And it's a very important agency

20 to all of us. Thank you.

21 OGS COMMISSIONER MOY: (Inaudible.)

22 CHAIRWOMAN WEINSTEIN: Thank you.

23 There are no other Assemblymembers.

24 Perhaps we should mention to people

1 who may be thinking they're going to -- oh, I
2 see Assemblywoman Giglio has just put up her
3 hand.

4 So why don't we go to you, Jodi.

5 ASSEMBLYWOMAN GIGLIO: Thank you. And
6 yes, congratulations. And we do appreciate
7 everything OGS does.

8 So my question goes back to the
9 electric vehicles. So how many stations is
10 OGS planning on putting in? And how many --
11 out of the \$17 million in the Executive
12 Budget for the conversion of light-duty
13 vehicles in the fleet to electric vehicles,
14 how many vehicles do we currently have in the

15 fleet and how many vehicles do you anticipate

16 purchasing?

17 OGS COMMISSIONER MOY: So I'm going to

18 have to get back to you on that question.

19 One of the areas that we're going to be doing

20 right now is this is the beginning of a

21 pretty comprehensive fleet program. This

22 year what I'll be prioritizing is getting

23 that plan in place.

24 So, you know, it's a good allocation

1 that's set aside. It will allow us to be
2 able to assess where we need to be able to
3 put in the charging stations. We do need to
4 partner with NYPA and others to figure out
5 and make sure that the electric grid can even
6 handle some of the installations that are
7 going to be taking place.

8 So it's a pretty comprehensive program
9 that's needed in order to convert 18,000
10 vehicles. This year is going to be one for
11 planning, identifying possible locations.
12 You know, looking for what those options are
13 as we roll out this fleet by 2035.

14 ASSEMBLYWOMAN GIGLIO: Okay, so you --

15 there's 18,000 vehicles that need to be

16 converted to electric?

17 OGS COMMISSIONER MOY: There are

18 18,000 light-duty vehicles, correct.

19 ASSEMBLYWOMAN GIGLIO: Okay. And we

20 don't have any yet that are electric?

21 OGS COMMISSIONER MOY: I believe there

22 are some. I don't have those numbers

23 specifically, but I will absolutely get that

24 information back to you.

1 ASSEMBLYWOMAN GIGLIO: Okay. And then
2 also we have a lot of electric vehicles that
3 the Assemblymembers and Senators are using,
4 and there seems to be a battle as to who gets
5 to charge. So I'm just wondering if you are
6 making any accommodations to try and get more
7 of the electric connections.

8 OGS COMMISSIONER MOY: That's great
9 feedback. And that's the kind of feedback
10 that we need in order to, you know, make sure
11 that we have the right infrastructure in
12 place. So it's certainly something that
13 we'll look into, and certainly we'll get back
14 to you.

15 I will tell you that in the experience
16 that I've had so far, that some of the
17 charging stations aren't often full. So
18 Senator {sic}, it would be great to speak
19 with you about where you've been seeing some
20 challenges, that we know exactly where those
21 infrastructures will be included so that
22 folks can have access.

23 ASSEMBLYWOMAN GIGLIO: Yeah, it's in
24 the Legislative Office Building in the

1 garage.

2 OGS COMMISSIONER MOY: Okay. Great.

3 Thank you.

4 CHAIRWOMAN KRUEGER: And actually

5 she's an Assemblywoman. So maybe --

6 OGS COMMISSIONER MOY: Oh, I'm --

7 (Overtalk.)

8 CHAIRWOMAN KRUEGER: That's okay.

9 Maybe she is -- maybe the Assembly has more

10 of these vehicles and thus chargers, and

11 maybe the Senate isn't using ours. So come

12 look at ours. We have separate, but --

13 ASSEMBLYWOMAN GIGLIO: That's good to

14 know.

15 And then my next question is, does the

16 Executive Budget include any funding to

17 repair the Capitol's Eastern Approach

18 Staircase?

19 OGS COMMISSIONER MOY: Yes. Yes.

20 There is \$41 million set aside in the capital

21 budget which will allow us to repair that

22 Eastern Staircase.

23 CHAIRWOMAN WEINSTEIN: Thank you. I

24 think the time is up.

1 ASSEMBLYWOMAN GIGLIO: Thank you.

2 CHAIRWOMAN WEINSTEIN: We have

3 Assemblyman Ra, the ranker, for five minutes.

4 ASSEMBLYMAN RA: Thank you, Chair.

5 I just wanted to say hello,

6 Commissioner. I appreciated the opportunity

7 to connect with you last week. So

8 congratulations. Certainly looking forward

9 to working with you. So I don't have any

10 question, I just wanted to say hello and

11 thank you for your testimony today.

12 CHAIRWOMAN KRUEGER: Great.

13 Got any more, Helene? Do you have

14 questions?

15 CHAIRWOMAN WEINSTEIN: Senator
16 Krueger, I just thought we should announce
17 that people who are tuning in to hear the Tax
18 hearing, which was scheduled to start at
19 1 p.m., will be a bit delayed.

20 CHAIRWOMAN KRUEGER: Correct. Thank
21 you. This is true. We have one more
22 government rep, and then we have a couple of
23 panels of the public. So I'm going to say,
24 if you're interested in Taxes, check back at

1 2:30. Let's be optimistic about that. How's

2 that? And we shall see.

3 And I'm going to thank

4 Commissioner Moy for her participation here

5 today, excuse her, and invite up the New York

6 State Council of the Arts Executive Director

7 Mara Manus.

8 Are you here, Mara?

9 (No response.)

10 CHAIRWOMAN KRUEGER: Let's see if her

11 box pops open.

12 Ian, do we have Mara Manus with us?

13 THE MODERATOR: She should -- it looks

14 like she just turned it on.

15 CHAIRWOMAN KRUEGER: Ah, okay. Thank

16 you.

17 Good afternoon, Ms. Manus. (Pause.)

18 You said she was getting on?

19 THE MODERATOR: Yes, her camera's on,

20 but it seems her mic is not working.

21 Executive Director Manus, can you make

22 sure your mic is on?

23 EXECUTIVE DIRECTOR MANUS: My mic is

24 on. Can you hear me?

1 THE MODERATOR: There we go.

2 CHAIRWOMAN KRUEGER: Ah, there we go.

3 Now we can hear you. Good afternoon.

4 EXECUTIVE DIRECTOR MANUS: Good

5 afternoon.

6 CHAIRWOMAN KRUEGER: Okay, so you have

7 up to 10 minutes to do a overview/summary of

8 the testimony you have submitted to us.

9 EXECUTIVE DIRECTOR MANUS: Great.

10 Thank you so much.

11 And I just wanted to let you know that

12 in order to allow for more questions on your

13 end, I'm going to be skipping through parts

14 of the written testimony.

15 CHAIRWOMAN KRUEGER: Perfect. That's

16 what you should do.

17 EXECUTIVE DIRECTOR MANUS: Thank you

18 so much.

19 Chairs Krueger and Weinstein and --

20 actually, give me one second. (Pause.)

21 Chairs Krueger and Weinstein and

22 members of the committee, thank you for the

23 invitation to address you today. I am Mara

24 Manus, the executive director of NYSCA. On

1 behalf of our chair, Katherine Nicholls, the
2 NYSCA staff, our council, and the nonprofit
3 arts sector, we are so grateful for the state
4 and Legislature's historic and robust
5 investment in the arts this year, affirming
6 our state as a global economic leader of arts
7 and culture.

8 Every dollar invested in the arts has
9 a compounded positive impact on our state and
10 local economies. Pre-COVID, New York's
11 creative economy contributed \$123 billion and
12 comprised over half a million workers. The
13 impact of a single performance, a gallery
14 opening, or a capital project has a wide

15 ripple effect on our Main Street stores,

16 restaurants, and hotels across our state.

17 And NYSCA is a beacon for international

18 tourists to experience our unparalleled arts

19 and culture offerings.

20 We can all acknowledge that this year

21 has not begun as we had hoped. Omicron has

22 dealt a major setback to the arts, and the

23 arts is at a critical juncture, contending

24 with revenue loss, workforce reductions and

1 audience uncertainty. We applaud
2 Governor Hochul's leadership and fulsome
3 pandemic response as a majority of our
4 grantees have reported that they did reopen
5 within the last six months of 2021.

6 We are also grateful for
7 Governor Hochul's proposed investment of
8 \$100 million for arts and recovery and
9 capital, which will ensure the longevity of
10 our sector, our spaces, our artists, and our
11 creative workers.

12 Regarding the current state of our
13 sector, studies show that the arts are
14 recovering more slowly than other industries.

15 One study shows a \$925 million decline across
16 New York City-based arts organizations, and
17 another study from Central New York estimates
18 arts losses at almost \$150 million.

19 NYSCA's Grantee Impact Survey reported
20 that a majority of our respondents,
21 71 percent, are not offering the same level
22 of pre-COVID programming. Sixty-six percent
23 anticipate fewer annual visitors, and
24 50 percent expect a longer timeline for

1 workforce recovery.

2 As we all know, the pandemic has
3 fundamentally altered the way we work. Fully
4 remote work as well, as a booming tech
5 sector, are creating greater opportunities at
6 higher wages, really across the country, and
7 this presents challenges to everyone,
8 especially in the nonprofit sector. While
9 state and federal funding have played
10 critical roles in sustaining arts
11 organizations this past year, Omicron pushed
12 our sector to recalibrate recovery timelines.

13 Moving to our grantmaking this past
14 year, as you guys know, our core focus is

15 grantmaking to nonprofit arts organizations
16 and artists. Our funding reaches over 3,000
17 artists and organizations in all 62 counties,
18 from the Bronx Documentary Film Center to the
19 Buffalo Philharmonic and Hudson Hall. A
20 majority of our direct grantmaking supports
21 organizations with budgets under half a
22 million dollars.

23 This past year, NYSCA acted
24 responsively to overhaul our entire

1 grantmaking process, with the overarching
2 goal of creating more equitable access and
3 moving funds quickly at this critical time.
4 NYSCA consolidated our discipline-based
5 funding model, our funding categories;
6 expanded individual artist funding; and we
7 introduced a new application portal that
8 greatly simplified the whole process. We
9 also expedited award notifications, our
10 contracts, and our payments. And we offered
11 our funding in four rounds, which are in
12 front of you.

13 NYSCA saw a 45 percent increase in
14 applications for FY '22 versus the prior

15 year, and to date we have awarded almost
16 \$83 million through over 3,000 grants. This
17 includes \$9 million in live performance
18 grants to 462 organizations -- which our
19 agency was able to do in 42 days, which was a
20 record -- and over \$5 million of that 9
21 supported artist fees.

22 The final round of our FY '22
23 grantmaking is capital projects, and those
24 will be awarded by the end of the fiscal

1 year.

2 NYSCA surveyed our applicants and
3 grantees about this application experience,
4 and that feedback we will be using to develop
5 our FY '23 funding.

6 NYSCA also distributed our grantee
7 lists to all state legislators, and we are
8 deeply appreciative to you and your offices
9 for showcasing the work of our grantees in
10 your districts at this critical time.

11 Since NYSCA's founding in 1960,
12 there's been a significant expansion of what
13 we understand about the arts. Where the arts
14 were once thought to be an emblem of wealth,

15 we now understand them to be critical to our
16 health, both of our economy and our
17 individuals. They create positive health
18 outcomes for all New Yorkers, including
19 children of all ages, the elderly, veterans,
20 and justice-involved individuals.

21 We've implemented important
22 programming with these populations through
23 our cross-sector partnerships, such as our
24 Creative Aging Initiative with NYSOFA and our

1 Arts in Corrections program with DOCCS.

2 Thank you for the opportunity to share

3 the critical impact and vast reach of your

4 investment in the arts in our state. It's an

5 honor to serve our state and our sector,

6 especially at this critical time of recovery.

7 I now welcome your questions.

8 CHAIRWOMAN KRUEGER: Thank you very

9 much. And let me just double-check --

10 somebody I think has their microphone on,

11 because there was a lot of wind noise going

12 on when Mara was testifying. So if you're

13 not speaking, please keep your mic off.

14 But our first speaker will be

15 José Serrano, the chair of the Arts and

16 Tourism, et cetera, Committee.

17 SENATOR SERRANO: Thank you, Madam

18 Chair.

19 Executive Director Manus, it's so

20 great to be with you. And I thank you for

21 your testimony and all your work during this

22 very difficult time of the pandemic.

23 It's so fitting that the arts and

24 culture are being discussed here today under

1 the heading of economic development when you
2 consider how important the arts and culture
3 are to our overall economic health. And what
4 the pandemic has -- the shutdown during the
5 pandemic and what that has meant to the arts
6 and culture, so many organizations and
7 institutions suffering during that period,
8 and the negative effect it's had on our
9 economy.

10 You also mentioned, I think
11 wonderfully, how important and transformative
12 the arts are in all of our lives. They're
13 far more than an aesthetic, they are
14 intrinsically important to our mental health,

15 our overall well-being, and they are one of
16 the most effective vehicles for discussions
17 on social justice and equality and other
18 issues that are critically important today.

19 So it leads me into some specific
20 questions on grants. Going into last year's
21 budget, New York was projecting a significant
22 deficit. NYSCA, under the Division of Budget
23 direction, cut its own staff and began
24 shrinking its grantmaking. Ultimately, with

1 the influx of federal funds and additional
 2 state revenue, we were able to provide
 3 40 million in COVID relief in addition to the
 4 40 million in traditional NYSCA grants.

5 So I just wanted to know, where are
 6 we -- where is the council on the --

7 (Zoom interruption.)

8 SENATOR SERRANO: -- of the 80 million
 9 appropriated in last year's budget?

10 EXECUTIVE DIRECTOR MANUS: I'm sorry,
 11 someone just interrupted your -- where is the
 12 council on --

13 SENATOR SERRANO: How is it going with
 14 the disbursement of the 80 million from last

15 year's budget?

16 EXECUTIVE DIRECTOR MANUS: Great.

17 Thank you so much for those questions and

18 also for those points.

19 We are at a critical juncture with our

20 recovery across the state --

21 (Zoom interruption.)

22 EXECUTIVE DIRECTOR MANUS: So we have

23 disbursed all \$80 million of those funds, and

24 we are grateful to you for that support.

1 SENATOR SERRANO: And how quickly --
2 so in the current proposed budget is
3 80 million this year. How quickly do you
4 anticipate that will go out the door?

5 EXECUTIVE DIRECTOR MANUS: Right,
6 thank you. So the good news is that due to
7 Governor Hochul's executive proposal in
8 January, it allowed us to start some scenario
9 planning. So our current projection of our
10 guideline opportunities -- which is basically
11 the information about the funds -- will be --
12 the goal is to post them in late spring. And
13 we're going to -- the goal is also to post
14 all of them together so all applicants have a

15 sense of where they can apply.

16 SENATOR SERRANO: Thank you. And

17 drilling down even deeper, what aid

18 categories are most needed? Is it -- are you

19 finding that it's payroll, rent and lease,

20 utilities, to get cultural back on track?

21 What are they mostly seeking help for?

22 EXECUTIVE DIRECTOR MANUS: Great. So,

23 you know, NYSCA's really proud to be a leader

24 in offering general operating support in our

1 field. I think we were one of the first in
2 the arts world, whether it's foundations or
3 government support, to be able to offer that
4 kind of support.

5 And that's in fact what most
6 organizations are seeking. They're seeking
7 the most flexible funding to be able to
8 address -- I think primarily I would say
9 workforce issues. I mean, clearly everyone
10 has -- even if you received -- whether you
11 received PPP or you received SVOG, most of
12 the organizations that we have spoken with
13 did have to cut their workforce in order
14 to -- but were able to keep their doors open,

15 to a certain extent -- but are looking at

16 this as a major year of recovery.

17 But I think we're all highly aware

18 that our recovery is going to be a multiyear

19 effort, especially because of Omicron. I

20 mean, I think we all expected to be in a

21 better place in January, kind of out of the

22 gate in a big way. But that's really not

23 been the case.

24 And when you think about rebuilding

1 audiences at this somewhat tenuous time, I
2 think we're really having -- I think we
3 really need to own the fact that this is
4 going to be a two, three, four-year recovery.

5 SENATOR SERRANO: Last year the
6 Legislature made a concerted effort to
7 provide greater regranting assistance to
8 drive aid directly to individual artists.
9 How has this initiative unfolded? And how
10 has it benefited the artists?

11 EXECUTIVE DIRECTOR MANUS: Great. So
12 we were thrilled this year -- we increased --
13 we actually completely opened up both our
14 artists and our organization categories to

15 embrace any kind of artist and any kind of
16 organization as long as you worked in the
17 arts.

18 So our artist categories went from
19 three to 10, but one of those categories was
20 multidisciplinary. So it didn't matter
21 whether -- if you are a filmmaker, great. If
22 you are a painter, wonderful. If you are a
23 potter, even better -- or as good, I should
24 say.

1 But the fact is that if you did not --
2 if you did not fit into one of those
3 categories very neatly, you could apply under
4 a multidisciplinary opportunity. And we did
5 the same thing with organizations. And this
6 year I'm really proud to share that we
7 funded -- through our creative -- we call
8 them creative commissions, we funded about
9 350 artists. However, we also partnered with
10 the New York Foundation for the Arts. They
11 provide career funding and annually they
12 provide about 90 grants to artists. So we're
13 looking at over 450 grants to support
14 artists.

15 But the other point I want to make is
16 that we also have many re-grant partners, and
17 we expanded our re-grant partnerships
18 throughout the state. We added nine new
19 re-grant partners, and they also provide
20 funding for artists.

21 So I don't have that final figure, but
22 I can get back to you with it, of the total
23 amount through the re-grant process of
24 support to artists.

1 SENATOR SERRANO: Thank you so much.

2 And I want to talk very briefly about

3 some of the challenges that grantees are

4 facing. So have segments of the NYSCA

5 grantee universe, such as entities tied to

6 school learning, suffered disproportionately

7 under COVID conditions? And do any segments

8 project to have a more difficult recovery

9 given the nature of their offerings?

10 EXECUTIVE DIRECTOR MANUS: I think one

11 of our big goals this year, aside from our

12 grantmaking, is to stay very close to the

13 field to understand what is going on in terms

14 of recovery across all the different areas.

15 I don't have a specific answer to you

16 about the arts education. I can get back to

17 you on that. We did know that -- we do know

18 that we fund arts education and we fund

19 teaching artists, especially, who go into

20 schools. And given the fact that the schools

21 were basically closed, we know those teaching

22 artists weren't able to provide the kind of

23 fulsome breadth of work that we funded in the

24 past. However, I can get back to you with

1 more detail on that.

2 We do know that some teaching artists

3 in some areas, like musical instrument

4 training, successfully moved online. But I

5 couldn't tell you that every other area did.

6 So -- but let me get back to you with those

7 further details.

8 SENATOR SERRANO: Got it. And my

9 final question has to do with NYSCA capital.

10 So I can imagine that in the COVID world that

11 we're still not done with, a lot of cultural

12 organizations are thinking about capital.

13 And I just wanted to ask you, what

14 types of expenses did cultural organizations most commonly

15 identify for state capital assistance? Is it

16 ventilation? Was it things like that?

17 EXECUTIVE DIRECTOR MANUS: Thank you.

18 So our current capital round is literally in

19 review right now. So we had our first panel

20 day yesterday. We did see a lot of requests

21 for ADA and ventilations. And we are

22 prioritizing anything that involves health

23 and safety in this round.

24 I will add that we have \$68 million in

1 requests and we have 20 million in capital.

2 So we're very grateful for the proposed

3 capital round. As you know, we don't get it

4 every year, and we're very grateful to

5 Governor Hochul for her proposal this year.

6 SENATOR SERRANO: Well, I thank you

7 very much, Executive Director. I mean, the

8 pandemic has proven how important the arts

9 and culture are and how they will be so

10 important for our recovery.

11 I'm glad to see that there's increases

12 in funding. I can imagine we will always

13 need more. But this is definitely important.

14 So I thank you for your testimony.

15 Madam Chair, I yield back my time.

16 EXECUTIVE DIRECTOR MANUS: Thank you,

17 Senator Serrano.

18 CHAIRWOMAN KRUEGER: Thank you,

19 Senator Serrano.

20 Assembly.

21 CHAIRWOMAN WEINSTEIN: Assemblyman

22 O'Donnell, I don't see your hand raised. But

23 as chair, do you want to speak?

24 ASSEMBLYMAN O'DONNELL: I didn't know

1 I had to raise my hand. But okay.

2 CHAIRWOMAN WEINSTEIN: Senator Krueger

3 and I have been putting it in the chat for a

4 while.

5 But I figured that's why you were

6 here, so you have 10 minutes.

7 ASSEMBLYMAN O'DONNELL: Thank you.

8 Ms. Manus, it is always a pleasure to

9 see you.

10 EXECUTIVE DIRECTOR MANUS: Thank you.

11 ASSEMBLYMAN O'DONNELL: I'm going to

12 ask you some more difficult questions. My

13 colleague, the good Senator, got all the good

14 ones out.

15 The first thing I want to ask is about
16 the reauthorization and stabilization money
17 and what that is and what that was and what
18 will become of it.

19 EXECUTIVE DIRECTOR MANUS: So the
20 Stabilization Fund, the million dollars?

21 ASSEMBLYMAN O'DONNELL: Correct.

22 EXECUTIVE DIRECTOR MANUS: So we are
23 going to -- while it was allocated to this
24 past year's budget, we are going to have it

1 reappropriated to this year and we are

2 actually going to add another -- at least

3 another million dollars to it.

4 There's several potential areas under

5 consideration, including how we serve

6 community-based organizations. But we

7 haven't landed on -- definitively yet on that

8 announcement.

9 We did -- I know that part of the

10 Stabilization Fund was to support the cash

11 flow of performing arts organizations. I

12 mean, that was the original intention of it

13 when it was implemented many, many years ago,

14 as you know, when at the time -- offered many

15 years ago at one time.

16 And, you know, what we saw this year

17 was a lot of performing arts organizations

18 just not open at all. So that was another

19 reason that we thought it would be wise to

20 try and reappropriate and see what the

21 greatest need was for this coming year.

22 ASSEMBLYMAN O'DONNELL: Thank you. I

23 want to be clear that I'm grateful for --

24 well, I'm grateful to have a Governor that's

1 very nice. And she seems very lovely, and I
2 like that. But I do believe that what we
3 need to do is restore your funding to the
4 level it would have been from the highest
5 days in the '80s, the Roy Goodman days,
6 adjusted for inflation, which I have been
7 told by my crackerjack staff is \$120 million,
8 which is what we are asking to do for the Aid
9 to Localities budget.

10 Some of the people who will be
11 testifying later have sent me letters very
12 critical of you and your agency, complaining
13 that your work is -- doesn't have proper
14 equity, the distribution of money is

15 inequitable. So I would like you to tell me
16 briefly what the application process is and
17 what is your response to trade organizations
18 or other groups who say it's inequitable?
19 EXECUTIVE DIRECTOR MANUS: Sure.
20 Thank you for that question.
21 And a big overarching goal, as I
22 mentioned in my testimony this year, was to
23 create greater access to NYSCA's dollars.
24 I'm happy to share that we sent out -- in our

1 application survey, we sent out -- which we
2 sent out immediately after the completion of
3 the last round. We heard back that our
4 application is now taking between five to
5 20 hours to complete. That is a huge
6 improvement, and I won't even go into the
7 detail on that, over what the challenges
8 posed by the previous portals have been.

9 Secondly, equitable distribution of
10 our dollars is part of our mission. We --
11 about 40 percent of our dollars go upstate,
12 about 60 percent go to New York. These are
13 proportional to the number of organizations
14 in those places.

15 However, I want to say that we are
16 funding this year -- because of the changes
17 we made, we saw hundreds of new applicants
18 and we made hundreds of grants to new
19 organizations. And we plan to build on the
20 work that we have started. Equity in access
21 is critical not just to us, but to the health
22 of our field.

23 ASSEMBLYMAN O'DONNELL: And so when I
24 read from an organization that represents the

1 museums that your funding is inequitable,

2 what am I supposed to think?

3 EXECUTIVE DIRECTOR MANUS: So museums

4 actually historically have been the

5 highest-funded area of NYSCA since 1960.

6 We've -- we have been in contact and are in

7 constant conversation with MANY about the

8 museums and their list of who is not being

9 funded.

10 We are also going to make more effort

11 to ensure that there's a greater awareness

12 about our dollars, about these opportunities,

13 and that there's likely more eligible

14 applicants in their pool, and that is upon us

15 to communicate.

16 I also wanted to let you know that

17 this year our museum applicants -- so

18 89 percent of all new applications from

19 museums were funded, and so we consider that

20 a good new start.

21 ASSEMBLYMAN O'DONNELL: Certainly

22 sounds good to me.

23 Are museums more likely to be

24 requesting capital money?

1 EXECUTIVE DIRECTOR MANUS: I don't
2 have that data, but I'm happy to get back to
3 you with that. I don't think I have that
4 data in front of me.
5 I can get back to you,
6 Assemblyman O'Donnell, with the -- once we
7 make the awards this year, which are going to
8 happen, you know, by March 31st. We can have
9 a breakdown of that. And also I can provide
10 your office currently with a breakdown of the
11 capital to date and how it's arrayed across
12 the sector.

13 ASSEMBLYMAN O'DONNELL: Thank you very
14 much. And to make sure I understood what you

15 said earlier, I think my mic was on and that
16 was creating the wind sound, so I turned it
17 off.

18 You notified all of my colleagues when
19 their -- you funded somebody in their
20 district; is that correct?

21 EXECUTIVE DIRECTOR MANUS: Correct.

22 ASSEMBLYMAN O'DONNELL: Okay. And so
23 anybody who's on the Brady Bunch thing that
24 we have here who doesn't have that

1 information, please contact Mara and get that
2 information, because it's extraordinarily
3 important for you to know who in fact is
4 getting the money.

5 This year again, Ms. Manus, I'm going
6 to fight to the death to get you more money
7 than you, quote, can know what to do with.

8 With that, without further ado, I will
9 yield back the rest of my time because I did
10 not raise my hand. Thank you very much.

11 EXECUTIVE DIRECTOR MANUS: Thank you
12 so much, Assemblyman.

13 CHAIRWOMAN WEINSTEIN: Thank you.

14 Senator Krueger --

15 CHAIRWOMAN KRUEGER: Yes, I don't see

16 any Senators.

17 I will just take one minute to say I

18 recognize that the arts is a critical piece

19 of economic development in this state, and

20 refer all my colleagues to a report "Arts and

21 Economic Prosperity in America" that -- Mara,

22 I will ask you one quick question.

23 That report says the return on an

24 investment in the arts is a seven-to-one

1 investment. Would you agree that that's our
2 experience in New York?

3 EXECUTIVE DIRECTOR MANUS: I would
4 totally agree.

5 And I just wanted to share also one of
6 the -- one of our treasured cultural tent
7 poles across the state, the Glimmerglass
8 Festival in Cooperstown. Their annual budget
9 is about \$10 million. Pre-COVID, they had an
10 audience of 34,000, and Otsego County
11 experienced \$200 million in tourism spending.
12 And I know a little bit of that can be
13 attributed to the Baseball Hall of Fame, but
14 I'm going to say that the major driver of

15 those dollars was the arts and was

16 Glimmerglass, and we're so very proud of

17 them.

18 CHAIRWOMAN KRUEGER: Great. Great

19 example, thank you.

20 Back to you, Assembly.

21 CHAIRWOMAN WEINSTEIN: So we'll go to

22 the ranker on Tourism, Assemblywoman Giglio.

23 ASSEMBLYWOMAN GIGLIO: Thank you. And

24 thank you for all that you're doing to try

1 and keep our downtowns and our historic
2 buildings and theaters open and running.

3 So I'm just curious as to whether or
4 not anybody has reached out to you and said
5 that what they need assistance in, in order
6 to recover. I've heard from several theater
7 groups that are in historical buildings that
8 they didn't have the revenue to put a roof on
9 or fix a roof or make repairs to the building
10 because the revenue wasn't coming in.

11 Are you assisting them with trying to
12 get those items taken care of?

13 EXECUTIVE DIRECTOR MANUS: As it
14 relates to capital?

15 ASSEMBLYWOMAN GIGLIO: Yes.

16 EXECUTIVE DIRECTOR MANUS: Well, if

17 they have submitted a capital request,

18 absolutely.

19 And -- but I would say, you know, to

20 your point that earned revenue across our

21 sector has taken, you know, an enormous hit.

22 I think that's an understatement. I think

23 there's been a little to no earned revenue in

24 many cases. And so we are -- so the act of

1 rebuilding is about our buildings but also
2 about the organizations and certainly their
3 workforce.

4 ASSEMBLYWOMAN GIGLIO: Right. And
5 then also with -- there's a lot going on in
6 the city right now, as we all know. I'm just
7 curious as to whether or not you're hearing
8 from any of the theaters in New York City
9 that they are getting low turnout to the
10 plays -- to the shows that are going on due
11 to what's happening in the city with the
12 crime or with anything else.

13 EXECUTIVE DIRECTOR MANUS: Right. I
14 think that every -- absolutely that is the

15 case. You know, Omicron -- you know,
16 I was in a theater in December and I wasn't
17 in a theater personally in January. I'm
18 going back into the theater now. But there's
19 been a -- definitely a stop-and-start nature
20 to the recovery, especially for theaters.

21 And what -- you know, it's
22 interesting, I was just looking at Signature,
23 one of our nonprofit's websites yesterday,
24 and they had moved their productions to March

1 and April, I believe. So there -- everyone
2 is -- you know, if they've closed, they're
3 pushing out with the hopes that they can get
4 a full -- a fuller attendance.

5 But I also know that whenever -- other
6 grantees who had a huge hit show this year
7 couldn't get the audience that they expected
8 despite, you know, an incredible review in
9 the New York Times. I mean, the audience --
10 audiences are -- it's a huge challenge to get
11 audiences back in a big way into any -- I
12 think it's any performance space, unless
13 you're Hamilton.

14 ASSEMBLYWOMAN GIGLIO: Okay. And then

15 have you heard from anybody out in the
16 theatrical productions outside of New York
17 City about the need to expand the music and
18 theatrical production tax credit statewide?

19 EXECUTIVE DIRECTOR MANUS: So the --
20 are you talking about the Broadway tax
21 credit, ESD's Broadway tax credit?

22 ASSEMBLYWOMAN GIGLIO: Yes.

23 EXECUTIVE DIRECTOR MANUS: So, I mean,
24 the good news on that front for us is that we

1 are going to be realizing about 50 -- I think

2 50 per -- give me a second. I have all the

3 information in front of me.

4 So if a show generates \$12 million in

5 qualifying expenses and is eligible for that

6 3 -- up to \$3 million tax credit, NYSCA will

7 be receiving a million and a half dollars at

8 that point. So -- and that opportunity

9 extends until 2025.

10 And those tax dollars -- and we worked

11 closely with ESD to develop the tax and the

12 legislation so that those tax -- so those

13 dollars that come back to NYSCA can be used

14 very flexibly and across the state.

15 ASSEMBLYWOMAN GIGLIO: Okay, so they

16 will be across the state.

17 EXECUTIVE DIRECTOR MANUS: As long as

18 they come back to us, we will be disbursing

19 across the state, absolutely.

20 ASSEMBLYWOMAN GIGLIO: Okay. And then

21 in upstate New York and Central New York --

22 they're home to the renewed venues and

23 theaters -- what are you hearing from the

24 theater groups in those regions about the

1 challenges they are facing? And what are you
2 doing to assist them in recovering from the
3 pandemic outside of New York City?

4 EXECUTIVE DIRECTOR MANUS: Outside of
5 New York City. So we -- as I explained
6 earlier, we do -- our -- one of the goals of
7 our grantmaking in any given year is
8 equitable funding across the regions. We
9 don't prioritize one theater over another.

10 In this case I think all the theaters are
11 experiencing pretty similar hits.

12 But all of our funding -- the funding
13 that we're going to be making and that we
14 didn't make last year, for the most part, was

15 very, very flexible funding, so you could use

16 it, any organization could use it to support

17 any of their priorities.

18 ASSEMBLYWOMAN GIGLIO: Okay. Thank

19 you.

20 EXECUTIVE DIRECTOR MANUS: Thank you.

21 CHAIRWOMAN KRUEGER: Staying with the

22 Assembly?

23 CHAIRWOMAN WEINSTEIN: Yes. So we go

24 to -- well, actually I do see a Senator,

1 Senator Cooney.

2 CHAIRWOMAN KRUEGER: Oh, hello. Thank

3 you. Senator Jeremy Cooney has joined us.

4 Hello, Senator Cooney.

5 SENATOR COONEY: Thank you, Chairs. I

6 appreciate it. No, I popped on there at the

7 very last minute. So no problem at all.

8 Good afternoon, everyone. It's good

9 to see you.

10 And thank you, Mara, for being here.

11 As you know, I represent the Upstate Cities

12 Committee, or the Cities 2 Committee, and so

13 I appreciate your recent comments about kind

14 of thinking equitably about the arts.

15 I'd like to chat about an opportunity
16 that I haven't heard about recently, but to
17 get your take on, which is how our different
18 regions could work collaboratively. I had
19 the opportunity to recently travel to the
20 great City of Buffalo and talk with our
21 friends at Albright-Knox about their
22 collection and their expansion plans. And
23 when folks come in to check out the
24 collection at Albright-Knox, we want them to

1 not only stop by them and see the Buffalo
2 Science Museum or the zoo, but also think
3 about coming an hour down the road to
4 Rochester and check out the Memorial Art
5 Gallery, the George Eastman Museum, and some
6 of our artistic and cultural organizations
7 that we're so proud about.

8 And so I'm wondering about how NYSCA
9 looks at collaboration between regions -- not
10 for the individual organizations one to one,
11 but really thinking more comprehensively on
12 how we can make those investments at the
13 state so that our arts and cultural community
14 benefits holistically. I just wanted your

15 take and thoughts on that.

16 EXECUTIVE DIRECTOR MANUS: Yeah, I

17 think that's a really interesting idea and

18 something that I can certainly share with our

19 staff.

20 It's funny that you just mentioned it,

21 because every time I go up to

22 Rochester-Buffalo I do the jig between the

23 two.

24 And I think we need to also call out

1 the fact to everyone here that the Eastman
2 Museum in Rochester just went under an
3 incredible capital renovation project and
4 it's really been transformative. AKG, that's
5 going to be a big reopening for the state
6 next year.

7 So -- but I like that idea. I think
8 that, you know, we do -- we have started to
9 work more collaboratively with tourism. And
10 so I think this also could be a tourism play,
11 perhaps a further collaboration with tourism.
12 We now have an event portal, collaborative
13 event portal, so anything that we -- that our
14 grantees submit to us actually gets posted on

15 the I Love New York sites.

16 And so -- but I like this idea, and I

17 want to think about how we can work together,

18 perhaps with tourism, I'm not really sure.

19 But it's definitely something to explore, and

20 it definitely resonates with me. So thank

21 you so much for that suggestion.

22 SENATOR COONEY: Well, thank you. And

23 appreciate the incredible work that you're

24 doing across the state. We're so grateful

1 for your investments, especially in my neck
2 of the woods in Rochester. And we will
3 follow up with your office, along with
4 Chair Serrano, about some opportunities that
5 we're thinking about in this budget and
6 future ones.

7 So thank you for your commitment.

8 EXECUTIVE DIRECTOR MANUS: Thank you
9 so much.

10 CHAIRWOMAN KRUEGER: Thank you,
11 Jeremy.

12 And now back to the Assembly.

13 CHAIRWOMAN WEINSTEIN: So we go first
14 to Assemblyman Carroll.

15 ASSEMBLYMAN CARROLL: Thank
16 you, Chair Weinstein. And good afternoon,
17 Executive Director Manus. It's wonderful to
18 see you. And I would love to follow up on
19 some of the questioning from Chair O'Donnell
20 about NYSCA's budget and the fact that it
21 still has a smaller budget than it did -- I
22 think not just in the '80s, but in the
23 pre-2008 financial crisis. And that half of
24 your budget is still kind of under this guise

1 of COVID recovery.

2 And what I would like to ask is if

3 NYSCA were to fulfill all of the grants that

4 were requested by art institutions, how much

5 money do you think NYSCA would need to meet

6 those requests?

7 EXECUTIVE DIRECTOR MANUS: That is a

8 great question. I -- do I have a -- I don't

9 think I have a total request on that for you

10 right now, but I certainly can get back to

11 you with that.

12 As you mentioned, our highest -- our

13 largest budget was in 1989, and that was

14 \$54 million, which in today's dollars is

15 about 120 million.

16 So -- and I think the point here that

17 you're making is that our -- is about our

18 base budget. That if we were able to have a

19 larger base budget, we would be able to

20 provide more longer-term funding and allow

21 organizations to plan for -- you know, not on

22 a year-to-year basis but on a multiyear

23 basis. So I think that is quite important.

24 ASSEMBLYMAN CARROLL: I would love

1 that number. And I'm sure Chair O'Donnell
2 would. And Chair O'Donnell does a wonderful
3 job every year in the Assembly advocating for
4 NYSCA.

5 And I personally know, as somebody who
6 worked with a number of theater companies
7 that relied on NYSCA to allow them to survive
8 in New York City, it is essential --
9 especially in a year where we have record
10 surpluses -- I think to invest in our arts
11 and to make sure that we build a foundation
12 for our artistic communities throughout the
13 state but especially in New York City.

14 New York City will rebound, but it's

15 going to rebound in a different way and we
16 need to make sure that there's a vibrant
17 artistic part of that rebound and that we
18 have arts organizations, be they performing
19 arts, be they in design or studio, that they
20 have a foundation and that they have support
21 from our state.

22 So I know that any way that we could
23 be helpful -- I'd love to find out that
24 number, because I think it would be

1 absolutely imperative so that we can garner
 2 support from other legislators and the
 3 Governor to say there's a real need out there
 4 and we can meet it, especially in this year
 5 where we have record surpluses.

6 EXECUTIVE DIRECTOR MANUS: Thank you,
 7 Assemblyman Carroll. I will get you that
 8 number today, and we'll get you also the
 9 numbers from the past few years.

10 ASSEMBLYMAN CARROLL: Thank you.

11 CHAIRWOMAN WEINSTEIN: We also have
 12 next Assemblywoman Gallagher.

13 ASSEMBLYWOMAN GALLAGHER: Hello,
 14 Executive Director Manus. I actually for

15 most of my career have been working in museum

16 education and in arts education, so your

17 organization is very close to my heart. And

18 in fact, many of my friends from my former

19 life have been displaced from New York

20 because the industry just vanished overnight,

21 as we know.

22 So I'm wondering, what do you suggest

23 we do in our state to rescue the arts

24 community, which is such a vibrant part of my

1 district of Williamsburg and Greenpoint? Do

2 you have any specific suggestions that you

3 would like to see in the future beyond your

4 grantmaking capacity?

5 EXECUTIVE DIRECTOR MANUS: So I think

6 that we need to -- so -- you know, it's

7 interesting you bring up the point about

8 educators and arts education. So one of our

9 goals in the -- so we're very excited about

10 our Creative Aging initiative, and it's

11 actually an area of the arts that's getting a

12 lot of momentum across the country, is being

13 able to really address health issues with

14 older adults.

15 And -- but we have a sort of
16 two-pronged -- we have two goals in that, not
17 only to be able to provide this hands-on
18 engagement with arts by the adults, but also
19 to develop a robust network of teaching
20 artists so that teaching artists across our
21 state can have regular employment.

22 And if you think about taking that out
23 to, you know, what -- we now, I think, have
24 770 senior centers across the state. If you

1 think about teaching artists across that
2 whole network, if you think about developing
3 teaching artists, we have -- we're doing
4 pilot programing with the Department of
5 Corrections and we are building teaching
6 artists to go into those facilities. Again,
7 there's so many areas, including obviously
8 our schools being probably the primary place
9 for teaching artists. But if you think
10 about -- that is a network that I think we
11 all feel very strongly it's important to
12 develop and provide artists with regular
13 income.
14 I think the other thing I would add is

15 that we have to remember that arts are --

16 create tourists. They create local tourists,

17 they create national, international tourists.

18 We were so thrilled to be able to partner a

19 few years ago with ESD on the work, the arts

20 work on the canals. We did the project with

21 the Corning Museum, which was a glass-blowing

22 barge. We did a project with the Albany

23 Symphony Orchestra, the Water Music series.

24 And each of those destinations along the

1 canals that was able to feature that work --

2 and we drew thousands and thousands of

3 tourists.

4 And if you can think about creating

5 that on a regular basis -- because if you are

6 able to offer that kind of opportunity every

7 summer, for instance, then people plan their

8 travel around that. And then we can invent

9 and then we can create -- you know, it's not

10 just Shakespeare in the Park, it's

11 Shakespeare on the Water.

12 So those kind of big initiatives are

13 something that definitely is very interesting

14 to us.

15 ASSEMBLYWOMAN GALLAGHER: Great.

16 Thank you so much.

17 CHAIRWOMAN KRUEGER: We can continue

18 with the Assembly.

19 CHAIRWOMAN WEINSTEIN: Yes. We have

20 Assemblywoman Zinerman, three minutes.

21 ASSEMBLYWOMAN ZINERMAN: Thank you,

22 Madam Chair.

23 Good afternoon, Ms. Manus. How are

24 you? It's very nice to meet you.

1 EXECUTIVE DIRECTOR MANUS: Nice to
 2 meet you too.

3 ASSEMBLYWOMAN ZINERMAN: I'm excited
 4 about the work that you are doing and really
 5 excited about all the different levels of
 6 support that you are providing to the arts
 7 community. I certainly want to champion what
 8 Chair O'Donnell and Bobby Carroll said about
 9 getting you some more money, because we do
 10 know that arts is the lifeblood to our -- in
 11 our city, both culturally and fiscally.

12 So today I'm coming before you to ask
 13 for some help for the little, little, little
 14 guys. My community is considered a global

15 destination place. Last year the

16 International African Arts Festival

17 celebrated its 50th anniversary. This year

18 the Billie Holiday Theater will celebrate

19 fifty years also.

20 And so people come and visit Bedford

21 Stuyvesant and Crown Heights from all over

22 the world. And they have done a great job of

23 cultivating young artists and incubating

24 other arts organizations. A lot of those

1 organizations, however, still are very small.
2 And so going through the process of applying
3 to be an arts organization with the state and
4 then all of the paperwork that is required
5 after they receive an award from us really is
6 onerous.

7 And there was a time a long, long time
8 ago, in a galaxy far away, where small
9 organizations, you know, essentially got a
10 line-item budget to operate. And so I was
11 wondering if you all had thought about those
12 organizations with budgets, you know, smaller
13 than a quarter of a million dollars or even,
14 in some cases, \$100,000, could move to that

15 structure to support them so that they can
16 become, you know -- so they can expand their
17 services and become, you know, a greater
18 support to the state, the state's arts
19 community. But also just, you know, provide
20 some really great entertainment for all those
21 who come and visit us.

22 EXECUTIVE DIRECTOR MANUS: Great.

23 Thank you so much for that question.

24 And small organizations are really the

1 lifeblood of our communities. Right? We all
2 know that. And they serve purposes beyond
3 just the arts. We also know that too. And
4 so what we've done this year -- and I would
5 really encourage you to, for any small
6 organizations who might be still concerned
7 about fund -- the grant, the application
8 experience, send them our way. Because we
9 are doing a lot more communication and
10 personalized service to new applicants. So
11 that's one.

12 Secondly, I will say that we expanded
13 our partnership programs extensively for this
14 reason. We wanted to reach -- we wanted to

15 reach much more organizations and have that
16 application process -- which is only one
17 page -- go through any one of our re-grant
18 partners. And we have many, many. So that's
19 another way that small organizations can get
20 money.

21 But I just wanted to also make the
22 point which is that small organizations
23 constitute the majority of our recipients.
24 So half of our funding, the dollar amount and

1 the number of grants, goes to organizations
2 with budgets under half a million dollars.
3 And even very small organizations were able
4 to access our capital dollars, for instance.

5 So I would really encourage anyone who
6 comes to you, Assemblywoman: Send them to
7 us. Because this, to us, is critical to our
8 process. We want to ensure that the process
9 that we've put in place, the new process
10 we've put in place, is one that any
11 organization can manage.

12 CHAIRWOMAN WEINSTEIN: Thank you. The
13 time has expired.

14 ASSEMBLYWOMAN ZINERMAN: If you can

15 get me that contact information, that would

16 be great.

17 EXECUTIVE DIRECTOR MANUS: Absolutely.

18 CHAIRWOMAN WEINSTEIN: There are no

19 further Assemblymembers, Senator Krueger.

20 CHAIRWOMAN KRUEGER: Thank you. And I

21 do not believe there are any other Senators.

22 So I would like to thank this guest,

23 send her off to continue her good work for

24 the State of New York and the arts.

1 And with that, we are completing the
2 first part of the Economic Development
3 hearing. We will now be moving to our
4 panels. And again, there's a bit of a change
5 in the rules. So we call up a full panel.
6 Each person gets to testify for three
7 minutes. Then if there are any legislators
8 who have questions, regardless of whether or
9 not they're a chair or a ranker, they only
10 get three minutes total to address their
11 questions to the panel.
12 Again, everyone has submitted full
13 testimony. For legislators who have deeper
14 questions they want to go into, I guarantee

15 you if you call any of these testifiers after
16 the hearing and say "I want to discuss your
17 issues with you for longer," they will be
18 happy to do so. So you have their contact
19 information already.

20 And so with that, we sort of get to
21 our lightning around. And again, we have a
22 second hearing --

23 EXECUTIVE DIRECTOR MANUS: Thank you,
24 Senator.

1 CHAIRWOMAN KRUEGER: Thank you, Mara.

2 You're free to go.

3 EXECUTIVE DIRECTOR MANUS: Thank you

4 so much. Thank you, Chairs.

5 CHAIRWOMAN KRUEGER: So we approach

6 these panels as lightning rounds. And then

7 we have a second hearing on Taxation when

8 this hearing is done.

9 So with that, Panel A: Strong Economy

10 for All Coalition, Michael Kink, executive

11 director; American Economic Liberties

12 Project, Pat Garofalo, director of state and

13 local policy; New Yorkers for Fiscal

14 Fairness, Ron Deutsch, director; University

15 of Minnesota, Dr. Art Rolnick -- who may not
16 be able to join us. We'll see when we get to
17 him -- Good Jobs First, Greg LeRoy, executive
18 director; New Economy Project, Michael
19 Sandmel. So we'll just go down that list
20 in -- oh, and I'm sorry, one more: New York
21 Communities for Change, José Gonzalez, senior
22 director.
23 So Michael Kink up first. Three
24 minutes for everyone.

1 MR. KINK: Thank you, Senator. Thank
2 you to the chairs and the members. Michael
3 Kink, executive director, Strong Economy for
4 All Coalition. We're a labor/community
5 coalition working on economic, social, and
6 racial justice. And you'll be hearing other
7 folks representing members of Strong Economy
8 for All later in the hearing.

9 I wanted to start with a note of
10 praise for the Legislature, both for the
11 progress you've made on legislation for
12 progress in justice and on last year's
13 budget, where you didn't just invest federal
14 money but you over the long term invested

15 revenue from new taxes on the wealthy and big
16 corporations, in a way that signaled dramatic
17 change for our state, in a positive
18 direction.

19 And it's good you built up a head of
20 steam, because it's going to take a lot of
21 momentum to change the economic development
22 programs we've got now. We feel like they've
23 totally failed. We feel like billions of
24 dollars need to be moved away from direct

1 subsidies and tax breaks for private
2 corporations, and towards investments in
3 public goods that benefit all people, all
4 businesses, all workers and communities
5 across New York.

6 We need to be investing in early
7 childhood education. Art Rolnick is
8 currently in a meeting with Tim Walz, the
9 governor of Minnesota. He's the one that
10 came up with the studies that show \$16 on
11 each dollar invested in early childhood
12 education.

13 We should be investing in higher
14 education, in affordable and homeless

15 housing -- the kinds of things that help

16 communities and families thrive.

17 We recommend ending all tax breaks and

18 direct grants to private companies. We

19 recommend that the Legislature crack down on

20 IDAs and block their ability to drain local

21 revenue in giveaways to corporations. We

22 recommend that any existing deal that doesn't

23 have clawbacks be voided. Taxpayers deserve

24 a money-back guarantee, and I don't believe

1 you can give money to companies for nothing
2 and I don't believe the public wants you to
3 regardless of their ideological perspective.

4 Any deal that has a nondisclosure
5 agreement -- they're actually doing secret
6 deals and governments are agreeing not to
7 reveal the details. Those should be illegal.

8 We should bar tax breaks that drain
9 local school districts, and we should not be
10 subsidizing Amazon warehouse and logistics
11 facilities. They're distributed based on a
12 corporate algorithm that's based on
13 customers. They do not need subsidies to the
14 tune of hundreds of millions of dollars.

15 So if we take these problems on the
16 way that you've taken on the problems in
17 recent years, we'll make progress. And it's
18 been heartening to hear some bipartisan
19 agreement. A lot of investigations,
20 particularly from that joint Senate hearing a
21 few weeks ago. There are a lot of problems.
22 It's clear the Legislature is aware, and we
23 advocates are ready to stand with you and
24 support what you do to change this.

1 Thank you.

2 (Pause.)

3 CHAIRWOMAN KRUEGER: Sorry, I was

4 muted.

5 Next up, Pat Garofalo.

6 MR. GAROFALO: Chairs and members of

7 the committee, thank you so much for the

8 opportunity to testify.

9 My name is Pat Garofalo, and I'm

10 director of state and local policy at the

11 American Economic Liberties Project, an

12 organization dedicated to reducing the power

13 and influence that corporations have over our

14 economy and democracy. And I'm also the

15 author of a book on economic development

16 incentive use and abuse.

17 You've heard -- and you'll hear plenty

18 more, I'm sure -- about what economic

19 development incentives don't do in terms of

20 producing positive outcomes. What do they do

21 instead? They increase corruption, they

22 siphon resources away from valuable

23 government services, they worsen income

24 inequality, and they disadvantage the local

1 businesses that help communities thrive.

2 Development incentives persist not due

3 to their economic efficacy but their

4 political power. They're useful tools to

5 make it seem like something is being done to

6 better the local economy. In fact, one of

7 the surest ways to predict if a state is

8 going to increase its economic development

9 spending in a given year isn't by looking at

10 any data, but simply seeing if an incumbent

11 governor is up for reelection.

12 On that note, economic development

13 incentives can degrade local democracy. Many

14 incentive beneficiaries, as my friend Michael

15 Kink just mentioned, require local officials
16 to sign nondisclosure agreements, preventing
17 them from divulging any information about the
18 incentive deal, even including the identity
19 of the corporation that will be receiving
20 public funds, until the deal is fully
21 announced.

22 This, and the larger lack of
23 transparency and information across programs,
24 cuts key stakeholders, including local

1 businesses, out of the process.

2 And I want to emphasize that last

3 point because I think it's really important.

4 Economic development incentives

5 disproportionately flow to larger,

6 politically connected businesses. This

7 directly affects the businesses in your

8 districts who see their tax dollars spent on

9 entrenching the power of their larger,

10 dominant, often national or multinational

11 competitors.

12 For example, every dollar spent by

13 New York government on subsidizing an Amazon

14 warehouse or building out the distribution

15 network for some other national retailer or
16 restaurant harms the local independent
17 businesses who aren't having their own
18 distribution subsidized by the state.
19 I'd suggest a complete overhaul of
20 New York's economic development system to
21 focus in on what communities need most: the
22 things that build quality of life for workers
23 and make it possible to start small local
24 businesses that support local communities.

1 In the short term, I'd ask you to pass
2 S1196/A9092, sponsored by Senator Gianaris
3 and Assemblymember Solages, to ban
4 nondisclosure agreements in economic
5 development deals. I'd suggest a hard cap on
6 subsidies, such as the \$6,000 per job created
7 proposed by Assemblymember Kim in A3077. And
8 I'd propose banning the use of subsidies to
9 build out warehousing and logistics networks.
10 Those are really simple steps to
11 create a foundation on which to construct a
12 fundamental rethink of New York's economic
13 development system, one that moves away from
14 a reliance on corporate subsidies and

15 reprograms that funding toward people and

16 local communities.

17 Thank you so much for your time.

18 CHAIRWOMAN KRUEGER: Thank you very

19 much.

20 Next up is Ron Deutsch, New Yorkers

21 for Fiscal Fairness. Are you there, Ron?

22 MR. DEUTSCH: I am, thank you.

23 Thanks to the chairs and the members

24 of their respective committees for the

1 opportunity to testify here today. Ron
2 Deutsch, with New Yorkers for Fiscal
3 Fairness.
4 And I've been working on economic
5 development reform for nearly 30 years in
6 Albany, and I have to say it is obviously
7 long past time we begin to reevaluate,
8 reform, redefine and, yes, reallocate funds
9 from our failed system of economic
10 development. Because let's face it, doing
11 the same thing over and over again and
12 expecting a different result is -- well,
13 let's just say it's not the right approach.
14 Our heavy reliance on tax incentives

15 as an economic development strategy is very
16 misguided. And after many decades, there's
17 little to show beyond a trail of political
18 scandals, bad deals, empty buildings,
19 hundreds of millions in equipment that no one
20 will use. And study after study has really
21 shown that these programs are not
22 cost-effective and don't provide the return
23 on investment we're promised.
24 I want to talk about a few reforms to

1 safeguard the public's dollars. I agree with
2 my colleagues that have spoken before me, and
3 I want to touch on some other pieces.

4 So I would say that first and
5 foremost, we need a comprehensive database
6 that tracks all state funding that's awarded
7 in the name of economic development.

8 Senator Comrie and Assemblymember Wallace
9 have a bill that would accomplish this. And
10 instead of the database of economic
11 incentives which the state developed, we need
12 a much more comprehensive database. And most
13 importantly, the database needs to really
14 define a job, what is a job. And my

15 testimony goes into that in more detail.

16 We also need to make sure that

17 New York State restores all of the State

18 Comptroller's pre-audit power to review state

19 contracts. That was taken away by

20 Governor Cuomo in 2011. Right now there's

21 about \$10 billion in the Executive Budget

22 proposal that's not subject to comptroller

23 review, and this corruption risk needs to be

24 addressed and the state's duly designated

1 elected fiscal watchdog should be able to
2 review all contracts to safeguard the
3 public's money.

4 We also really need to look at
5 supporting small-scale economic development
6 programs that work -- things like the
7 Entrepreneurial Assistance Program that's
8 been in operation for decades and really is
9 designed to provide training and technical
10 assistance to women and people of color who
11 want to start their own business.

12 And finally, I would like to say it's
13 time to really redefine what economic
14 development is in New York. And we've heard

15 a lot about this. I'm hoping that Art will
16 be talking about early childhood investments.
17 But I want to talk about why home care is
18 economic development. And New York has an
19 aging population and we're facing a massive
20 home care shortage over the next decade,
21 which is why the Fair Pay for Home Care Act
22 should be viewed as economic development.
23 The net economic gain of passing this
24 legislation would total at least 3.7 billion

1 and would lift wages for nearly 200,000 home
2 care workers and bring them out of poverty.
3 This will help local economies and, most
4 importantly, provide economic development
5 that we need in New York.

6 So let's all work together on fixing
7 this broken system.

8 CHAIRWOMAN KRUEGER: Thank you.

9 And yes, I've been notified that
10 Professor Art Rolnick, from University of
11 Minnesota, has been called away from a
12 governor from a different state. So I don't
13 think it's because some of my colleagues
14 insulted him earlier that he came from the

15 State of Minnesota, but maybe.

16 So I'm sorry, his testimony is

17 included, but he's not on the panel today.

18 I'll just open it up, because I don't

19 see another Senator.

20 Have any of you looked at the database

21 of deals information up on the ESD website,

22 and is it giving us the right information?

23 Or do we need to legislate more clarity for

24 that website? And if nobody's looked yet,

1 I'm going to ask you to follow up at another
2 point with me.

3 Ron, your hand is up?

4 MR. DEUTSCH: Yeah, I guess I would
5 say that the database of economic incentives
6 is not complete. It only includes data for
7 projects beginning in 2018 and for projects
8 managed directly by ESDC. It leaves out
9 roughly half of the annual New York State
10 economic development spending, and it also
11 leaves out all local economic development
12 spending.

13 It also -- most critically, I think --
14 fails to standardize the definition of a job.

15 So without doing that, you know, we don't
16 know are they full-time, part-time,
17 temporary, and we have no way to really
18 compare, program by program, whether or not
19 we're getting a good return on our investment
20 unless we have that as a definition.

21 So I would suggest, as we have for
22 many years, along with many other groups,
23 that the database of deals be the answer to
24 this issue. And really, I mean, all we're

1 really asking for here is a good accounting
 2 of how this money is spent. And that should
 3 not be too much to ask of our state
 4 government when we're talking about billions
 5 and billions of dollars.

6 CHAIRWOMAN KRUEGER: Thank you.

7 Assembly?

8 CHAIRWOMAN WEINSTEIN: Yes, we have

9 Assemblyman Bronson, three minutes.

10 ASSEMBLYMAN BRONSON: Thank you,

11 Chairs.

12 And I want to thank each of the

13 witnesses on this panel for your testimony.

14 And I look forward to having follow-up

15 conversations with you about the various
16 proposals. And, you know, recognizing that
17 you're really asking for transformative
18 change in the way we're dealing with economic
19 development in this state -- which is very
20 inconsistent with what some other states have
21 done. But we'll take a look at that.

22 I have a general question; each of you
23 can take a quick stab at answering it. And
24 that is, you know, one of my primary goals as

1 a relatively new chair of Economic
2 Development is to make sure our economy, our
3 recovery from COVID-19 is not like the
4 recovery from the Great Recession, which left
5 marginalized communities out, and those who
6 have been left on the economic sidelines for
7 far too long.

8 What can we do now to make sure that
9 we have a recovery in the economy that is
10 equitable and inclusive?

11 MR. KINK: Well, thank you, Chair.

12 And I'm glad you're there. I'm glad there's
13 someone that's new to take a look at these.

14 Honestly, you know, as Pat mentioned,

15 the current system of big grants to big
16 corporations make inequality worse. It makes
17 racial and economic inequity worse. What
18 builds broad prosperity at the local level is
19 investing in people and in the kind of public
20 goods and services that benefit everyone.
21 Right? And if you look at, for example, the
22 guidance that the United States Treasury gave
23 for investment on the state and local fiscal
24 recovery funds, they're explicitly saying you

1 should invest in services and people in the
2 communities that have been hardest hit by
3 COVID -- people with preexisting inequities
4 in access to healthcare and jobs and economic
5 opportunity.

6 So I would argue that investments in
7 early childhood education, in higher
8 education, in affordable and homeless
9 housing, in green energy infrastructure --
10 those types of investments that benefit
11 entire communities, and that also benefit
12 small businesses, are way better than cutting
13 big checks to big corporations.

14 ASSEMBLYMAN BRONSON: Pat or Ron, we

15 have 45 seconds.

16 MR. DEUTSCH: I'll just jump in quick.

17 I'd say I would totally agree with that and I

18 think what Mike's talking about is important

19 because investing in kind of the quality of

20 life issues that we need to invest in, that

21 is true economic development. I mean, when

22 you just think that Mike mentioned higher

23 education, right, so we know that nearly

24 80 percent of CUNY graduates stay in

1 New York. We know that CUNY graduates earn a
2 combined \$57 billion annually, they pay an
3 estimated 4.2 billion in state income taxes
4 and represent 10 percent of the private
5 workforce in New York State.

6 So that, to me, is economic
7 development that's transformative and that
8 addresses social inequities in our current
9 system. So I think we need to revise and
10 reform these programs.

11 ASSEMBLYMAN BRONSON: So Pat, your
12 colleagues didn't leave you enough time, but
13 I suspect you might say ditto to much of it.

14 Thank you very much.

15 CHAIRWOMAN KRUEGER: Thank you.

16 Any other members have their hands up?

17 CHAIRWOMAN WEINSTEIN: Yes, we have

18 Assemblywoman Gallagher.

19 ASSEMBLYWOMAN GALLAGHER: Hi. Hi,

20 panel. Nice to see you all.

21 I am wondering -- while we're thinking

22 about equity and moving forward in our state,

23 you know, I've been thinking a lot about

24 green infrastructure investments. And I was

1 wondering what you think a public bank would
2 do for green infrastructure investments and
3 how that would be different from NYSERDA's
4 Green Bank.

5 So if you'd like to jump in on that.

6 MR. KINK: I am happy to jump in
7 briefly. You'll hear more from New Economy
8 later and, you know, we've been working at
9 Strong Economy for All in partnership with
10 New Economy and the Public Bank New York
11 coalition. It's exactly the right time to
12 give local and county governments the
13 opportunity to create local public banks.

14 And working with local community development

15 financial institutions, public banks can take
16 capital and invest it exactly where it needs
17 to go: in the small businesses, in the
18 businesses run by women and people of color,
19 providing access to capital in communities
20 that will last over the long term.

21 I'll mention again that federal
22 funding. Right? You've got another
23 \$8 billion to go in state and local fiscal
24 recovery funds. And local public banks could

1 take some of that money and make it last over
2 the next decade or two. As opposed to the
3 federal rules, which say spend it all by two
4 years from now. If the state and local
5 governments work together to capitalize local
6 public banks for the kinds of investments
7 you're talking about, that money can last.
8 And there is local expertise. There's local
9 expertise in CDFIs, there's local expertise
10 in small businesses. And it's a way to move
11 money out of the big bank, big corporation
12 system that's exacerbating inequality and
13 drive more into prosperity at the local
14 level.

15 ASSEMBLYWOMAN GALLAGHER: Do any of

16 the other panelists want to chime in on that?

17 MR. GAROFALO: Yeah, I would just

18 add -- and it actually gets at some of what

19 Chair Bronson was asking too -- is New York

20 is extremely overreliant on these really

21 large, splashy, tens-of-millions-of-dollar

22 deals. And those are the ones that are the

23 least effective. If you're turning around

24 and focusing that money on the local level

1 and letting the people who are in the
2 community decide which projects work best for
3 them, I think you're going to see much more
4 bang for the buck.

5 And to Mike's point about the COVID
6 relief funds, you're technically not supposed
7 to use COVID relief funds on giant business
8 subsidies at all. So this is just a much,
9 much, much better way to both get bang for
10 the buck and comply with federal rules on
11 that relief funding.

12 MR. DEUTSCH: And I would say I
13 support them -- in my limited time here --
14 and that also the CDFI Fund needs more money,

15 and the Entrepreneurial Assistance Program.

16 They work very well together. One trains

17 people to start businesses; the other funds

18 them. It's a match made in heaven. And it

19 hasn't been -- the funding hasn't been

20 changed in three decades.

21 ASSEMBLYWOMAN GALLAGHER: Wow. You

22 all have just got me really excited about

23 public banking, and I can't wait till we pass

24 it in the state. Hooray!

1 CHAIRWOMAN WEINSTEIN: With that
2 excitement, we end the Assemblymembers who
3 have questions.

4 CHAIRWOMAN KRUEGER: And we end the
5 Senate members who raised their hands.

6 So I'm going to thank Panel A.

7 I'm going to move to Panel B, which
8 was mislabeled before. So that is Good Jobs

9 First, Greg LeRoy, executive director;
10 New Economy Project, Michael Sandmel,
11 campaign organizer; and New York Communities
12 for Change, José Gonzalez, senior director of
13 data and research.

14 Starting with Greg.

15 MR. LeROY: Thanks very much,

16 Madam Chair. And good afternoon.

17 My name is Greg LeRoy. I'm the

18 director of Good Jobs First. We're a

19 nonprofit, nonpartisan research group on

20 economic development. I've been helping

21 states with their economic development

22 policies for more than 30 years and have

23 written two books on the subject.

24 We maintain several databases at Good

1 Jobs First, one of which we call "megadeals."
2 These are individual, single projects that
3 received \$50 million or more in incentives.
4 And we do that as a measure of corruption, as
5 a measure of special-interest capture.
6 Because it's a real indication, when some
7 government puts way too many eggs in too few
8 baskets, that the system has been captured.
9 No state has spent more money on
10 megadeals than New York State. Thirty-three
11 times, to the tune of \$13.6 billion, or an
12 average of \$410 million per single project,
13 state and local entities in New York have
14 subsidized megadeals. And I think it has

15 everything to do with the weak performance
16 and bad results the state's economic efforts
17 have gotten. It's risky to put so many eggs
18 in so few baskets.

19 The opposite of corruption, the
20 opposite of megadeals, is to invest in public
21 systems that benefit lots of companies and
22 lots of employers. And by that I mean
23 everything like childhood education -- that
24 Art Rolnick would have told you more about --

1 to graduate engineering programs tailored and
2 targeted to emerging industries in the
3 region. Customized training programs to
4 address both new, in-demand occupations and
5 those being vacated in record numbers by the
6 rest of the Baby Boom that hasn't retired
7 yet. Technology diffusion and adaptation
8 programs. Promotion assistance. And also,
9 at the small business level, continuing and
10 augmenting the small business assistance
11 programs, including even subordinated or
12 forgivable debt and mentoring and other kinds
13 of aid.

14 Besides putting just a few eggs in

15 lots of baskets and therefore de-risking the

16 system, the net effect of that is to make a

17 place sticky for young, promising companies.

18 The value proposition's higher. Companies

19 aren't going to leave if they're wed to the

20 public systems that are giving them graduate

21 Ph.D. engineers, giving them trained workers,

22 giving them strong candidates out of an

23 adequately funded K-12 education program.

24 That's the value-add, the sweet spot about

1 growing companies in place and de-risking
2 your economic development spending.
3 The other point I want to make is
4 there's an emerging body of evidence now that
5 totally reinforces this frame, and that is
6 the idea that first you need smart people;
7 smart people attract good employers; and good
8 employers obviously then grow in place. But
9 that means that if you deplete your tax base
10 and make a place unattractive, you'll never
11 attract smart people, because you have to
12 have good schools, good quality of life, good
13 amenities, good safety, to attract the smart
14 people that you need to start.

15 Thank you.

16 CHAIRWOMAN KRUEGER: Thank you.

17 Next up is -- sorry -- Michael

18 Sandmel.

19 MR. SANDMEL: Thank you so much,

20 Chair Krueger and Chair Weinstein and

21 committee members, for the opportunity to

22 testify today on behalf of New Economy

23 Project. We're a New York City-based

24 economic justice organization which for more

1 than 25 years has worked closely with
2 community groups inequities in our economy.

3 We're also founding members of the
4 New York State Community Equity Agenda, which
5 is a coalition of nearly 50 groups working
6 toward a vision of economic development
7 that's grounded in principles of racial
8 justice and community wealth-building. I

9 encourage you to review the testimony
10 submitted by many of our coalition partners,
11 submitted in writing.

12 As low-income communities and
13 communities of color across the state
14 continue to reel from the economic

15 devastation caused by the pandemic, this

16 year's budget is really a historic

17 opportunity to make bold investments that

18 drive equitable local economic development,

19 for years and even decades to come. And I'll

20 speak about just two of those, which I'm very

21 glad just came up -- public banking and

22 CDFIs -- and direct you to my written

23 testimony for more details.

24 In terms of CDFIs, we're talking about

1 community development credit unions and loan
2 funds that stimulate economic development in
3 historically redlined communities by
4 providing responsible loans and financial
5 services where the big banks won't. New York
6 is home to 83 of these institutions, which
7 serve every county in the state, and in
8 recent years have made more than 4.3 billion
9 in loans, creating tens of thousands of units
10 of affordable housing and tens of thousands
11 of jobs.

12 Because CDFIs leverage every grant
13 dollar with at least 12 additional dollars
14 from other sources, appropriating

15 \$100 million to New York's CDFI Fund in this
16 year's budget would generate more than
17 1.2 billion in direct lending and services in
18 low-income communities and communities of
19 color statewide.

20 Now, on public banking, with this,
21 localities can leverage their deposits to
22 stimulate local economic development.

23 There's more than 900 public bank models
24 around the world, and they play important

1 roles, investing in small businesses,
2 renewable energy, and other sectors, in
3 partnership with community-based financial
4 institutions.

5 Last month 150 community, labor and
6 small business groups from around the state
7 signed a letter in support of the New York
8 Public Banking Act, carried by Senator
9 Sanders and Assemblymember Fahy, which
10 creates a safe and appropriate regulatory
11 framework for localities seeking to establish
12 public banks.

13 This legislation also has the backing
14 of numerous local elected officials who want

15 to bring public banking to their communities,
16 including, most recently, a letter from the
17 entirety of the Rochester City Council in
18 support of the legislation.

19 New York can ensure that federal
20 stimulus dollars serve New York communities
21 well beyond this budget cycle by pairing the
22 Public Banking Act -- the first in the
23 nation -- with a matching fund, which Michael
24 Kink mentioned earlier, to help capitalize

1 public banks. We estimate that \$100 million
 2 in matching funds this year would translate
 3 into \$15 billion in new economic activity and
 4 47,000 jobs in New York State over a 10-year
 5 period.

6 This is the kind of bold investment
 7 New York must make as we pursue a just
 8 recovery and future for all New Yorkers.

9 Thank you again for the opportunity to
 10 testify.

11 CHAIRWOMAN KRUEGER: Thank you very
 12 much.

13 And then last on this panel,
 14 José Gonzalez, New York Communities for

15 Change.

16 MR. GONZALEZ: Good afternoon,

17 Senator Krueger, Assemblymember Weinstein,

18 and members of the committee. My name is

19 José Gonzalez, and I am the senior director

20 of data and research at New York Communities

21 for Change. Thank you for the opportunity to

22 testify today.

23 New York Communities for Change is one

24 of the largest grassroots membership-driven

1 community-based organizations in New York.
2 NYCC members use community organizing, direct
3 action, and legislative advocacy to advance
4 the cause of social and economic justice.
5 Through our neighborhood chapters and
6 issue-based committees, we work to ensure
7 that every family throughout New York has
8 access to quality schools, affordable
9 housing, and good jobs.

10 While our state has made incredible
11 progress over the past three years in
12 becoming a national leader in passing
13 progressive criminal justice reform,
14 overhauling New York's unjust rent laws, and

15 finally taxing the wealthiest among us who
16 have failed to contribute what they owe, our
17 communities are still suffering -- suffering
18 under a system that often turns a blind eye
19 to injustice, but that under this Legislature
20 is finally beginning to be seen. Yet, still,
21 much more needs to be done. As is often
22 said, returning to normal is not good enough.

23 For far too long, economic development
24 has been a form of socialism for the rich

1 with little regard for the public good. As
2 our communities recover from the pandemic,
3 the Legislature has an unprecedented
4 opportunity to finally create true economic
5 development programs that benefit all
6 New Yorkers and create an economy for the
7 many, not the few.

8 What does this mean? It means that
9 rather than pouring money into corporate
10 slush funds with little accountability or
11 transparency, that we invest in programs that
12 support our communities. That means
13 investing in universal childcare. It means
14 investing in higher education and making CUNY

15 free. It means making sure we're ready to
16 confront the climate crisis. That should be
17 the true meaning of economic development --
18 investing in the ingredients that create real
19 economic opportunity for all of our
20 communities.

21 To achieve this goal, NYCC and our
22 20,000 members are calling on this
23 Legislature to reject Governor Hochul's
24 misguided two-year plan to spend nearly

1 \$10 billion at the Empire State Development
 2 Corporation, and direct the money towards
 3 investments in services that benefit the
 4 public as a whole, instead of wealthy donors.

5 We are also calling for a complete
 6 reform of New York's economic development
 7 program through more hearings, testimony
 8 under oath, and investigations.

9 But first and foremost, we are calling
 10 for this year's budget to prioritize the
 11 well-being of New Yorkers by rejecting
 12 corporate subsidies and investing in
 13 communities.

14 Thank you again for your time.

15 CHAIRWOMAN KRUEGER: Thank you.

16 Looking for any Senate hands. So I'll

17 just jump in quickly.

18 Greg LeRoy, you put on that a paper to

19 look at, so I looked at it very quickly. So

20 New York is one of your states in the "Worst"

21 category for reporting CARES Act funds being

22 spent. So that means they -- that wouldn't

23 be up there on that website in EDC that we

24 were hearing about earlier, I gather.

1 There's no way to find out how we spent that
2 money?

3 You're on mute.

4 MR. LeROY: Yes, it is poorly
5 reported. And we point out that some states
6 are doing good jobs actually disclosing
7 online the ultimate disposition of these very
8 flexible, you know, multipurpose grants that
9 the states are getting: 150 billion under
10 the CARES Act; more than twice that,
11 350 billion, under the Recovery Plan Act --
12 Rescue Plan Act, rather.

13 CHAIRWOMAN KRUEGER: So we need to
14 still keep pushing because we should be

15 getting that information from New York

16 State --

17 MR. LeROY: Yeah. We made the point

18 that that was despite a sort of

19 self-congratulatory blog by the State

20 Comptroller's office.

21 CHAIRWOMAN KRUEGER: Hmm. So -- I'm

22 sorry, so it should be our State

23 Comptroller's office that's providing us this

24 information?

1 MR. LeROY: It could be. I mean, it
2 depends upon this -- each state has its own
3 structure for how this money could be
4 reported. We just noted that that office had
5 issued a -- like I say, a self-congratulatory
6 blog on the quality of the reporting, but
7 compared to other states it didn't stand out
8 positively.

9 CHAIRWOMAN KRUEGER: Okay. Thank you
10 very much.

11 Assembly.

12 CHAIRWOMAN WEINSTEIN: We have
13 Assemblyman Bronson, three minutes.

14 ASSEMBLYMAN BRONSON: Thank you,

15 Chairs.

16 I just wanted to say thank you to all

17 the panelists for your testimony today. My

18 door is open so that we can have ongoing

19 discussions. I've mentioned several times

20 today my number-one priority as the

21 relatively new chair of Economic Development

22 is that we take steps to ensure that our

23 economy is equitable and inclusive -- and we

24 have a lot of work in that area.

1 I will also say to Greg, I'm a strong
2 supporter and ally to the North Star
3 Coalition, which is a group of folks and
4 organizations that want to make sure that we
5 are spending our federal stimulus dollars in
6 such a way that will indeed make our economy
7 equitable and inclusive. So we can have
8 further conversations about that.

9 But thank you all for your testimony
10 today.

11 CHAIRWOMAN KRUEGER: Yes, thank you
12 all.

13 Assembly, any more hands that I'm not
14 seeing?

15 CHAIRWOMAN WEINSTEIN: No, that's it.

16 CHAIRWOMAN KRUEGER: All right, then I

17 am moving us to Panel C, and I want to thank

18 our testifiers from Panel B for being with us

19 today, and assure everyone that they should

20 review the full testimony.

21 Panel C, New York Association of

22 Training and Employment Professionals,

23 Melinda Mack; Retail, Wholesale and

24 Department Store Union -- RWDSU -- Josh

1 Kellerman; the Business Council of New York,
2 Paul Zuber; the Business Incubator
3 Association of New York State, Marc Alessi;
4 and CWA District 1, Rebecca Miller.

5 So we'll start with Melinda Mack.

6 MS. MACK: Good afternoon, everyone.

7 It's nice to see so many faces. My name's
8 Melinda Mack. I'm the executive director of
9 the state's workforce development
10 association, also known as NYATEP. I'm
11 actually not going to read through my
12 testimony; instead, I'm going to sort of pick
13 out a couple of the key things that I wanted
14 to touch on.

15 As we've heard earlier today, the

16 Governor's office has decided to open a new

17 Office of Workforce and Economic Development

18 at Empire State Development. We're a little

19 bit concerned that this might be potentially

20 just moving the problems that were occurring

21 in the Governor's office to ESD. And so I

22 raise this because I think, as we've talked

23 about in the past, the focus of the

24 Legislature on ensuring that the dollars are

1 going out the door -- and also, more
2 importantly, that we're actually coordinating
3 economic and workforce development -- I think
4 will be so crucial, despite this move.

5 In addition to that, the push was also
6 around making sure that there's a workforce
7 development sort of fund that goes out
8 through the REDCs. We're hopeful that this
9 means that there will be much more
10 coordination on the ground with the local
11 workforce development system around making
12 those decisions. Because depending on where
13 you live, the workforce development entities
14 may or may not involve the REDCs at all.

15 And so again, I really encourage you

16 to sort of think through that and whether or

17 not there's anything the Legislature can do.

18 The last two items are around funding.

19 And so as you know, I have come to you many

20 times talking about the \$175 million

21 workforce investment. The Governor's office

22 has committed to us that they will continue

23 to spend those dollars down and that the

24 application process is still open, and so I'm

1 hopeful that that commitment still remains.

2 But one of the concerns I heard when I

3 was listening to Ms. Knight speaking earlier

4 is the commitment of \$180 million from the

5 Department of Labor pot. My concern is those

6 dollars aren't flexible, and I think the

7 whole point of coming to you regarding

8 workforce development is that we need

9 flexible money, money that can go to

10 childcare, money that can meet the needs of

11 transportation, money that allows us to

12 flexibly address the concerns of workers but

13 also of employers. And unfortunately the

14 Department of Labor resources, because it's

15 federal funding, has a lot of restrictions

16 around that flexibility.

17 And then lastly, one of the items that

18 was discussed today was around the database

19 of deals. I would really love to see quality

20 job numbers put into that database. Right

21 now there's no wages, so it's very hard for

22 us to understand what's a quality job, what's

23 not a quality job. And of course in addition

24 to that there's also not a whole lot of

1 information around what type of job it is:

2 Is it a job that is paying, you know, minimum

3 wage, or is it a job that has a growth

4 trajectory?

5 And so we would love for -- again, ask

6 you to focus more, much more on quality

7 information within that database as well.

8 And I'll stop there.

9 CHAIRWOMAN KRUEGER: Thank you very

10 much.

11 Next up is RWDSU.

12 (Zoom interruption.)

13 CHAIRWOMAN KRUEGER: Wait, who am I

14 hearing? Sorry. Everybody mute except for

15 Josh Kellerman, Retail Workers -- RWDSU.

16 MR. KELLERMAN: Thank you to the

17 chairs and the members of the Senate and

18 Assembly. My name is Josh Kellerman and I'm

19 the director of public policy at the Retail,

20 Wholesale and Department Store Union, RWDSU.

21 One key issue driving the current

22 challenges around economic development is the

23 employment crisis. I have no doubt that to

24 resolve the current employment crisis, it is

1 incumbent on employers to improve the working
2 conditions at their businesses, which
3 includes raising wages; improving benefits,
4 including paid time off; and increasing
5 workplace democracy to ensure workers have a
6 voice on the job. If this is a labor supply
7 challenge, then businesses should adapt to
8 increase the demand.

9 With that said, I'd like to turn to a
10 few budget-related comments.

11 We're requesting that we increase
12 funding for the Department of Labor and for
13 NY HERO. With workers still afraid to return
14 to work due to COVID-19, it is incumbent that

15 the state properly fund the DOL to protect
16 workers from unsafe working conditions.
17 Workers returning to safe workplaces is
18 essential for New York's economic recovery
19 and growth.

20 We are heartened to see Governor
21 Hochul earmark an additional \$12 million for
22 the DOL. And while that is a great start, it
23 is not enough. We need robust enforcement,
24 deep outreach and education to workers and

1 employers, training investments, and support
2 for small businesses to make upgrades to
3 protect their workers.

4 We respectfully request \$50 million in
5 funding to fully enforce all of New York
6 DOL's laws, including NY HERO.

7 Second, we would like to expand access
8 to childcare. Working families need support
9 to return to work. Childcare is key to
10 effective economic development. New York
11 State greatly expanded funding for affordable
12 childcare for working families in the last
13 budget, but it is still not enough. New York
14 should lead the way in creating a universal

15 pre-K childcare program. Such a program

16 would make New York a national leader,

17 supporting women and working families.

18 Also, the Childcare Facilitated

19 Enrollment Pilot Program should also be

20 expanded and made permanent. This program

21 covers childcare for children up to 13 years

22 old for low-income working families.

23 The last issue I'll reference is

24 ensuring economic development is fair.

1 Public dollars should not be used to provide
2 tax breaks to businesses without ensuring
3 those businesses are accountable to workers,
4 communities and the environment. Otherwise,
5 the public pays twice -- once for the subsidy
6 and again to support workers who must take
7 housing vouchers or food stamps to make ends
8 meet.

9 This speaks to the need to raise the
10 minimum wage, at least in New York City,
11 where \$15 is not enough to live on. But
12 that's an issue for another day.

13 And these tax breaks then force a
14 greater tax burden on those least able to

15 pay. Every economic development program
16 should have transparency, accountability, and
17 community labor standards as a baseline. If
18 a program lacks these standards, it should be
19 scrapped.

20 We need to take a closer look at
21 but-for clauses.

22 And lastly, studies have shown
23 businesses don't choose to locate to a state
24 based on taxes. These supposed

1 business-climate studies seem to say that
 2 businesses locate for the reasons stated
 3 before -- talented workforce, access to
 4 markets, and quality of life. We should
 5 invest in those things.

6 Thank you for your time.

7 CHAIRWOMAN KRUEGER: Thank you.

8 Next up is The Business Council, Paul
 9 Zuber.

10 MR. ZUBER: Thank you for inviting me
 11 and having the opportunity to speak. My name
 12 is Paul Zuber, and I'm executive vice
 13 president of The Business Council of New York
 14 State. We represent about 3500

15 private-sector employers. Seventy percent of

16 those 3500 are actually small businesses.

17 So when we looked at the budget, we

18 kind of looked at it through this prism,

19 which is the changed economy and how our

20 businesses now operate as a result of COVID.

21 We also looked at the burdens that our

22 businesses have as we continue to move

23 forward with COVID. But we also looked at

24 how to create a more inclusive economy.

1 Creating a more inclusive economy has
2 actually been a long and important discussion
3 within The Business Council. Many of our
4 members are actively working to support MWBEs
5 and are working in the arena of second chance
6 programs. We believe the private sector must
7 be supportive in areas in which we can create
8 a more diverse economy.

9 So very quickly, let me go through a
10 couple of items in the budget.

11 Number one, unemployment insurance.

12 We definitely feel that there needs to be
13 included in the budget funding to meet the
14 current debt that we have with our

15 Unemployment Insurance Fund. This will
16 impact all our businesses for decades with
17 increased taxes if we do not meet the demand
18 of that debt.

19 Workforce development, another key
20 issue as we come out of COVID, hopefully. We
21 support increased funding for workforce
22 development, but we would also like the
23 Legislature to consider Assemblymember
24 Joyner's bill, which would create a workforce

1 opportunity tax credit to incentivize the
2 hiring of some of those people who have been
3 left out of the economy, such as formerly
4 incarcerated individuals, disabled veterans,
5 summer youth participants, and basically
6 10 different targeted areas.

7 As I said, 70 percent of our
8 businesses are small businesses, so we
9 support many of the programs in the
10 Governor's budget. We also support her
11 additional funding for the MWBE certification
12 program. We think that is an important,
13 important funding to make the certification
14 process more streamlined.

15 We also ask the Legislature to look at
16 additional legislation that could improve
17 transparency and provide additional support
18 for our MWBEs.

19 Finally, two quick items. I know the
20 Governor had put cocktails-to-go within her
21 budget. We are relatively neutral on
22 cocktails-to-go, but we do believe that it is
23 time for us to look at the ABC Law. It is
24 time to get rid of some of the archaic

1 provisions in the ABC Law to create more
2 economic development.

3 And finally, obviously the Governor
4 put casino development within the
5 legislation. We do feel that -- we do
6 support this legislation and feel that that
7 development will create much-needed jobs in
8 the hospitality industry.

9 Wow, I did it!

10 (Laughter.)

11 CHAIRWOMAN KRUEGER: Well done.

12 MR. ZUBER: Do I get a prize for that?

13 Like anything?

14 (Laughter.)

15 CHAIRWOMAN KRUEGER: Yes, you do,
16 absolutely. We'll send you a lollipop.
17 Okay, next, Business Incubator
18 Association, Marc Alessi.
19 MR. ALESSI: Thank you for having me.
20 Marc Alessi, I'm the executive director of
21 the Business Incubator Association of
22 New York State. The startup innovation
23 ecosystem is something that has enticed me
24 even during my days in the New York State

1 Assembly. And since leaving political life,
2 I've dedicated myself to the innovation
3 ecosystem by starting companies and helping
4 finance startups.

5 The Business Incubator Association of
6 New York State has a membership comprised of
7 over 100 incubators across New York State
8 that house and mentor over 3,000 startups,
9 and those companies are in every corner of
10 New York State.

11 The funding that New York State
12 provides to incubation in New York State has
13 created one of the most robust ecosystems of
14 any state in the nation, and we have metrics

15 to back that up. The Certified Incubator and
16 HotSpot Program that is funded through the
17 state budget, it's somewhere between six to
18 \$7 million of funding for incubators across
19 New York State -- 24 Certified Incubators and
20 10 regional HotSpots. And in the last
21 reporting, there were over 1200 jobs created
22 annually, and 714 retained, with hundreds of
23 companies launched in New York State.

24 But what's really telling about how

1 our ecosystem is starting to grow is that
2 you're starting to see what is called
3 unicorns in every corner of the state. And
4 that's a company that is, as it's getting
5 funded from private investment, is getting
6 valued at over a billion dollars. And that
7 is something that we've seen obviously more
8 and more in New York City, since there is a
9 concerted effort over the past 10 or 15 years
10 to create Silicon Alley. But this is a new
11 phenomenon in places like Buffalo, Syracuse
12 and Albany, and it's something that we'll
13 want to see more of.

14 You know, there's a big difference

15 between a bakery as it starts up and the
16 services that are needed and a high-tech
17 company that might not have revenue for five
18 or 10 years. It's an intensive row that this
19 investment that's been made by the state is
20 finally making a difference in.

21 One out of every 10 startups fails; 50
22 percent of incubator companies succeed. So
23 the regional HotSpot program has been one of
24 the most successful programs. Other states

1 are taking a look at it to emulate it.

2 BIANYS was written in -- BIANYS is our

3 acronym for the Incubator Association -- was

4 actually written into that legislation to

5 coordinate statewide programming with ESD to

6 help ensure that wherever there might be gaps

7 in one region, we could help fill them with

8 the help of another region and with some

9 centralized programming.

10 That was never funded before, and

11 we've come back to the Legislature this year

12 to try to get some funding to grow that

13 programming and ensure that the investment

14 that has been made in incubation continues

15 to, you know, increase in terms of the

16 returns you'll see.

17 CHAIRWOMAN KRUEGER: Thank you.

18 Next we have Rebecca Miller, CWA

19 District 1 legislative director.

20 MS. MILLER: Hi, how are you? Good

21 afternoon, and thank you so much to the

22 chairs and members of the Legislature for

23 allowing me the opportunity to testify today.

24 My name is Rebecca Miller; I'm the

1 legislative director for New York State for
2 CWA District 1. We represent more than
3 65,000 telecommunication workers in New York
4 State.

5 I have been so pleased watching the
6 hearing today on how many legislators are
7 laser-focused on ensuring access to broadband
8 for all New Yorkers. As the major telecom
9 union representing the workers who do -- who
10 spend their days on the ground delivering
11 broadband to New Yorkers, we share the same
12 goal. And luckily we're in a moment that if
13 done well and done right, we can make that
14 goal a reality.

15 New York State has a once-in-a-
16 generation opportunity to actually deliver
17 high-speed, high-quality internet to each and
18 every New Yorker. We know that this is
19 critical for the prosperity of our state.
20 The budget includes approximately a billion
21 and a half dollars for broadband from
22 President Biden's federal infrastructure
23 package, American Rescue Plan funding, and
24 state match dollars. Much of this money will

1 go towards actual infrastructure deployment.

2 We are advocating for language to be

3 included in the budget attaching language for

4 three things to this money. The first is

5 labor standards. With so much money on the

6 table, we're deeply concerned about the use

7 of low-road subcontractors, which often come

8 from out of state, rush through jobs, and

9 compromise both worker safety and the quality

10 of the deployment. Public dollars should be

11 used to fund high-quality broadband networks,

12 and this means the use of a well-trained

13 workforce.

14 Additionally, this money should

15 support good jobs in the industry. This
16 means employers who have a directly employed
17 workforce, in-house training, and a good
18 track record of robust compliance with state
19 and federal laws around worker health and
20 safety.

21 The second thing we're advocating for
22 is pre-qualification language. In order to
23 mitigate risks of failed projects, the state
24 should require that entities who receive

1 public dollars, in advance of receiving that
2 award, demonstrate their capacity to actually
3 deliver on the promised deployment and
4 service.

5 Lastly, broadband funding should
6 recognize that not all broadband is the same.

7 Fiber technology delivers broadband far
8 superior to fixed wireless, and fiber is able
9 to scale to meet increased network demands
10 and require much less maintenance and fewer
11 upgrades. Nothing matches fiber for overall
12 capability. The money should
13 prioritize these types of projects.

14 We have an unprecedented opportunity

15 to deliver high-quality, high-speed broadband

16 to all New Yorkers, and with these critical

17 provisions -- labor standards,

18 pre-qualification for grant recipient

19 language, and preference for fiber-based --

20 we can do it. These must be included to

21 ensure highest-quality public investment and

22 safeguard good jobs in the industry for all

23 of our telecom workers. We encourage the

24 Legislature to include these provisions in

1 the budget.

2 Thank you so much for your time.

3 CHAIRWOMAN KRUEGER: Thank you very

4 much.

5 All right, I see the hand of

6 Anna Kaplan, our chair of Small Business,

7 Economic Development, et cetera, so I'm going

8 to call on her first.

9 Anna, are you there? You were there

10 with your hand up a second ago. Just

11 seeing -- ah, no. Perhaps we just lost her

12 at the wrong time. We'll come back to her.

13 Before I hand it to the Assembly, just

14 one technical question for Marc Alessi. I

15 believe you said that one in 10 new

16 businesses close but one in two incubator

17 businesses are successful. Did you really

18 mean one in 10 succeed and nine out of 10

19 fail?

20 MR. ALESSI: Yeah, I'm sorry, yes. I

21 may have misspoken.

22 CHAIRWOMAN KRUEGER: Okay, you threw

23 me off on the math. I just wanted to

24 double-check. Okay, that made more sense to

1 me. Thank you.

2 MR. ALESSI: Thank you.

3 CHAIRWOMAN KRUEGER: I'm going to turn

4 it over to the Assembly and hope Anna Kaplan

5 can find her way back on.

6 CHAIRWOMAN WEINSTEIN: Okay, we'll go

7 to --

8 SENATOR KAPLAN: I'm back on, Senator.

9 CHAIRWOMAN KRUEGER: Oh, you're there?

10 Okay. Sorry, Helene.

11 CHAIRWOMAN WEINSTEIN: Yes, you can

12 go.

13 CHAIRWOMAN KRUEGER: We're waiting for

14 you, Anna.

15 SENATOR KAPLAN: Can I go?

16 CHAIRWOMAN KRUEGER: Yes, you may.

17 SENATOR KAPLAN: So my question is

18 for -- well, I just want to ask you again to

19 stress the need to address the UI Trust Fund

20 balance, which to me is the most important

21 business issue we need to address in the

22 budget this year.

23 (Zoom interference; unintelligible.)

24 CHAIRWOMAN KRUEGER: We're losing you,

1 Anna. I'm sorry, you're not coming through.

2 Anna, you're not coming through in English at

3 the moment.

4 But I believe she's asking about what

5 is anybody's opinion about the fact that the

6 trust fund -- are you still there?

7 (No response.)

8 CHAIRWOMAN KRUEGER: Sorry. I think

9 we lost you again.

10 SENATOR KAPLAN: Can you hear me?

11 CHAIRWOMAN KRUEGER: We really

12 couldn't understand you.

13 SENATOR KAPLAN: I'm here. I can hear

14 you.

15 CHAIRWOMAN KRUEGER: Okay, so try one

16 more time. I don't want to blow my chair

17 off.

18 (Zoom connection garbled.)

19 CHAIRWOMAN KRUEGER: No, I'm sorry,

20 Anna, we're not understanding you. It's not

21 working.

22 CHAIRWOMAN WEINSTEIN: We have a

23 number of Assemblymembers, so perhaps the

24 Senator can move to a place with better

1 reception.

2 CHAIRWOMAN KRUEGER: Maybe she can get

3 to a better site. Exactly. Why don't we

4 pass it to you, Assembly.

5 CHAIRWOMAN WEINSTEIN: So first we'll

6 go to Assemblymember Bronson, the chair,

7 three minutes.

8 ASSEMBLYMAN BRONSON: Thank you,

9 Chair.

10 I've worked with each of you and/or

11 your organizations over the years, and I look

12 forward to our continued work together. At

13 the risk of angering my staff, I welcome

14 meetings to discuss with you, you know,

15 Melinda, the interplay and coordination of
16 workforce development and economic
17 development. I don't think one can exist
18 without the other. Certainly we need more
19 transparency in the economic development
20 programs that ensure that we're actually
21 resulting in good-paying jobs that lead to
22 further careers. Labor standards are things
23 that I fight for all the time.

24 Paul, definitely, UI -- we have to

1 assist our businesses, especially our small
2 businesses. That needs to get in this
3 budget. We can't rely on the federal
4 government to -- you know, fully on that,
5 although hopefully they'll help.

6 And broadband, strongly supportive. I
7 didn't mention it in mine because I had
8 limited time, but Becca, we're definitely on
9 board with that.

10 And my past colleague Marc, you know,
11 we've got to work on incubators. I think
12 that is an important way for job development.

13 But given the time restrictions we
14 have -- we were supposed to be in Taxation.

15 The second deadline was at 2:30, and we're
16 already past that. So I'm not going to ask
17 questions, but I just want to make sure that
18 you're all welcome to follow up with the
19 various issues that you brought up.

20 Thank you.

21 CHAIRWOMAN WEINSTEIN: Thank you.

22 So we'll go to Assemblyman Ra.

23 ASSEMBLYMAN RA: Thank you, Chairs.

24 So unfortunately I know we lost the

1 Senator, but since we're in the same
2 backyard, I was going to ask about the same
3 thing, so perhaps we can get some of those
4 thoughts that Senator Kaplan was trying to
5 get, in particular I think from Paul.

6 You know, as many of us may know,
7 we're in a limited window at this point, with
8 the federal regulations changing on April 1st
9 with regard to using some of our ARPA funding
10 with the Unemployment Trust Fund. And I'm
11 just, you know, wondering if -- Paul, if what
12 you're hearing from your members already in
13 terms of increases they may be experiencing
14 on unemployment and what it will mean if we

15 don't begin to address this.

16 MR. ZUBER: Yeah, I think for our

17 members the biggest concern is the number of

18 years that we might be seeing increased taxes

19 because of the lack of movement on doing

20 anything in regards to the debt that the

21 Unemployment Insurance Fund has.

22 In 2019 I think -- my notes say we had

23 about \$2.6 million in that fund. New York

24 probably collected another \$2 billion. But

1 due to COVID and the increased unemployment,
2 we paid out \$12.9 billion. So we have a debt
3 right now of around \$9 billion, of which
4 we've had to, you know, take advances from
5 the feds on that.

6 So we have to pay it back. Right?

7 And it gets paid back by increased taxes.

8 And the thing that everybody has to remember

9 about this is this doesn't just impact, you

10 know, the IBMs of the world and the Bank of

11 Americas of the world, it impacts everyone.

12 And so we're very concerned about this. And

13 there are a number of states that have used

14 some of the federal money they have received

15 in order to pay down this debt.

16 So we are hopeful, and I know Senator

17 Kaplan has been an incredible advocate on

18 behalf of this and has made numerous efforts,

19 and even has legislation that she put forward

20 to help ease some of the burden based on the

21 unemployment insurance issue. But it's

22 something that we need to address now and we

23 need to address immediately. It really is

24 going to affect a large cross-section of

1 businesses. A lot of our businesses are very
2 concerned. They're trying to figure out, how
3 do I operate after COVID -- or I shouldn't
4 even say after COVID, because quite frankly
5 we're still -- we're still dealing with
6 COVID.

7 You know, the entire world has changed
8 for most of these businesses. It's changed
9 how they operate, how their employees work,
10 how consumers even consume products from
11 them. We've all changed our buying patterns.
12 So with all that nervousness and uncertainty
13 out there, to know that there's going to
14 potentially be increased payroll taxes

15 because of this huge debt is something that

16 we have to deal with immediately.

17 ASSEMBLYMAN RA: Thank you.

18 CHAIRWOMAN KRUEGER: Thank you.

19 I believe Senator Kaplan is back.

20 SENATOR KAPLAN: I am.

21 And my question was to Paul. I want

22 to thank you for your thorough answer on the

23 question. And the fact is obviously other

24 states are dealing with the same issues. Do

1 you know, of all the other states, how many
2 of them are asking for help from the federal
3 government -- or asking some of the money
4 that's coming through the federal government
5 to help out to at least fund some of this UI?

6 This is to Paul.

7 MR. ZUBER: I believe, the last I
8 checked -- I want to say it was 32 states
9 that have done something in relation to that.

10 Arizona has, Arkansas, California,
11 Connecticut -- the list goes on and on.

12 So a lot of states realize that this
13 is a major problem, because we've all faced
14 the same issues. All of a sudden we woke up

15 and, you know, we went from -- I think in
16 March of 2020 I think we went from about
17 4 percent unemployment to somewhere around
18 16 percent. You know, I might have my
19 numbers a little bit off there, not having my
20 notes in front of me.

21 But that was a huge leap. So that
22 really created stress on the system. So a
23 lot of states realized it, and a lot of
24 states are moving to correct it.

1 And again, I'd like to thank your
2 leadership and the leadership of members in
3 the Assembly. I know a lot of members have
4 made this a priority for looking at this
5 issue and trying to get funding in the
6 budget.

7 SENATOR KAPLAN: Thank you so much,
8 Paul.

9 My next question is for Marc Alessi.
10 Marc, can you speak about the plans that the
11 Business Incubator Association has to assist
12 companies looking to enter the cannabis
13 market?

14 And the other question that I have for

15 you is, can you also talk about the work the

16 Business Incubator Association has done to

17 attract foreign companies to New York.

18 MR. ALESSI: Sure, I'd be delighted.

19 Thank you.

20 First, on cannabis, similar to what

21 we've done in trying to coordinate the

22 HotSpots, we did a survey of our membership

23 and incubators in New York to see who was

24 planning on starting to advise and provide

1 mentorship to emerging cannabis companies, as
2 that economy starts to grow. And we are
3 putting in comments to the Cannabis Board,
4 believing that similar to how there is a
5 regional HotSpot program, every region of the
6 state might approach the kind of mentorship
7 they're going to provide for cannabis in
8 their region, based on what is the, you know,
9 dominant part of the industry that that
10 region is going to serve.

11 But we believe there should be a
12 statewide coordination of that, and a
13 statewide virtual program that ties that
14 together. And that's something that BIANYS

15 is poised and interested in providing.

16 A lot of our programming is designed

17 in that way where we coordinate our members

18 and then try to find the gaps by bringing our

19 membership together and utilizing

20 best-in-practice programming. So for soft

21 landings, some of our members individually

22 have programs that coordinate with a specific

23 city or a specific industry to help companies

24 come to New York and flourish here. But we

1 saw a need collectively, as a membership, to
2 advertise the entire New York State
3 ecosystem. And when a foreign company is
4 looking to start sales in the U.S., they're
5 essentially a startup, and we advertise to
6 them saying that New York is one of the best
7 places to start your company.

8 And we have a program, six weeks
9 virtual, four weeks in-person, where we bring
10 in incubators from all across the state to
11 mentor the companies, get to know the
12 companies, and then introduce them to all the
13 state's assets, both -- not only incubators,
14 but the Centers of Excellence, the Centers of

15 Advanced Technology.

16 And that program is a great

17 indoctrination for those companies to make

18 contacts here and hopefully flourish here.

19 But to find the right fit for them in terms

20 of incubation and state programs that will

21 enable them to grow here.

22 SENATOR KAPLAN: Thank you so much.

23 My time is up.

24 MR. ALESSI: Thank you.

1 CHAIRWOMAN KRUEGER: Thank you.

2 And seeing no more hands, I'm going to

3 move us to Panel D, the New York Independent

4 Venue Association, Tamara Keshecki; the

5 Museum Association of New York, Erika Sanger;

6 the New York Hospitality Alliance,

7 Andrew Rigie; and the New York State

8 Restaurant Association, Melissa Fleischut.

9 Let's start with Tamara.

10 MS. KESHECKI: Senator Krueger,

11 Assemblymember Weinstein and distinguished

12 members of the committees, thank you for

13 giving me the opportunity to provide

14 testimony today.

15 My name is Tamara Keshecki. I'm a
16 board member of the New York Independent
17 Venue Association, and we represent over
18 200 live-performance venues, festivals and
19 promoters, including comedy clubs, jazz
20 clubs, performing arts centers, historic
21 theaters, and spaces both for-profit and
22 nonprofit throughout the State of New York.
23 Our members are nonprofit organizations and
24 independently owned and operated businesses,

1 not publicly traded or multinational

2 corporations.

3 Essential to the arts ecosystem, our

4 members act as the training grounds for

5 up-and-comers before they play the world's

6 largest spotlights, and are also the pinnacle

7 of the spotlights themselves. We are the

8 open mic nights where Lady Gaga honed her

9 craft, the stages where Jerry Seinfeld worked

10 up his first "tight ten," and the spaces

11 where the only limits to artistic innovation

12 are the ceiling heights. We create the

13 artistic havens that become drivers of

14 economic growth. We are the world-class

15 destinations fueling cultural tourism and are
16 the cornerstones keeping local Main Streets
17 alive and vibrant with \$12 generated for
18 every \$1 dollar spent on a ticket.

19 In 2019, NYIVA members employed over
20 17,000 persons statewide, we sold over 17,000
21 tickets, and we generated \$7 billion in
22 economic activity.

23 Our industry has been uniquely and
24 seriously harmed by the COVID-19 pandemic,

1 and we ask with urgency for the state to
2 recapitalize and modify the relief programs
3 established last year. Since reopening began
4 in June 2021 after a 15-month long
5 state-mandated closure, NYIVA members
6 reported a decline of over 50 percent in
7 ticket sales, in comparison with 2019. And
8 this was before the emergence of the Omicron
9 variant. As Governor Hochul noted, our
10 industry has been one of the slowest to
11 return, with employment still at a 20 percent
12 decline as of November 2021.

13 New York State suffered some of the
14 deepest human tolls during the pandemic, and

15 it is understandable that our sector was shut
16 down in the interest of public health. With
17 over 30 other states and localities having
18 created arts- and venue-specific funds, with
19 some of the most recent including 150 million
20 in California, 17 million in venue-specific
21 relief in New Jersey, and Michigan recently
22 voting to provide a second round of relief to
23 venues, we implore that New York State value
24 our sector's economic contributions as deeply

1 as our counterparts.

2 We thank the Legislature for your

3 intent last year to help our sector with

4 relief funds, but sadly we must report that

5 due to tight eligibility criteria, most of

6 our members were unable to gain access to

7 that support, as unlike that of other funds,

8 receipt of federal relief and revenue size

9 were both a barrier.

10 We respectfully ask that you create a

11 three-year, \$150 million stabilization fund,

12 open to independent for-profit and nonprofit

13 live performing arts, with the revised

14 eligibility criteria outlined on the second

15 page of my written testimony.

16 Thank you for your time and

17 consideration of our sector and its needs.

18 With your support, the New York arts and

19 cultural sector will not only revive the soul

20 of New York State, it will rev its economic

21 engine roaring back to life.

22 Thank you.

23 CHAIRWOMAN KRUEGER: Thank you.

24 Next we have the New York Museum

1 Association, Erika Sanger.

2 Are you there, Erika?

3 (Speaker muted.)

4 CHAIRWOMAN KRUEGER: Okay, I don't --

5 oh, there you are. We still can't hear you.

6 Can you go off of mute somehow? Nope. Try

7 one more time? No, I'm sorry, we can't hear

8 you. So we're going to skip you, come back

9 to you and hope that you get your sound --

10 MS. SANGER: -- thank you.

11 CHAIRWOMAN KRUEGER: There you are,

12 you're back. Keep going.

13 MS. SANGER: Here I am. Great, thank

14 you.

15 Chairs Krueger and Weinstein and
16 members of the committee, thank you for the
17 opportunity to speak with you today. My name
18 is Erika Sanger, and I'm proud to be director
19 of the Museum Association of New York.
20 People love museums. New York is
21 fortunate to have 1400 of them in our state.
22 Every direct job in a museum supports an
23 additional job in the economy. Even though
24 most museums operate as nonprofits, they

1 generate significant tax revenues for
2 federal, state and local governments.

3 We are seeking funding for our state's
4 museums that serve their current needs and
5 can be distributed equitably, regardless of
6 discipline, budget size or location. We need
7 funding to respond to the ways in which the
8 pandemic forced changes in museums'
9 operations. We need to not only restore our
10 staffs and our services but build our
11 capacity to serve our communities. We need
12 to invest in digital technologies to reach
13 beyond our galleries, and invest in our
14 historic properties for future generations.

15 Our museums need consistent, long-term
16 support to achieve economic stability so that
17 when the next flood, fire or pandemic hits,
18 one-quarter of our museums are not at risk of
19 shutting their doors permanently. We need to
20 change our systems to actively incorporate
21 the work and voices of historically
22 marginalized communities.

23 We extend our thanks to Governor
24 Hochul for including \$40 million in recovery

1 funds for NYSCA in her 2022-'23 budget and
2 ask that the Legislature include this
3 critical funding and more in the final
4 budget.

5 I want to thank Assemblymember
6 O'Donnell for raising the issue of funding
7 for museums. We thank NYSCA for their
8 \$6.6 million in 220 grants that will support
9 museums in 2022. But significantly more
10 funding is needed to restore our museums to
11 their roles as vital parts of our economy,
12 and we appreciate Executive Director Manus's
13 commitment to a new start.

14 With the Legislature's help, we can

15 sustain New York's museums through this

16 challenging time together.

17 Thank you for listening.

18 CHAIRWOMAN KRUEGER: Thank you very

19 much.

20 Next up is Andrew Rigie from the

21 Hospitality Alliance.

22 MR. RIGIE: Thank you, Chairs. Thank

23 you to the Legislature for the opportunity to

24 testify today. My name is Andrew Rigie. I

1 am the executive director of the New York
2 City Hospitality Alliance. We're an
3 association that represents restaurants, bars
4 and night clubs throughout the five boroughs.

5 And our industry has been actually
6 devastated. We have lost thousands of
7 beloved businesses; so many more are
8 teetering on the edge of survival. In fact,
9 65 percent of our state's restaurants that
10 applied for the federal Restaurant
11 Revitalization Fund were shut out when the
12 money was quickly exhausted. So they really
13 are just hanging on. And we're still about
14 75,000 jobs short in the city's restaurants

15 and bars compared to pre-pandemic employment

16 levels.

17 As it pertains to the budget, a

18 priority for us is reinstating drinks-to-go

19 permanently. This helped save so many

20 businesses throughout the pandemic, and it's

21 something that needs to be modified. As the

22 world changes, as the city and the state

23 change, delivery continues to grow, giving

24 the opportunity for these struggling

1 businesses now and in the future to generate
2 revenue through the program is so important.

3 And this is probably one of the most
4 popular policies that we have heard among the
5 public maybe ever in our segment.

6 So we really need to bring it back,
7 and we want to have a reasonable conversation
8 about what that will look like.

9 As was mentioned by others today about
10 the different pandemic relief programs, we
11 need to make sure that any existing monies
12 that are left or any future allocations can
13 get to the businesses without the red tape,
14 without the bureaucracy. And we need to make

15 sure it can get to them quickly when they

16 need it.

17 Our small businesses must recover in

18 order for our city and our state to recover,

19 which leads to some of the tax credits.

20 Outdoor dining as well, in New York City and

21 I believe probably through a lot of

22 businesses around the state, helped save them

23 in countless ways. Businesses invested a lot

24 of money in outdoor dining. They invested

1 money in air filtration systems to keep their
2 workers and their employees safe. And a tax
3 credit to offset these expenses will be
4 extraordinarily helpful.

5 But as we look forward, we need to
6 bring visitors, tourists, conventions back to
7 New York. I mean, our city's restaurants,
8 night life, rely on a vibrant tourism
9 economy. When are the nearly 70 million
10 annual visitors going to come back and eat at
11 our restaurants, drink at our bars, go visit
12 our cultural institutions? It impacts our
13 industry, but also the economic ecosystem
14 that relies on a vibrant hospitality industry

15 to come back.

16 Seed funding for small businesses is

17 going to be so important. We need to make

18 sure that the restrictions or the ability for

19 businesses that really need this money to

20 apply and get access to it, get access to it.

21 Because so much of the funding now available

22 to these businesses ends up being not

23 available to these businesses, many times

24 because of structural barriers to them.

1 Last, jobs, jobs, jobs. I mentioned
2 75,000 jobs short. We employ people from all
3 walks of life. We provide them jobs,
4 careers, and all opportunities. So if we
5 want to get people back to work, our industry
6 is a beautiful venue to do that.

7 So I thank you, and we're happy to
8 continue to work with you on all of these
9 different policies.

10 CHAIRWOMAN KRUEGER: Thank you.

11 And last on this panel, Melissa
12 Fleischut, New York State Restaurant
13 Association.

14 MS. FLEISCHUT: Well, thank you to the

15 chairs and to the members of the Senate and
16 the Assembly here today. I am Melissa
17 Fleischut. I'm president and CEO at the
18 New York State Restaurant Association. We
19 represent hundreds of restaurants, caterers
20 and bars across the state in 61 counties,
21 from Brooklyn to Buffalo and Massena to
22 Montauk.

23 So as Andrew has already mentioned, we
24 have been devastated during this pandemic.

1 To give you a sense of what -- those
2 65 percent of restaurants, bars and caterers
3 that did not receive federal funding through
4 the Restaurant Revitalization Fund, that's
5 17,868 different businesses here in the State
6 of New York, and their need is still
7 \$5.9 billion from the federal government.

8 But the reason I'm here today is to
9 talk in strong support for Governor Hochul's
10 drinks-to-go proposal in the Executive
11 Budget. We believe that this will be a piece
12 to building back our industry. There is no
13 silver bullet. There is no magic way to
14 bring back our industry. So we are trying to

15 piece it together with lots of new ideas.

16 As was mentioned, takeout and delivery

17 are here to stay, outdoor dining is here to

18 stay. And we would love to believe that

19 drinks-to-go can come back and be a part of

20 our industry as we move forward. It was

21 incredibly popular. Our polling that we did

22 in May of 2021 showed that 78 percent of

23 New Yorkers favored this proposal being made

24 permanent as it was under the executive

1 order: 81 percent in New York City,
2 79 percent in Long Island, and 83 percent in
3 the New York City suburbs of Nassau, Suffolk,
4 Westchester and Rockland, with a slightly
5 less number upstate of 72 percent. But
6 still, a vast majority in favor of
7 drinks-to-go.

8 We want you to consider that there are
9 other states that have done this and have
10 done this well. Twenty have permanently
11 extended some form of drinks-to-go across the
12 country. Thirty-five states still have the
13 ability to offer this to their guests and are
14 working through legislation now as well.

15 We think that this is strongly
16 supported, and we do not think that this is
17 going to be an issue where it's a zero-sum
18 game of some small businesses winning while
19 others lose. We do not feel that this will
20 harm the liquor store industry. And the data
21 from the 15 months that we were allowed to do
22 this shows that liquor store sales were up at
23 least 30 to 35 percent during those
24 15 months. We had indoor dining, outdoor

1 dining, drinks to go, and the liquor stores
2 were still thriving. So we feel that we can
3 coexist and do this all together, and
4 everybody wins.

5 So I encourage you to consider please
6 putting this proposal into your one-house
7 budget bills for the Senate and the Assembly
8 and ultimately in the Executive Budget, and
9 passing it and making it effective
10 immediately. Thank you.

11 CHAIRWOMAN KRUEGER: Thank you.

12 I'm going to look for any Senate
13 hands. Anna Kaplan, do you have questions?
14 I don't see your hand up, so I'm going to say

15 no until I see differently.

16 SENATOR KAPLAN: I'm good. Thank you.

17 CHAIRWOMAN KRUEGER: Thank you, Anna.

18 I'm passing it back to you, Helene.

19 CHAIRWOMAN WEINSTEIN: So we have

20 several Assemblymembers. We'll start with

21 Assemblyman Bronson.

22 ASSEMBLYMAN BRONSON: Thank you,

23 Chair Weinstein.

24 I just want to thank all of the

1 panelists for coming in and sharing with us
 2 your perspective on this. And obviously
 3 these are issues we're going to address
 4 through budget negotiations. And my door is
 5 open to have further conversations with each
 6 of you.

7 But thank you for spending the time
 8 and for spending much of your day waiting.

9 Thank you.

10 CHAIRWOMAN WEINSTEIN: So next we'll
 11 go to Assemblyman Ra.

12 ASSEMBLYMAN RA: Thank you.

13 Just a question, if you guys could
 14 address, regarding the alcohol to go. I

15 think -- you know, as you said, this was

16 obviously a very popular thing during the

17 COVID emergency. And certainly, like you

18 said, a lifeline for many restaurants.

19 One of the things that has come up in

20 this conversation from some that, you know,

21 have opposed the piece of standalone

22 legislation was somewhat of a more broad kind

23 of restructuring of our alcohol and beverage

24 control laws. Do you have any thoughts on

1 that? I mean, if this is a component but
2 there was maybe some more widespread changes
3 relating to, you know, hours for liquor
4 stores, any of the other types of things that
5 have been thrown out there, do you have any
6 opposition to that, so long as the
7 alcohol-to-go piece is put in?

8 MS. FLEISCHUT: Speaking for the
9 New York State Restaurant Association, I
10 would say that we are certainly open to a
11 conversation about broader reform to the
12 ABC Law and what it might mean for all three
13 tiers.

14 But I think our concern right now is

15 that there is a desperate need for drinks to
16 go. And those efforts, at least in the past,
17 have taken a very long time to get done.
18 And, you know, we would certainly be
19 supportive and part of those conversations.
20 But we need this as soon as possible, and I
21 wouldn't want to see it slowed down by, you
22 know, a very large bill that would take a lot
23 of time.

24 MR. RIGIE: Yeah. And from the

1 New York City Hospitality Alliance's
2 perspective, we would agree with Melissa.

3 This is very timely.

4 ASSEMBLYMAN RA: Great. Well, yeah,
5 thank you guys for that and for your
6 continued advocacy on behalf of your members,
7 you know, and help getting them through a
8 very difficult time.

9 Thank you, Chairs.

10 CHAIRWOMAN WEINSTEIN: We go then next
11 to Assemblywoman Barrett.

12 ASSEMBLYWOMAN BARRETT: Thank you to
13 all our panelists and thank you to the
14 chairs.

15 As a former museum professional and

16 trustee, I'm going to direct my questions to

17 Erika. Thank you for being here.

18 You know, we really have great

19 advocates in you and in Assemblyman O'Donnell

20 and in Mara Manus for our museums and for all

21 of our arts here in New York State. But I

22 keep struggling with trying to understand

23 where our museum worlds, from the Met to the

24 Hip-Hop Museum to the Baseball Museum to the

1 historical societies, where is their home
2 here? Because NYSCA only funds a certain
3 amount and SED funds a certain amount and,
4 you know, we seem to have kind of a mish-mosh
5 here.

6 Can you talk a little bit about that?

7 And where do we take care of our museums, the
8 care and feeding of our museums in New York
9 State?

10 MS. SANGER: Sure. That's actually a
11 really good question. There is no direct
12 funding mechanism through New York State to
13 its museums. We are chartered under one,
14 SED. We are reporting to the Charities

15 Bureau as well. We are funded through the
16 New York State Council on the Arts through
17 the Environmental Protection Fund. There's
18 no one place for oversight. And we live in
19 so many different houses within our state
20 that it is hard to get a handle on who is
21 actually funding us and how much.

22 And it's also then hard for us to
23 communicate back our needs, because our needs
24 are so dispersed across the state, yes.

1 ASSEMBLYWOMAN BARRETT: So are there
2 museums in New York State that don't get any
3 funding from New York State at all, either
4 through you or through NYSCA or anything
5 else?

6 MS. SANGER: Oh, yes. Oh, yeah, I
7 would say that unfortunately the majority of
8 our museums are not getting funded through
9 our state at all, yeah.

10 ASSEMBLYWOMAN BARRETT: So where do
11 they get their funding?

12 MS. SANGER: Through the private
13 foundations, individual donors, membership
14 dollars, special events, bake sales

15 (laughing). Yeah.

16 ASSEMBLYWOMAN BARRETT: They always

17 work.

18 (Laughter.)

19 ASSEMBLYWOMAN BARRETT: But so we

20 really do -- I mean I think it looks like we

21 do have work to do here because there's no

22 question that our museums are economic

23 drivers at every level and in every

24 community.

1 And how many museums did you say there
2 were in New York State?

3 MS. SANGER: We use the figure of
4 1400 museums. The chartering office has a
5 little bit different number, and our federal
6 system identifies another number. But it's
7 approximately 1400.

8 ASSEMBLYWOMAN BARRETT: Great. Well,
9 thank you. Thank you very much.

10 Thank you, Madam Chairs.

11 CHAIRWOMAN KRUEGER: Thank you.

12 I see Anna Kaplan has come back.

13 SENATOR KAPLAN: Thank you,

14 Madam Chair.

15 Just a -- first of all, I want to

16 thank all of the panel for their testimony.

17 This is a question for Tamara. Thank

18 you for your testimony, and it's good to hear

19 what you have to say. Can you talk about a

20 few ways the independent venues have been

21 impacted differently on a regional basis?

22 For example, has the experience been the same

23 in Long Island venues compared to the Western

24 New York venues?

1 And any suggestions as to what we can
2 do in the conference?

3 MS. KESHECKI: Of course. Thank you
4 for the question.

5 So as you're aware, most of our venues
6 were closed for 15 months straight statewide,
7 and that was by executive order. And then
8 the order was lifted very, very quickly. But
9 unfortunately, if you're in the performing
10 arts field, you can't just, you know, say,

11 Okay, we're going to open next week. Right?

12 It takes time to book acts, to rehire staff
13 and to promote and sell tickets.

14 So even though we were told "You can

15 open in June," most of our venues statewide

16 did not open probably until September or

17 October in a meaningful way.

18 New York City's being impacted

19 slightly differently because of the Key to

20 NYC requirement. But what happened also --

21 and this is also statewide -- is because we

22 were closed for so long and there was so much

23 uncertainty about when New York State would

24 open, when the rest of the country started

1 booking tours during COVID, we were left out
2 of that. So New York State didn't -- you
3 know, our members didn't get to book some of
4 these tours. They skipped New York. So
5 we're in a three-to-five-year pandemic of
6 recovery, we're not in a one-to-two-or-three-
7 year pandemic of recovery.

8 And I would say our members are
9 getting harmed equally statewide. We're down
10 a solid 50 percent in ticket web sales in
11 November of 2021, according to a survey that
12 we ran. And equally, our no-show rate is up
13 to about 20, 25 percent. So that means
14 people buy tickets but they're not showing

15 up.

16 And what happens is when you sell a

17 ticket, about 85 percent of that ticket goes

18 to the artist, it doesn't go to the venue.

19 The venues are living on 10 to 15 percent

20 margins. So when people don't show up, that

21 means we're not selling, you know, something

22 at the concession stand or something -- you

23 know, a t-shirt. So it really impacts the

24 revenue, and that is statewide.

1 SENATOR KAPLAN: So it does have a
2 rippling effect, it's not just the fact that
3 a person is not showing up. It's all the
4 other revenue that's coming through, that
5 stops.

6 Thank you.

7 MS. KESHECKI: Great. And while you
8 may be hearing from some of these larger, you
9 know, publicly traded companies that they're
10 doing great, it's because they snapped
11 everybody up early in the pandemic before
12 anybody had received any sort of public
13 support. So they're doing great, and we're
14 punting the ball.

15 SENATOR KAPLAN: Thank you.

16 MS. KESHECKI: Thank you.

17 CHAIRWOMAN KRUEGER: Thank you.

18 Assembly?

19 CHAIRWOMAN WEINSTEIN: Assemblywoman

20 Woerner.

21 ASSEMBLYWOMAN WOERNER: Thank you,

22 Chairwoman Weinstein.

23 Melissa, Andrew, I'm very supportive

24 of the alcohol-to-go piece of this -- of the

1 Governor's budget. Can you speak for a
2 little bit on kind of what has -- you know,
3 where are our restaurants? How many
4 restaurants have we lost throughout the
5 pandemic? How many -- you know, how many are
6 on the edge? Do you have some insights as to
7 kind of where our restaurant economy is in
8 the state?

9 MS. FLEISCHUT: So from our
10 standpoint, our traditional keepers of the
11 facts on how many have closed aren't really
12 up to speed on this. So the Bureau of Labor
13 Statistics is still trying to figure that
14 out. And even our health departments -- like

15 the New York City Health Department usually
16 has good numbers on this, but because they
17 haven't completed an entire year of
18 inspections, we don't have good data on the
19 number closed.

20 Estimates are one in six nationwide.

21 But as far as how specific that is for

22 New York State, I can't answer it. I don't

23 know if Andrew can.

24 But like we said, there's so many out

1 there. Eighty-six percent of our members in
2 our January survey said they were worse off
3 now than they were three months ago. So the
4 struggle continues for them, and the funding
5 just hasn't been there. So they're really
6 struggling at this point. And this is pretty
7 much the worst time of year for them anyway.

8 MR. RIGIE: Yeah, I would concur.
9 It's difficult, at least from the city
10 perspective, because the way the Health
11 Department calculates closures. I've seen
12 everything from, you know, one to 6,000
13 closures.

14 I think a lot will be dependent

15 long-term on whether or not the federal
16 government replenishes the Restaurant
17 Revitalization Fund. I think through some of
18 the state programs we can get money out. It
19 definitely could help save a number of
20 businesses. In the city, as I said before in
21 my testimony, we're still about 75,000 jobs
22 short in the city's restaurants and bars. I
23 think that shows a significant number.
24 I'd say November, first two weeks of

1 December, there was a pickup in business;
2 then Omicron hit and people went from, you
3 know, maybe 80 to 90 percent sales or
4 projected sales compared to 2019, and it just
5 plummeted and people were down, you know, 15,
6 20 percent of, you know, what they were
7 hoping to do.

8 So there's a long way to recovery.
9 I'm in Midtown Manhattan right now; there's
10 less than 30 percent occupancy in our office
11 buildings. Not sure when tourism's coming
12 back. So I think it's going to be a long
13 road.

14 We need a lot of policies -- as

15 Melissa said before, it's not just one silver
16 bullet -- but policies like the drinks to go
17 and some of the other things included or
18 being contemplated in the budget are going to
19 be important. Because we're still at
20 9 percent unemployment here, you know, in
21 New York City alone.

22 ASSEMBLYWOMAN WOERNER: I'm about out
23 of time, so I will just ask if at some point
24 you could provide me with some sense of kind

1 of what is the -- what's your estimate on
2 the -- how the businesses transitioned from
3 in-person dining to to-go dining. If there's
4 some percentage mix that you have access to
5 about how the businesses shifted, I'd
6 appreciate that.

7 MR. RIGIE: Sure.

8 CHAIRWOMAN WEINSTEIN: Thank you. And
9 when you do have that information, if you
10 could send it -- as well as anybody else who
11 has any follow-up -- send it both to myself
12 and Senator Krueger so we can distribute to
13 all of our colleagues who are part of this
14 hearing.

15 We still have one Assemblymember left,

16 Assemblyman Palmesano.

17 ASSEMBLYMAN PALMESANO: Yes, I think

18 my question is directed more towards Melissa.

19 Melissa, I've been an outgoing critic,

20 a constant critic of the CLCPA for a number

21 of reasons -- one, because it only affects

22 New York and New York only contributes

23 0.5 percent of the total carbon emissions

24 globally while China contributes 29 percent

1 and is still building coal plants. My

2 argument is that we're not going to make a

3 difference with what we do here.

4 And also the fact that this is

5 extremely costly to residents, to businesses,

6 and they have no idea. One example is

7 there's estimates to convert over homes would

8 be \$35,000 for a family to convert over their

9 homes to replace gas boilers or natural gas,

10 for instance, and also appliances.

11 So that on that same token, I mean,

12 how's your industry fare dealing with these

13 mandates that are coming down? Because I

14 know a lot of restaurants like to cook and

15 use natural gas for their appliances. Is
16 there a fear out there about, one, about the
17 costs of conversions? I mean, \$35,000 is for
18 a home, but your businesses and other
19 businesses that are going to be impacted by
20 this -- and also the fact that you have to
21 deal with using electric for cooking versus
22 natural gas, and in most responses I've seen,
23 that they prefer that type of venue to do
24 their operations.

1 Do you have any thoughts from your
2 membership on this and the cost impact of the
3 CLCPA on some of these issues and how it
4 would affect your businesses?

5 MS. FLEISCHUT: Unfortunately, I would
6 say right now that there is a lack of
7 knowledge in the industry on this.

8 We started talking about this with our
9 members in the fall, probably around
10 September or October as we were getting
11 closer to the reports coming out, and no one
12 had heard about it. No one knew that this
13 was coming down the pike or even being
14 considered for commercial use of natural gas

15 in a restaurant setting. They were shocked.

16 They were surprised.

17 I think they want to be helpful, and I

18 think they want to, you know, do the right

19 thing. But it's definitely going to be a

20 conversation around how do we plan it, how

21 long do we have to do it. I know there's new

22 construction rules first, you know, before it

23 gets into existing locations.

24 So there's concern among those who

1 know, but I would say most don't even know
2 yet.

3 ASSEMBLYMAN PALMESANO: And I think
4 that's part of the problem: The public has
5 no idea what's about to hit them smack dab in
6 the face when it comes to costs, and
7 reliability when it comes to implementation
8 of the CLCPA and its impact on people here.

9 And I think obviously the cost impact
10 for businesses like yours that would have to
11 do a full conversion over to electric -- I
12 mean, that's tens of thousands of dollars, I
13 would imagine, and having to replace those
14 appliances as well, you know. Any idea on

15 some of those costs and impacts, given the
16 struggles you're already facing coming out of
17 the COVID?

18 MS. FLEISCHUT: I think they would
19 also argue it's fundamentally different. I
20 think most real chefs don't want to cook with
21 electric, and it's very different for them
22 than cooking with gas.

23 But, you know, I will be happy to
24 provide more information as we move down the

1 road with this, because I think there is much
2 more knowledge that needs to be shared with
3 them, and we need more feedback.

4 ASSEMBLYMAN PALMESANO: I agree a
5 hundred percent. The public needs to know.

6 CHAIRWOMAN KRUEGER: Thank you.

7 If I don't see any other hands very
8 quickly, I am going to move us along.

9 Helene, are you good?

10 CHAIRWOMAN WEINSTEIN: Yes, we have
11 nobody else.

12 CHAIRWOMAN KRUEGER: Okay, thank you.

13 Thank you to all of you on this panel.

14 Appreciate your testimony today on the

15 diverse issues facing you.

16 And I'm moving to Panel E: Motion

17 Picture Studio Mechanics, Local 52 IATSE,

18 John Ford; Great Point Studios, Robert Halmi;

19 and Film Albany, Debby Goedeke.

20 So we'll start with Motion Picture

21 Studio Mechanics.

22 MR. FORD: Yes, good afternoon,

23 Chairs Krueger and Weinstein and

24 distinguished members of the Legislature. My

1 name is John Ford; I'm president of the
2 Motion Picture Studio Mechanics, Local 52
3 IATSE. I also present this testimony on
4 behalf of the entire film production labor
5 community, which represents the vast majority
6 of workers in the highly unionized field of
7 film and television production.

8 Our union coalition's top priority is
9 ensuring the continuity and stability of the
10 Empire State film production tax incentive.
11 It is the foundation upon which our industry
12 is built across the state, from New York City
13 to Long Island, the Hudson Valley, Syracuse
14 and Buffalo. We testify today in support of

15 the Governor's proposed three-year extension

16 of the program in the state budget.

17 However, in a recent Senate hearing,

18 at least three opponents of this incentive

19 testified that if there was any one state

20 program they would cut, it would be the film

21 and television tax credit. They claim

22 without evidence that the program does not

23 create jobs or economic activity to justify

24 this tax credit program.

1 These claims are dead wrong. Studies
2 have illustrated the success of the program,
3 including an HR&A study commissioned by the
4 unions which I detailed in my written
5 remarks.

6 If you don't believe us, Comptroller
7 Tom DiNapoli recently published an audit of
8 the incentive programs administered by ESD.
9 He said that in a two-year period of 2019 and
10 2020, the film incentive generated upwards
11 of \$1 billion in tax collections. Let me
12 repeat that: \$1 billion in revenue returned
13 to the state in a two-year period that
14 included the original COVID-19 shutdown,

15 where film and television production --
16 though it was quick to rebound -- was frozen
17 for months.

18 When criticizing the production
19 incentive, its detractors uniformly fail to
20 mention this public return on investment.
21 They say each job created costs taxpayer
22 thousands of dollars, when in reality all the
23 jobs deriving from the credit ultimately
24 generated more tax revenue back than the

1 state allocated.

2 Other critics of the program claim

3 that they do not have enough information to

4 make a full analysis of the program.

5 However, Comptroller DiNapoli specifically

6 lauded the film incentive for its

7 transparency. If these critics haven't

8 looked, ESD's quarterly reports and economic

9 impact studies may easily be found at

10 esd.ny.gov.

11 There is an ongoing national movement

12 from conservative groups like the Koch

13 network to get rid of film and television tax

14 credit programs that underlies the misleading

15 commentary. The Kochs took full credit for
16 eliminating Florida's film and tax credit and
17 the jobs that came with it. The Kochs also
18 sponsored the USC study which argues for the
19 elimination of film and TV tax credit
20 programs across the nation.

21 So when you look deeper at their
22 agenda, these groups, such as the Citizens
23 Budget Commission, are simply adopting the
24 Kochs' libertarian economic orthodoxy in

1 their attack upon film and television tax
2 credits. They should be asked about the
3 program's return on investment, which they
4 carefully do not speak to. Or they will
5 strategically --

6 CHAIRWOMAN KRUEGER: I have to cut you
7 off now, I'm sorry. You've used up your
8 three minutes. But we have your full
9 testimony. Thank you.

10 MR. FORD: Three minutes? Wow. Okay.

11 CHAIRWOMAN KRUEGER: Yup. I know,
12 it's amazing how quickly it goes --

13 MR. FORD: Okay.

14 CHAIRWOMAN KRUEGER: -- just looking

15 at the clock. Thank you.

16 All right, our next testifier is Great

17 Point Studios, Robert Halmi.

18 MR. HALMI: (Muted.)

19 CHAIRWOMAN KRUEGER: Are you with us?

20 I'm looking for Robert Halmi --

21 MR. HALMI: I'm here now.

22 CHAIRWOMAN KRUEGER: Okay, good.

23 MR. HALMI: Can you hear me? Thank

24 you.

1 CHAIRWOMAN KRUEGER: Yes, we can.

2 MR. HALMI: I'm Robert Halmi. I'm the
3 president and CEO of Great Point Studios. We
4 build, own and manage large film and
5 television production centers.

6 Earlier this year we opened the
7 Lionsgate Studios in Yonkers. We've started
8 construction on Niagara Studios in Buffalo.
9 And we announced the expansion of our Yonkers
10 Studios, and when that's completed next year,
11 we'll have the largest film and television
12 campus in the East Coast.

13 I'm here today to testify in favor of
14 the proposed extension of the production tax

15 credits as presented by the Governor's
16 budget, and tell you about a -- sort of a new
17 benefit that I see that I don't see people
18 talk about in regards to these tax credits.
19 We've spent quite a considerable
20 amount building our studio in Yonkers, and
21 when we're finished in Yonkers and Buffalo
22 next year, we'll have spent over \$1 billion
23 to create a very large film and television
24 complex in both cities. These complexes,

1 when they're done, will supply over 3,000
2 full-time jobs, including 300 to 400 local
3 jobs. We'll deliver revenue to the cities of
4 Yonkers and Buffalo from between 700 million
5 to \$900 million annually. So a quite
6 significant industry.

7 What's really amazing about what we're
8 doing is that we're building these complexes
9 in some of the poorest communities in the
10 state, and it's transformative to those
11 communities. We're building facilities that
12 bring industry and employment to places where
13 there isn't industry right now or employment.
14 We're offering education; we're working with

15 the City of Yonkers to develop trade schools,
16 to try and train more local people to work in
17 our facilities. And it's a permanent fix as
18 opposed to a part-time fix.

19 The growth in film production is
20 unprecedented right now. Also, everyone
21 knows it's from Netflix and Amazon and Disney
22 going to war over content. But I think
23 people don't realize that to make these giant
24 shows, they produce unique giant

1 infrastructure. And that infrastructure
2 doesn't exist in the state. So our company,
3 along with some other companies, are spending
4 \$3 billion right now to deliver that
5 infrastructure.

6 And that's what I mean about a
7 different consequence for the tax credits.
8 We're building permanent structures. We have
9 10-year leases with Lionsgate, Mediapro,
10 people who have made giant commitments to
11 bring their product to New York. And that
12 will have a different effect than a film that
13 just comes to the city to shoot for a month.

14 That we're creating permanent jobs, people

15 will migrate to these campuses, it will be a
16 totally different outcome than anyone's ever
17 seen.

18 And to be honest, without the tax
19 credits, none of this would happen. No films
20 would come here. We wouldn't be making
21 investments in New York at all -- we'd do it
22 in a state that has tax credits. Because
23 history has proven if you take the tax
24 credits away, the studios will all turn into

1 rubble and no one shows up to your party.

2 So we encourage everyone to please

3 vote in favor of extending the tax credits.

4 Thank you.

5 CHAIRWOMAN KRUEGER: Thank you.

6 And the last on this panel, Debby

7 Goedeke, from Albany Film -- or Film Albany.

8 MS. GOEDEKE: Thank you.

9 Thanks, everybody, for your time this

10 afternoon. I am Deb Goedeke, Albany County

11 film commissioner, for Film Albany, a

12 division of Discover Albany.

13 I want to start my oral testimony

14 today with the end of my written testimony

15 that was submitted. New Jersey is expanding
16 their tax credits for film, TV and digital
17 media production in an ongoing push to make
18 the state a top destination for high-profile
19 projects. The New Jersey film and media tax
20 credit program was created in 2018 and then
21 expanded in '21 as part of a \$14.5 billion
22 incentive package to advance the state's
23 COVID recovery plan.

24 California continues to face stiff

1 competition from Mexico, Georgia, Louisiana,
2 and other states that have taken to
3 increasing their tax credits to attract film
4 and TV productions. The number of shows shot
5 in California dropped by 39 percent between
6 '20 and '21, the steepest decline amongst the
7 top filming destinations.

8 Let's keep our film and TV productions
9 in New York State and not send them to other
10 states.

11 I'm going to share with you a little
12 bit more organically of what happens when a
13 film production or a TV series comes into our
14 region, especially that impact to the small

15 business.

16 When I started 17 years ago, they'd

17 say, "Oh, you're going to get an inquiry once

18 in a while." In 2021, 270 inquiries were

19 answered and over 6500 individuals viewed our

20 Film Albany promotional page.

21 Several productions came and shot here

22 in the Capital Region. And the best part of

23 that is the economic benefit that came into

24 our communities utilizing those local

1 businesses, those mom-and-pop shops, and
2 those hotels that sat empty for months
3 because of COVID.

4 Let me share this with you. White

5 House Plumbers shot two times in the

6 Capital Region. They generated over

7 700 sleeping room nights. They bought out

8 downtown Albany food trucks so they could

9 utilize the street as a location. Location

10 fees were paid to Jack's Oyster House, the

11 State Room, Office of General

12 Services locations, and local space was

13 rented for offices, hair, makeup and COVID

14 testing.

15 Gilded Age shot mostly in Troy, eight
16 to 10 weeks. Over 5700 sleeping room nights
17 consumed just in Albany.

18 At that same time, we had Paint
19 shooting in Saratoga with Owen Wilson. Paint
20 utilized 483 sleeping room nights as well,
21 and then the production bought out the
22 City Center as their home base and utilized
23 several local businesses.

24 Showtime's Billions came. They worked

1 with OGS and utilized our government

2 buildings: 750 sleeping room nights

3 consumed.

4 Then Showtime's 3 Women reached out.

5 They said, "Albany's a perfect double for

6 Fargo, North Dakota." Who would have thought

7 that? Anyway, location fees were paid to

8 Arlene's Artist Materials on Fuller Road,

9 Modern Art Tattoo in downtown Albany, and

10 many others.

11 Sprinkled in during all of those shows

12 we had two indy features that shot in Albany

13 and the surrounding area --

14 CHAIRWOMAN KRUEGER: I have to cut you

15 off because the clock's on zero and you've

16 already gone beyond three minutes. I'm

17 sorry.

18 MS. GOEDEKE: Okay, thank you.

19 CHAIRWOMAN KRUEGER: All right. But

20 they were getting the point, and I will never

21 forget the Albany just like Fargo, North

22 Dakota. I haven't been there, so --

23 (Laughter.)

24 MS. GOEDEKE: Okay, thank you.

1 CHAIRWOMAN KRUEGER: Thank you.

2 All right, now open to any questions

3 besides the Fargo line. Anna Kaplan, I see

4 your hand up. You'd better not be driving

5 that car that you're in.

6 SENATOR KAPLAN: I am not. Thank you,

7 Chair.

8 So I want to thank all the different

9 panelists who came and gave their testimony.

10 You answered some of my questions. My

11 questions were really if you can speak about

12 the protections in place to ensure taxpayers

13 are getting the results from this film tax

14 credit that benefits the job creation.

15 Mr. Halmi, you talked about the job
16 creation and about the two places that you
17 are building. Those are all great news. And
18 Debby, you had me at Gilded Age. I'm so
19 happy to hear that that is actually being
20 shot in Troy or in our downtowns.
21 So my question to you would be --
22 anyone can answer this -- to all the critics
23 who are saying this is not working and we're
24 spending the money and that all of you would

1 be here anyway, why are we giving this

2 incentive to you, what would you say?

3 MS. GOEDEKE: I mean, I can tell you

4 this. When I speak to 95 percent of the

5 people that come up here to film in upstate,

6 it's because of the tax incentives, and they

7 wouldn't be here otherwise. I truly believe

8 that.

9 MR. FORD: Well, I would be happy

10 to -- I'm a 43-year member of this -- I've

11 been in the business for 43 years, so I

12 remember the time when shows would come in

13 that were based in Hollywood. And instead of

14 coming here right now and shoot for six or

15 seven weeks -- or months, rather -- they
16 would come in and shoot for one or two weeks
17 twice a year. So no set construction, no
18 rigging, really no transportation. I lived
19 through it.

20 So I can tell you without a doubt that
21 if the incentive was not here, you know --

22 SENATOR KAPLAN: It would end? Some
23 of these programs would end.

24 MR. FORD: Well, I think what you

1 would see, certainly, is -- I mean, the shows
2 that are here now wouldn't pull out tomorrow,
3 but the shows that are scheduled to be here
4 next year and in five years, they would not
5 be here at all.

6 SENATOR KAPLAN: Thank you.

7 I have one other question. How is the
8 film and television industry unique to other
9 industries in terms of jobs and historical
10 significance to the state? Anyone.

11 MR. FORD: Well, I can speak to the
12 fact that it's been around for -- my union
13 has been in place almost a hundred years.
14 But traditionally it was film, but now with

15 the advent of television, the numbers of
16 membership, the hours worked have increased,
17 you know, seven, eight, ninefold. We started
18 out in 2004 working about 2 million hours a
19 year collectively, my members, and we're well
20 over 10 million hours a year now. We used to
21 have two or three shows; now we have upwards,
22 today, shooting probably 35 to 40 shows.

23 MR. HALMI: Senator, you have to also
24 understand that the production of television

1 is one of the fastest-growing, most important
2 industries there is right now. I mean,
3 production -- global production was just
4 about \$40 billion five years ago; it's over
5 \$100 billion today, this year alone, and
6 growing fast because of the advent of Netflix
7 and all these streamers.

8 And we need to get our share of it
9 here in New York. The lines are being drawn
10 right now. Everybody's trying to take jobs
11 from us -- New Jersey; Massachusetts just
12 ended -- they have no sunset on their tax
13 credits. But we need to build infrastructure
14 and we need to get films as fast as we can.

15 Because whatever happens in the next couple
16 of years will dictate how much of a pie we
17 get for the next 10 years.

18 CHAIRWOMAN KRUEGER: Sorry, I've got
19 to cut off this questioning from Anna Kaplan
20 and hand it back to the Assembly.

21 CHAIRWOMAN WEINSTEIN: Assemblyman
22 Bronson.

23 ASSEMBLYMAN BRONSON: Thank you,
24 Chair.

1 And in the interests of timing, I just
 2 want to thank all the panelists for bringing
 3 this very important issue to us and recognize
 4 the importance of the industry and the need,
 5 especially considering it's very
 6 labor-friendly, John, as you pointed out.

7 So we look forward to working with you
 8 to move this forward in the budget. Thank
 9 you.

10 MR. FORD: Thank you.

11 CHAIRWOMAN KRUEGER: Other Assembly?

12 I see some hands.

13 CHAIRWOMAN WEINSTEIN: Yes, but I see

14 a Senator.

15 CHAIRWOMAN KRUEGER: Okay. And I

16 don't, but I'm looking.

17 CHAIRWOMAN WEINSTEIN: Senator --

18 SENATOR CLEARE: Senator Cleare.

19 CHAIRWOMAN WEINSTEIN: -- Cleare.

20 CHAIRWOMAN KRUEGER: I'm sorry,

21 Senator Cleare, I apologize.

22 SENATOR CLEARE: That's okay.

23 CHAIRWOMAN KRUEGER: Hello, Senator.

24 SENATOR CLEARE: Hello.

1 I want to thank all the panelists for
2 the presentation. I'm excited about jobs and
3 the industry.

4 I would like to know, if anybody can
5 answer this or work with you to get to this,
6 but I see a lot of filming that goes on in my
7 district, which covers Harlem, the --
8 El Barrio, East Harlem, Upper West Side. A
9 lot of New York City filming takes place
10 there. And the concern that I always get is
11 it's a major inconvenience, often, for many
12 of the blocks that it's on -- parking, just
13 the activity.

14 But, you know, I don't -- the other

15 part of this is the workers, the products,
16 the services. I would like to see those
17 things used from the community more. And,
18 you know, the food is brought in, the
19 services are brought in. There are local
20 businesses in Harlem in that community who
21 can provide services, who can provide
22 products. And also workers, both -- you
23 know, on every level. That needs to
24 increase.

1 And the diversity of the industry is
2 something that we need to work on. It's a
3 serious issue. And I'm excited because it's
4 a growing business, but this is an
5 opportunity for us to create equity and --
6 social equity and racial equity within the
7 industry.

8 So I'd like to hear from anybody who
9 wants to tackle that.

10 MS. GOEDEKE: I'll address that as a
11 film commissioner from Albany County, because
12 we're usually the first point of contact. I
13 know that myself and my fellow film
14 commission colleagues, we always stress using

15 community services, catering, you know, hair,

16 makeup, any of those local jobs.

17 I do want to let you know, Senator,

18 that sometimes when they do come to a

19 particular area -- and this has happened with

20 us -- those people and folks are already in

21 place. So we still do ask that they utilize

22 our local community partners here in Albany

23 when they do film.

24 I also go as far as to ask for some

1 sort of a donation back to the neighborhood

2 association or for a not-for-profit, you

3 know, community partner that we have here.

4 So we're very aware of that. We

5 actually created door tags that we use with

6 the film productions so that when they go

7 around and speak to folks, they -- and if

8 they're not home, there's a door tag with a

9 website that they can reach out to me.

10 I could not agree with you more,

11 because this is the way we feel. Long after

12 that production has left, we still have our

13 community, and we need to take care of them.

14 SENATOR CLEARE: Well, I'd like to be

15 in touch with you on how we can build that in

16 Harlem, because that does not happen. We

17 have blocks that --

18 MS. GOEDEKE: Okay. Be happy -- all

19 my contact info's on that written testimony,

20 but I will make sure that we connect.

21 CHAIRWOMAN KRUEGER: Thank you.

22 Now back to the Assembly.

23 CHAIRWOMAN WEINSTEIN: We go to

24 Assemblywoman Woerner.

1 ASSEMBLYWOMAN WOERNER: Thank you very

2 much.

3 So my questions are as the industry

4 has established itself, the film production

5 and television production industry has

6 established itself in New York, what

7 percentage of the industry would you estimate

8 we have acquired, based on the fact that we

9 have these tax credits? And do you see that

10 percentage increasing over time?

11 And then my second question is for

12 Mr. Halmi. I'm delighted that you're putting

13 workforce training at your new location in

14 Yonkers. What else could we do in our SUNY,

15 CUNY and community colleges to help you build

16 a workforce?

17 And then the third question is, I

18 can't stand looking at that Georgia peach for

19 their film credits. Do we need a fruit for

20 our film credits? (Laughter.)

21 Thank you.

22 MR. FORD: Well, I can speak to the

23 first. With regards to New York City

24 production, I would say -- I can only go by

1 basically hours worked, which is how our
2 system is. Right? All our benefits are
3 based on hours worked.

4 So again, pre-tax credit, we were at
5 roughly 2 million hours. We're at over
6 10 million hours a year now. But Georgia --
7 Georgia gets a lot of it. We're still number
8 two, I think. Hollywood is number one; I
9 believe we're number two, and Georgia is
10 probably three. But Georgia's tax credit is
11 far more generous than ours. They cover
12 above and below the line, and they don't have
13 any sunset clause on it. But we're not
14 really looking for that.

15 So I think that the numbers are

16 doing -- we're doing great numbers-wise.

17 Again, a lot of it is hinged on the future of

18 the tax credit, because the studios need a

19 five-year window in order to establish where

20 they're going to base a series. So if they

21 know they get five years in New York and they

22 can put it in New York, they'll do it. But

23 if it's any type of uncertainty, they can go

24 to Georgia, they can go to -- they can stay

1 in Hollywood. But we're doing very well
2 based on our numbers. But Georgia is
3 doing -- yeah, I think we could at least put
4 the apple in there, right, as opposed to the
5 peach.

6 MR. HALMI: We are taking -- we're
7 taking product away from Los Angeles right
8 now because of our tax credit program and
9 because theirs is not very good.

10 One thing that COVID has done is it's
11 made places where talent live much more
12 important because talent don't want to travel
13 as much as they used to, they feel safer at
14 home. Even as COVID goes away, I don't think

15 that will change. So we have an edge with

16 Los Angeles in that most of the talent live

17 in either L.A. or New York. Georgia has it

18 harder in that respect, but they have --

19 they're right now actually number one in

20 television production this year because of

21 their tax credit program, it's very

22 important.

23 Assemblywoman, I'd love to talk to you

24 anytime about education. It's a passion. We

1 have education at all of our campuses, and

2 love to have that conversation offline.

3 CHAIRWOMAN KRUEGER: Thank you.

4 ASSEMBLYWOMAN WOERNER: Thank you.

5 MR. FORD: I just -- I can --

6 CHAIRWOMAN KRUEGER: Nope. No, no,

7 no, no. We're at zero on this one, sorry.

8 Helene?

9 CHAIRWOMAN WEINSTEIN: No other

10 members.

11 CHAIRWOMAN KRUEGER: Okay. Then I'm

12 going to thank you, panelists. We know how

13 to find you, we can follow up. You actually

14 know how to find us, also.

15 And I'm going to turn it to the last
16 panel of this hearing, because we have
17 another hearing that is now very late to
18 start.

19 So Panel G, excuse me, we have Scheib
20 Associates, John Scheib; New York State/NYRA
21 Franchise Oversight Board, former chair Steve
22 Newman; and Marc Paulhus, horse racing
23 specialist with PETA.

24 Starting with John Scheib.

1 MR. SCHEIB: Thank you to the chairs
2 for inviting me today. I'll be brief.
3 Casinos and the lotteries each fund
4 the state with billions every year. And when
5 it comes to horse racing, New York's
6 constitution is very clear: Parimutuel
7 betting on horse racing shall provide a
8 reasonable revenue for support of the
9 government.

10 So it's troubling that the
11 Gaming Commission shows only 15 million in
12 wagering taxes and fees annually from all
13 11 racetracks. If you subtract the state's
14 cost to regulate them, wagering tax revenue

15 nets to zero. But it's far less than zero,

16 because 230 million is instead directed

17 annually to racing from video lottery

18 terminals.

19 Plus tens of millions of dollars of

20 annual purchases of racehorses in New York

21 are sales tax exempt, as if they were food or

22 medicine. New York even taxes out-of-state

23 wagering companies millions of dollars a

24 month and gives it back to racing as credits

1 against their fees due, even if citizens are
2 betting on races in California or Kentucky.

3 Racing's \$2.5 billion yearly handle
4 sounds impressive, but state reports show
5 that \$2 billion of that -- 80 percent -- is
6 actually wagered in other states on New York
7 races, with those other states collecting the
8 wagering taxes. New York's subsidies are
9 building the treasuries of other states.

10 On-track betting is where the state
11 and the tracks make the highest percentage,
12 but most New York tracks have lost 90 percent
13 of their attendance since their heyday.
14 Digital platforms have picked up some

15 betting, but there's no records we can find

16 any meaningful tax revenue from them.

17 NYRA's franchise agreement with the

18 state is very lopsided. NYRA traded land for

19 a \$154 million bankruptcy bailout. Then, the

20 state gave them free rent for their tracks,

21 billions in VLT support for capital

22 improvements, operations, purses and breeding

23 incentives. Now the state also assumes

24 millions in annual property tax bills. To

1 our knowledge, NYRA has never even once paid
2 their franchise fees to New York State.

3 Why is the state massively funding a
4 gambling business that's supposed to be
5 massively funding us? Yes, racing has jobs
6 and economic impact, and we can challenge
7 those numbers. But jobs and economic impact
8 is what every business is supposed to do in
9 New York. Hundreds of thousands of
10 businesses here do just that without casino
11 subsidies and are relegated to fail or
12 succeed based on their own bottom line.

13 Wealthy owners, breeders and celebrity
14 trainers need to fund their own private

15 hobby, because racing as a whole is not a
16 viable business. Many states have no racing
17 subsidies. Pennsylvania, which does, is
18 currently proposing a dramatic cut in favor
19 of education.

20 There are new bills in process to
21 eliminate subsidies to racing, and they need
22 your support. Remember, New York invests
23 millions in the breeding of valuable
24 racehorses, and then invests millions in the

1 purses they die chasing for on the track.

2 These two investments are clearly at

3 cross-purposes.

4 Thank you very much.

5 CHAIRWOMAN KRUEGER: Thank you.

6 Next is Steve Newman, former chair,

7 New York State/NYRA Franchise Oversight

8 Board. Are you there, Steve?

9 MR. NEWMAN: I didn't realize I was

10 muted until just now.

11 One, I agree with John on everything

12 he said.

13 I was the chair right after

14 Governor Spitzer signed the agreement with

15 NYRA rescuing them from bankruptcy and

16 providing them a subsidy. He found me; I

17 didn't know him. I had been the first deputy

18 comptroller and executive in a couple of

19 different not-for-profits, and he was looking

20 for somebody with a financial and contracting

21 background because his goal was to have the

22 subsidies end before his first term was over.

23 And he was looking for someone and asked me,

24 and so -- Sheldon Silver and he asked me.

1 Silver appointed me to the board, and Spitzer
2 immediately made me the chair, which was
3 their agreement.

4 If Spitzer hadn't done something
5 stupid and got himself forced to resign by
6 the time a year of his term was up, we
7 wouldn't be having this discussion today,
8 because the subsidies would have long ended.

9 Because the goal was to force NYRA into
10 operating at its own break-even or its own
11 profit with no money coming from the state.

12 They've -- as soon as Spitzer was
13 gone, I was removed from being the chair
14 because I had alienated NYRA by lots of

15 questions concerning their finances and
16 pushing them. So it's unfortunate that we
17 lost Governor Spitzer; this would not be an
18 issue today.

19 They never pay a franchise fee, as
20 John said, and there's a reason for it. Even
21 if they do well, they don't have to pay a
22 franchise fee because somehow they have a
23 stupid agreement with the state that you
24 folks ought to be changing.

1 The agreement: For every year, they
2 have to account for a year's worth of
3 revenue, but on the expense side, they're
4 allowed to do 15 to 18 months of expenses
5 to -- against the one year of revenue. So
6 expenses get to count twice -- once in the
7 year that they take place, and once in the
8 year beforehand when the audit's being done
9 of that year.

10 And hence they've never paid a
11 franchise fee because of that formula. It
12 doesn't exist in the City of New York
13 anywheres. So if you want to change that.
14 And you should work on eliminating the

15 subsidies, because there's no reason for it.

16 And Spitzer's view was that once the

17 subsidies were gone from NYRA, it would be

18 easy for him to remove them from the other

19 eight tracks in the state.

20 So I'd be happy to answer any

21 questions people have.

22 CHAIRWOMAN KRUEGER: No, you've hit

23 your time, Steve. Thank you for now.

24 Next is Marc Paul-house, or Paul-hus.

1 MR. PAULHUS: Paul-us.

2 CHAIRWOMAN KRUEGER: Paul-us, thank

3 you.

4 MR. PAULHUS: Yeah. Thank you very

5 much for the opportunity, Chairs and members

6 of this hearing, to give me the opportunity

7 to testify. I'm actually here on behalf of

8 the Coalition to End Horse Racing Subsidies,

9 of which my organization, PETA, is one

10 member. We also have the Alliance for

11 Quality Education, Human Services Council,

12 the New York Communities for Change,

13 LiveOn NY, and many other groups that are

14 joining -- and a growing number of groups are

15 joining the coalition.

16 I think John pretty much outlined the

17 major points. We oppose the corporate

18 welfare being directed to horse racing tracks

19 in New York. We believe horse racing should

20 be able to stand on its own and produce a

21 reasonable amount of revenue for the State of

22 New York.

23 Together, our coalition members

24 represent every corner of the state, really

1 every resident of the state. My own
2 organization, PETA, has 367,000 supporters in
3 this state. But the Humane Services Council
4 and other groups are umbrella groups that
5 represent programs throughout the state.

6 I don't want to reiterate some of the
7 points that John or Steve Newman have made,
8 but I do think it's important to point out
9 that horse racing in this state is a net zero
10 sum. It costs as much to regulate this sport
11 as the state gets in revenue from the sport.

12 And it's the only gambling operation
13 in the state that fails to produce any
14 meaningful revenue for the state. You've got

15 the Lottery. You know, you've got now
16 all-sports wagering, which is phenomenally
17 successful. In fact, I'd point out that in
18 the first month of operation, in January
19 alone, all-sports wagering generated
20 \$2 billion from New York in wagered funds.
21 The state received \$70 million in their tax
22 cut on all-sports wagering, which is
23 equivalent to many years of horse racing's
24 contribution to the state, which again costs

1 more to regulate than they produce.

2 So I do think it's very important that

3 we look at the endless subsidies that have

4 been created in the Legislature, to challenge

5 the franchise agreement as being inequitable

6 and unfair to the many small businesses in

7 New York who get no subsidies, provide many

8 more jobs, and are certainly more deserving

9 of help from the state.

10 Thank you very much.

11 CHAIRWOMAN KRUEGER: Okay, thank you.

12 And does anyone have any questions? I

13 see our chair of Racing and Wagering in the

14 Assembly. I do not --

15 CHAIRWOMAN WEINSTEIN: Yes,
16 Assemblyman Pretlow, can we go to him?
17 CHAIRWOMAN KRUEGER: I don't know, a
18 few minutes ago there was a giant black furry
19 animal on his picture.
20 (Laughter.)
21 ASSEMBLYMAN PRETLOW: Yes, I saw it,
22 the cat.
23 CHAIRWOMAN KRUEGER: Of course you can
24 go. (Pause.) Yes, Gary, you're on.

1 ASSEMBLYMAN PRETLOW: Oh, okay. Am I
2 on now?

3 CHAIRWOMAN KRUEGER: Yes, you're on.

4 ASSEMBLYMAN PRETLOW: First I want to
5 thank the three individuals for their
6 testimony, even though it was fairly
7 farcical. But I will just ask a couple of
8 questions.

9 Mr. Newman, you sang the praises of
10 Governor Pataki, and so you must be aware
11 that -- I'm sorry, Governor Spitzer. You
12 must be aware that former Governor Pataki put
13 together a group of individuals of which I
14 was a member of, to determine the future of

15 racing, and we had voted to take NYRA -- take
16 the franchise away from NYRA and Governor
17 Spitzer overrode that committee and put the
18 Governor that you're singing the praises to
19 in charge, which started the subsidies that
20 you're talking about now.

21 And then just -- you can respond when
22 I finish, I just have a couple of things to
23 say.

24 And Mr. Paulhus, you're I know

1 supporting legislation to eliminate all
2 subsidies that go to racing. I hope that you
3 are aware that racing is self-funding. You
4 talk about monies that are going to the
5 Racing and Wagering committee. Those monies
6 are derived from the handle, which just this
7 year was at record levels, over \$800 million
8 was handled just in Saratoga in the one-month
9 period.

10 So the monies that go to Racing and
11 Wagering to oversee racing comes from the
12 17 percent takeout that's derived from the
13 bets.

14 And yes, there are a lot of

15 out-of-state bets on New York racing.

16 New York does get a percentage of that; it

17 doesn't all go to the out-of-state ADWs. A

18 portion of that money does come to New York.

19 If the out-of-state people had a NYRA bets

20 account, then more money would go to

21 New York. But if they were only utilizing,

22 say, Twinspires or another betting app, just

23 a small portion of that would come to

24 New York.

1 Now, I know there's a bill that your
2 organizations have been pushing -- I won't
3 mention the Assemblywoman's name, but it
4 calls to eliminate all of the subsidies that
5 are derived from the racinos. Are you aware
6 that if you take away the 4 cents that goes
7 to the share between the operators of the
8 facility and the racing industry, that there
9 would be no place to place these bets and the
10 billions of dollars that goes to education
11 would also be eliminated?

12 MR. NEWMAN: I guess we need to --
13 it's Assemblywoman Rosenthal, and we should
14 get a copy of her legislation and look at it.

15 ASSEMBLYMAN PRETLOW: Yeah, before you

16 support it you should really read it, because

17 it takes away the entire amount, the money

18 that's derived from the racino. So there

19 will be no money available to operate the

20 facility. And of course if there's no money

21 to operate the facility, there will be no VLT

22 machines.

23 And the 2 cents that goes to racing,

24 yes, would be eliminated, but the 4 cents on

1 the dollar that goes to education will also
2 be eliminated.

3 MR. NEWMAN: We have no objections to
4 the racinos or VLTs, we just want -- both
5 that money should be going to education and
6 human services and maybe other issues that
7 the Governor and you legislators would
8 identify that would help New Yorkers. That's
9 our goal.

10 ASSEMBLYMAN PRETLOW: Well, I think
11 the billions of dollars that are generated
12 from the racinos is helping New Yorkers.

13 MR. SCHEIB: Well, can I speak?
14 I'm not sure I understand what you're

15 saying about the -- any of this. And I know

16 you've claimed that what I said was farcical.

17 So love to sit down and really get into this

18 with --

19 CHAIRWOMAN KRUEGER: I'm going to

20 suggest you need to take this offline and

21 continue the conversation, because time is up

22 on this now. So hopefully you'll reach out

23 to Assemblymember Pretlow.

24 And are there any other members with

1 their hand up?

2 CHAIRWOMAN WEINSTEIN: We have

3 Assemblywoman Woerner.

4 CHAIRWOMAN KRUEGER: Okay.

5 ASSEMBLYWOMAN WOERNER: Thank you,

6 Chairwomen.

7 So I too found this conversation kind

8 of -- you know, kind of out there. My -- I

9 represent Saratoga County and Saratoga

10 Springs, and certainly we enjoy the number of

11 fans who make their way to Saratoga every

12 summer to enjoy racing. In fact, over a

13 million people this year came to Saratoga

14 Springs, Saratoga County, took hotel rooms in

15 our region, ate at our restaurants, rented
16 houses and apartments through VRBO and spent
17 money in our downtowns -- all of which is
18 economic activity.

19 And that's reflected in the study that
20 was done by the Center for Economic Growth
21 and was repeated by the American Horse
22 Council, that basically said that we have in
23 this state an industry that produces
24 \$3 billion of economic growth.

1 Now, I'm no math major, but
2 \$240 million in VLT monies that goes into
3 this industry against a \$3 billion economic
4 activity, that's about 12 and a half -- for
5 every dollar invested, that's about \$12.5 of
6 economic activity. I would say that's a very
7 good rate of return.

8 And I'm wondering why you think that's
9 not good enough.

10 MR. NEWMAN: Because, one, it's not
11 real, as has been demonstrated by numerous
12 people. If you believe \$3 billion is real,
13 I'll be happy to sell you the Brooklyn
14 Bridge. The --

15 MR. SCHEIB: Can -- can I address that

16 same --

17 ASSEMBLYWOMAN WOERNER: I don't really

18 need a bridge, but there are multiple studies

19 that have --

20 (Overtalk.)

21 MR. NEWMAN: -- Saratoga is very

22 successful. Belmont, because of the Belmont

23 Stakes, is very successful. There is no

24 doubt that the two of them could more --

1 could break even or actually generate a
2 surplus on their own. It's Aqueduct, that's
3 part of the New York Racing Association, that
4 loses lots of money, and it's being covered
5 by --

6 CHAIRWOMAN KRUEGER: Steve, we're
7 going to let it go back to John quickly, he
8 had a --

9 MR. NEWMAN: Go ahead, John.

10 MR. SCHEIB: Yeah, very quickly, as an
11 example, the \$3.3 billion in economic impact
12 that's claimed is a rather interesting one.
13 There's actually no details in the American
14 Horse Council report, which is just a few

15 pages with a lot of pictures of horses.

16 The IDA report that you're actually

17 addressing -- which is excellent, done by

18 Camoin Associates in Saratoga -- does claim

19 237 million, and documents it in 68 pages of

20 heavy text.

21 The difference is Saratoga County's

22 Racetrack, 237 million, is for nine counties

23 around Saratoga, nine counties that

24 basically -- Saratoga Racetrack itself

1 represents 53 percent of all the wagering and
2 attendance in the state, of all 11 tracks.

3 So if they've got 53, if your county
4 has 53 percent of the attendance -- which it
5 does -- most of the breeding and most of the
6 tourism, how is it that 237 million is only
7 8 percent of the 3.3 billion in economic
8 impact claimed for the whole state? You see
9 where I'm getting at. So how are the other
10 10 tracks, with almost no attendance at most
11 of them, and no tourism for the most part,
12 they're generating 92 percent of the
13 3.3 billion? When Saratoga, which has it
14 all, is only at 8 percent?

15 CHAIRWOMAN KRUEGER: John --

16 ASSEMBLYWOMAN WOERNER: Because horses

17 need to be fed, horses need to be

18 transported, horses need to be maintained.

19 And all of that is economic activity. And in

20 light of the timekeeping, you and I can

21 continue this conversation offline.

22 MR. SCHEIB: We'd love to.

23 CHAIRWOMAN KRUEGER: If nothing else,

24 this panel now knows who it needs to go and

1 talk to and convince that they're right. So

2 thank you, Carrie Woerner and Gary Pretlow.

3 MR. NEWMAN: If I can just add

4 something to that --

5 CHAIRWOMAN KRUEGER: No, you can't,

6 I'm sorry, Steve.

7 We are officially closing down this

8 panel. We are officially closing down this

9 hearing. I want to thank everyone for their

10 attendance --

11 CHAIRWOMAN WEINSTEIN: Yes --

12 CHAIRWOMAN KRUEGER: Senator, you have

13 another legislator?

14 CHAIRWOMAN WEINSTEIN: Yes, I do have,

15 I'm sorry, the ranker, our ranker on

16 Racing --

17 CHAIRWOMAN KRUEGER: No, I'm sorry. I

18 didn't see that hand, I apologize.

19 CHAIRWOMAN WEINSTEIN: Yes. Yes. So

20 I just wanted to --

21 CHAIRWOMAN KRUEGER: Okay. Please.

22 ASSEMBLYMAN GALLAHAN: Thank you,

23 Chair Weinstein, for recognizing me.

24 Assemblywoman Woerner pretty much hit

1 on my points, but I just wanted to make sure
2 that in this grand scheme of things you were
3 taking into account the economic impact of
4 the local communities.

5 I represent Ontario County. We have
6 Finger Lakes Racetrack in Ontario County.
7 And the economic activity in Ontario County
8 due to Finger Lakes Racetrack, with
9 employment and payroll taxes and parimutuel
10 taxes, with local veterinarians, with
11 hospitals -- we have to support our local
12 police, we have to support our local fire, we
13 have to support our local EMT. With all
14 those employees that are at that racetrack,

15 all the patrons that are coming to that
16 racetrack -- and not only for the parimutuel
17 wagering at the racetrack, but also the VLTs
18 and the other options that are available
19 there. There's many people that go there
20 every day just for the buffet.

21 So there are many economic impacts
22 besides the physical horses being there that
23 affect our communities. The feed bills, the
24 farmers. You know, like I said before, the

1 vet bills. The transportation. It goes on
2 and on and on and on. There would be tens of
3 thousands of people exponentially unemployed
4 if this industry goes away, that's for sure.

5 And I just wanted to make sure that --

6 MR. NEWMAN: And -- and -- and we --

7 ASSEMBLYMAN GALLAHAN: -- you know

8 that this is -- this is not just parimutuel
9 racing and not just subsidies to the horse

10 industry, it's our economy. It's the
11 heartbeat of our economy, especially in the
12 Town of Farmington.

13 So I just wanted to reiterate that and
14 thank my colleagues for bringing those points

15 to your attention that we think, you know,

16 you need to consider.

17 Thank you for your time. I appreciate

18 it.

19 CHAIRWOMAN KRUEGER: Well, the panel

20 has another legislator to win over also after

21 this hearing.

22 (Laughter.)

23 CHAIRWOMAN KRUEGER: With that, I

24 think I am going to close down this -- I'm

1 going to thank the panelists. I want to
2 thank the legislators, thank everyone who
3 came to this hearing today.

4 We all need to turn off this Zoom and
5 we need to reenter with the Zoom code for the
6 Tax hearing. But we'd like you to take a
7 five-minute break in between our closing down
8 this hearing and reopening the Tax hearing,
9 where Helene Weinstein will be taking the
10 lead.

11 So thank you all for your
12 participation in the Economic Development
13 hearing today. See some of you in a few
14 minutes.

15 (Whereupon, the budget hearing

16 concluded at 4:00 p.m.)

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