



## **Joint Legislative Budget Hearing**

### **Testimony of Empire State Development President and CEO and Department of Economic Development Commissioner Hope Knight**

**2:00 p.m., Wednesday, February 26, 2025**

Good afternoon, Chairwoman Krueger, Chairman Pretlow, and distinguished members of the Legislature. I would like to congratulate Chairman Pretlow on his new leadership role with the Ways and Means committee, and acknowledge the new Small Business Chair, Assemblywoman Buttenschon; I am excited to work with you both. Senator Ryan and Assemblyman Stirpe: I look forward to continuing our partnership this year.

My name is Hope Knight, and I serve as the President and CEO of Empire State Development, and Commissioner of the New York State Department of Economic Development. I'm joined today by ESD's Chief Operating Officer and Executive Deputy Commissioner Kevin Younis.

Thank you for the invitation to discuss Governor Kathy Hochul's Executive Budget. The Governor's economic development proposals build on the successes we have already achieved, in partnership with the Legislature, to create opportunities for New Yorkers. This year's agenda is focused on several key themes, including supporting small businesses and entrepreneurs, building vibrant communities, growing the innovation economy, reshoring advanced manufacturing, and attracting investment in emerging and legacy sectors.

Today, I am proud to report that we are seeing strong economic growth across the state. New York is ranked a top-five state in reshoring manufacturing jobs, in new business formations, semiconductor sector growth, and innovation economy growth. Private sector job creation in New York State is outpacing the national rate, and this year's agenda will help us to further our progress. And while we face headwinds, this year's economic agenda will help us meet the moment and continue building a strong and resilient 21st century economy.

So much of ESD's work is dedicated to small businesses. In the last year, 78% of our awards were to firms with 100 employees or less, and through the Governor's Executive Budget, we will continue our commitment to small businesses. This year, Governor Hochul is proposing an expansion to the Empire State Jobs Retention Program to include small businesses for the first time, and to help businesses of all sizes and sectors recover from damage caused by storms and other disasters.

To further assist New York's small businesses and their workers, the Governor has advanced the CATALIST NY program. This new tax credit will go directly to workers and

will increase competitiveness for early-stage innovation businesses looking to attract new hires during a critical period of growth.

Additionally, the Governor's Budget proposes a historic funding level for the Low Interest Capital program or "LINC" – formerly known as the Linked Deposit Program – to lower the interest rates for small and mid-sized businesses. Due to unprecedented demand, this fund is nearly fully subscribed. With the highest federal interest rates in decades, now is the time to raise the program cap to \$1 billion.

Small businesses are a cornerstone of our communities, to that end Governor Hochul has proposed investments to revitalize and uplift these communities and encourage people to work, visit, and live in our downtowns. The budget includes continued investments in our legacy programs the Downtown Revitalization Initiative and New York Forward and proposes a new a \$400 million investment in downtown Albany to help spur new and sustainable economic development around our State Capitol.

Building on last year's Empire AI investment, Governor Hochul has proposed HARMONY AI to better ensure that the benefits of artificial intelligence are available to all. Through this program, small businesses across the state will be offered free training. Additionally, it would support direct venture capital investments into overlooked and underrepresented small business founders, and help to open AI career pathways to low-income students.

This Budget also advances the Governor's mission of reshoring manufacturing jobs to New York, especially in the semiconductor industry. Under Governor Hochul's leadership, New York is leading America's semiconductor resurgence, attracting more than \$121 billion in new investments across New York – more than any other state. An estimated one in four U.S.-made chips will be produced within 350 miles of Central New York. No other region in the country will account for a greater share of domestic production.

To keep New York on top, this year's budget creates a new tier for semiconductor supply chain businesses in the performance-based Excelsior Jobs Program. The Governor's Executive Budget also advances new workforce development and research and development initiatives to foster an advanced manufacturing ecosystem.

New York State needs a strong supply of shovel-ready sites to continue its successful reshoring efforts. ESD has been working closely with its local partners to develop sites through the FAST NY program, and the Governor's budget proposes another \$100 million in funding. But a lack of access to utility and power infrastructure is one of the biggest hurdles for business attraction. To that end, Governor Hochul has proposed POWER UP, a new \$300 million program to address this challenge. Together, these investments will enable New York to proactively prepare turn-key industrial sites for tomorrow's businesses and manufacturers.

This year's budget also includes proposals to keep New York's economy and culture vibrant through bolstering the success of the New York Film Production and Post-

Production Tax Credit Programs. New York is setting the stage by creating two first-in-the-nation initiatives: the Empire State Independent Production Program to support independent film makers, alongside the Production Plus Program to incentivize recurring business and multiple productions. These programs will attract new film projects to the state, generating positive returns for host communities and to the many small businesses oriented around filming - such as the set and costume design, hospitality, and restaurant industries.

I am excited about the Governor's economic development agenda and am eager to continue working with you all to deliver results for New Yorkers. Thank you for the opportunity to speak this afternoon, and I am happy to take your questions.