

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
5 2025-2026 EXECUTIVE BUDGET ON
6 ECONOMIC DEVELOPMENT/ARTS

6 -----

7 Hearing Room B
8 Legislative Office Building
Albany, New York

9 February 26, 2025
10 2:50 p.m.

11 PRESIDING:

12 Senator Liz Krueger
13 Chair, Senate Finance Committee

14 Assemblyman J. Gary Pretlow
Chair, Assembly Ways and Means Committee

15 PRESENT:

16 Senator Thomas F. O'Mara
17 Senate Finance Committee (RM)

18 Assemblyman Edward P. Ra
Assembly Ways & Means Committee (RM)

19 Senator Sean M. Ryan
20 Chair, Senate Committee on Commerce,
Economic Development and Small Business

21 Assemblyman Al Stirpe
22 Chair, Assembly Committee on Economic
Development, Job Creation, Commerce
23 and Industry

24 Senator José M. Serrano
Chair, Senate Committee on Cultural Affairs,
Tourism, Arts and Recreation

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3 PRESENT: (Continued)

4 Senator Jeremy Cooney
Chair, Senate Subcommittee on Cannabis

5
6 Assembly Majority Leader Crystal Peoples-Stokes
Chair, Assembly Committee on Cannabis Oversight

7 Assemblywoman Carrie Woerner
Chair, Assembly Committee on Racing and Wagering

8
9 Assemblyman Ron Kim
Chair, Assembly Committee on Tourism, Parks,
Arts and Sports Development

10
11 Assemblywoman Marianne Buttenschon
Chair, Assembly Committee on Small Business

12 Assemblyman Steven Otis
Chair, Assembly Committee on Science and
13 Technology

14 Assemblyman Billy Jones

15 Assemblyman Christopher S. Friend

16 Senator George M. Borrello

17 Assemblywoman Patricia Fahy

18 Assemblywoman Yudelka Tapia

19 Assemblyman Edward C. Braunstein

20 Senator Dean Murray

21 Assemblywoman Mary Beth Walsh

22 Assemblywoman Chantel Jackson

23 Assemblywoman Jo Anne Simon

24 Assemblyman Tony Simone

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3 PRESENT: (Continued)

4 Senator Andrew Gounardes

5 Assemblywoman Nikki Lucas

6 Assemblyman Alex Bores

7 Assemblyman John Lemondes

8 Assemblywoman Judy Griffin

9 Senator Christopher J. Ryan

10 Assemblywoman Larinda C. Hooks

11 Assemblywoman Emérita Torres

12 Assemblyman Angelo Santabarbara

13 Senator Toby Stavisky

14 Assemblywoman MaryJane Shimsky

15 Assemblyman Scott Bendett

16 Senator Stephen T. Chan

17 Assemblywoman Rebecca Kassay

18 Senator April Baskin

19 Assemblywoman Jodi Giglio

20 Assemblyman Landon C. Dais

21 Assemblywoman Stefani Zinerman

22 Senator Steven D. Rhoads

23 Assemblywoman Alicia Hyndman

24 Senator Jabari Brisport

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1 CHAIRWOMAN KRUEGER: Good afternoon,
2 everyone, even though some of us have been
3 here for an earlier hearing.

4 Before I start the official second
5 hearing, I want to go over some of the rules
6 of the road we try to do at the beginning of
7 every hearing.

8 So, one, there are clocks you can see
9 if you're the testifier or if you're the
10 legislator. And they might be set to 10,
11 five or three minutes, depending on who you
12 are. They have red, yellow, green. Green
13 means you're talking. Yellow means you're
14 getting close to the end. Red is we stop
15 you.

16 Now, that means if you're a testifier,
17 even if your testimony is 50 pages of
18 wonderful information, which we will all
19 have -- we already have it online for all
20 New Yorkers to see on the Senate website and
21 the Assembly website -- you want to
22 bullet-point your most important issues.

23 Second, if you are a legislator asking
24 the questions, same lights, same time frame.

1 Most of us only have three minutes to ask
2 questions. Rankers get five, chairs get 10,
3 at least for the government panels. But
4 again, I always emphasize this. If you use
5 up your complete time asking a question, you
6 will not get an answer. We don't give extra
7 time for the people you're asking to answer
8 your questions.

9 So just know if you use up all your
10 time on a speech or on a three-minute
11 question, you will not hear any answers from
12 our guests.

13 Okay, with that, I will now
14 officially, I guess, read my script to open
15 up the hearing.

16 Good afternoon. I'm Senator Liz
17 Krueger. I live in this chair, and I'm the
18 chair of the New York State Senate Finance
19 Committee and co-chair of today's budget
20 hearing.

21 Today is the 12th of 14 hearings
22 conducted by the joint fiscal committees of
23 the Legislature regarding the Governor's
24 proposed budget for state fiscal year

1 '25-'26. These hearings are conducted
2 pursuant to the New York State Constitution
3 and Legislative Law.

4 Today the New York State Senate
5 Finance Committee and the Assembly Ways and
6 Means Committee will hear testimony
7 concerning the Governor's proposed budget for
8 the New York State Empire State Development
9 Corporation, the New York State Office of
10 Cannabis Management, the New York State
11 Office of General Services, and the New York
12 State Council on the Arts.

13 Following each testimony there will be
14 some time for questions from the chairs of
15 the fiscal committees, the rankers, and other
16 relevant legislators.

17 I would now like to introduce the
18 Senate members who are here, assuming I have
19 a list. No, maybe I don't. So let's just
20 take a look. I see Senator Chris Ryan; I see
21 Senator Gounardes; Senator Stavisky;
22 Senator Sean Ryan, our chair;
23 Senator April Baskin, myself.

24 I'm going to pass it to the Assembly,

1 and then we'll come back for the Republican
2 Senators.

3 CHAIRMAN PRETLOW: Thank you, Senator.

4 We have our chair of Economic
5 Development, Assemblyman Stirpe; we have
6 Tourism Chair Assemblyman Kim; Racing Chair
7 Assemblywoman Woerner; Small Business Chair
8 Assemblywoman Buttenschon; Science and Tech
9 Chair Assemblyman Otis.

10 We also have Assemblymembers Griffin,
11 Hooks, Simone, Torres, Shimsky, Jackson,
12 Braunstein and Simon.

13 CHAIRWOMAN KRUEGER: And
14 Senator O'Mara to introduce your members.

15 SENATOR O'MARA: Yes, we are joined by
16 our ranking member on Commerce and Economic
17 Development, Senator Dean Murray. We're also
18 joined by Senator Steve Rhoads and
19 Senator Steve Chan.

20 CHAIRWOMAN KRUEGER: Thank you.

21 Assemblymember Ra?

22 ASSEMBLYMAN RA: Good afternoon.

23 We're joined by our ranker on
24 Economic Development, Assemblyman Chris

1 Friend, as well as Assemblymembers Giglio,
2 Bendett, Lemondes and Walsh.

3 CHAIRWOMAN KRUEGER: Thank you.

4 And with that, we're going to turn it
5 over to our first panel of Governor's
6 representatives. Let's start with
7 Hope Knight, the Department of Economic
8 Development and Empire State Development.

9 Good afternoon.

10 COMMISSIONER KNIGHT: Good afternoon,
11 Chairwoman Krueger, Chairman Pretlow, and
12 distinguished members of the Legislature.

13 I would like to congratulate
14 Chairman Pretlow on his new leadership role
15 with Ways and Means, and I'd like to
16 acknowledge the new Small Business chair,
17 Assemblywoman Buttenschon. I'm excited to
18 work with both of you.

19 Senator Ryan and Assemblyman Stirpe, I
20 look forward to continuing our partnership
21 this year.

22 My name is Hope Knight, and I serve as
23 the president and CEO of Empire State
24 Development and as commissioner of the

1 New York State Department of Economic
2 Development. I'm joined today by ESD's chief
3 operating officer and executive deputy
4 commissioner, Kevin Younis.

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

18 Today I'm proud to report that we are
19 seeing strong economic growth across the
20 state. New York is ranked a top-five state
21 in reshoring manufacturing jobs, new business
22 formations, and growth in the semiconductor
23 sector and innovation economy.

24 Private-sector job creation in

1 New York State is outpacing the national
2 rate, and this year's agenda will help us to
3 further our progress.

4 And while we face headwinds, this
5 year's economic proposals will help us meet
6 the moment and continue building a strong and
7 resilient 21st-century economy.

8 So much of ESD's work is dedicated to
9 small businesses. In the last year,
10 78 percent of our awards were to firms with
11 100 employees or less. And through the
12 Governor's Executive Budget, we continue our
13 commitment. This year Governor Hochul is
14 proposing an expansion to the Empire State
15 Jobs Retention Program to include small
16 businesses for the first time, and to help
17 businesses of all sizes and sectors recover
18 from damage caused by storms and other
19 disasters.

20 To further assist New York's small
21 businesses and their workers, the Governor
22 has advanced the CATALIST NY program. This
23 new tax credit will go directly to workers
24 and will increase competitiveness for

1 early-stage innovation businesses looking to
2 attract new hires during a critical period of
3 growth.

4 Additionally, the Governor's budget
5 proposes a historic funding level for the
6 Low INterest Capital program, or LINC --
7 formerly known as the Linked Deposit
8 Program -- to lower the interest rates for
9 small and mid-sized businesses. Due to
10 unprecedented demand, this fund is nearly
11 fully subscribed. With the highest federal
12 interest rates in decades, now is the time to
13 raise the program cap to \$1 billion.

14 Small businesses are a cornerstone of
15 our communities, and Governor Hochul has
16 proposed investments to revitalize and uplift
17 these communities and encourage people to
18 work, visit, and live in our downtowns. The
19 budget includes continued investments in our
20 legacy programs, the Downtown Revitalization
21 Initiative and New York Forward, and proposes
22 a new \$400 million investment in downtown
23 Albany to help spur new and sustainable
24 economic development around our

1 State Capitol.

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

13 This budget also advances the
14 Governor's mission of reshoring manufacturing
15 jobs to New York, especially in the
16 semiconductor industry. Under
17 Governor Hochul's leadership, New York is
18 leading America's semiconductor resurgence,
19 attracting more than \$121 billion in new
20 investments across New York -- more than any
21 other state in the nation.

22 An estimated one in four U.S.-made
23 chips will be produced within 350 miles of
24 Central New York. No other region in the

1 country will account for a greater share of
2 domestic production.

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

11 New York State needs a strong supply
12 of shovel-ready sites to continue its
13 successful reshoring efforts. ESD has been
14 working closely with its local partners to
15 develop sites through the FAST NY program,
16 and the Governor's budget proposes another
17 \$100 million in funding.

18 But a lack of access to utility and
19 power infrastructure is one of the biggest
20 hurdles for business attraction. To that
21 end, Governor Hochul has proposed POWER UP, a
22 new \$300 million program to address this
23 challenge. Together, these investments will
24 enable New York to proactively prepare

1 turn-key industrial sites for tomorrow's
2 businesses and manufacturers.

3 This year's budget also includes
4 proposals to keep New York's economy and
5 culture vibrant through bolstering the
6 success of the New York Film Production and
7 Post-Production tax credit programs.

8 New York is setting the stage by
9 creating two first-in-the-nation
10 initiatives -- one, the Empire State
11 Independent Production Program to support
12 independent filmmakers, alongside the
13 Production Plus Program to incentivize
14 recurring business and multiple productions.

15 These programs will attract new film
16 projects to the state, generating positive
17 returns for host communities and to the many
18 small businesses oriented around filming,
19 such as the set and costume design,
20 hospitality, and restaurants.

21 I'm excited about the Governor's
22 economic development agenda, and I'm eager to
23 continue working with all of you to deliver
24 results for New Yorkers. Thank you for the

1 opportunity to speak this afternoon, and I am
2 happy to take your questions.

3 CHAIRWOMAN KRUEGER: (Mic off;
4 inaudible.)

5 OCM ACTING EXEC. DIR. REID: Good
6 afternoon, Committee Chairs Senator Krueger
7 and Assemblymember Pretlow, and hello to the
8 many legislators here, my fellow New Yorkers.
9 I want to thank you for the opportunity to
10 testify this afternoon.

11 My name is Felicia A.B. Reid, and I am
12 the acting executive director of the Office
13 of Cannabis Management. I look forward to
14 sharing OCM's incredible work since I stepped
15 into this role last June, as well as the work
16 to come.

17 I want to thank Governor Hochul and
18 the Executive Chamber for their support.
19 This work and the milestones OCM has reached
20 so far would be impossible without their
21 commitment to economic development, public
22 safety and rule of law, patient care, and a
23 New York where diversity, equity, and
24 inclusion are the drivers of positive and

1 lasting change.

2 Today is the first time that OCM has
3 appeared for a budget hearing. And in that,
4 I recognize the advocates and legislators who
5 fought to bring the Marijuana Regulation and
6 Taxation Act to life, and to the
7 cannabusinesses across our growing industry
8 who are its lifeblood and the MRTA's greatest
9 dream.

10 I also want to thank everyone at OCM.
11 It truly takes a village -- and you show up
12 every day, and sometimes nights and weekends,
13 to make our shared mission a reality.

14 And finally, thank you to the
15 Cannabis Control Board and Cannabis Advisory
16 Board, and to Sue Filburn, acting deputy
17 executive director, and my dear colleagues
18 across OCM's executive team.

19 I came to OCM at a moment of necessary
20 transition, tasked with strengthening the
21 agency's infrastructure and enhancing its
22 operational effectiveness. I joined OCM
23 ready to work on day one, thanks to my
24 experience working with justice-impacted

1 New Yorkers. Now, having worked with the
2 Legislature, appellate court, the Legislative
3 Ethics Commission, and the Office of Children
4 and Family Services overseeing a statewide
5 human services system, I was well prepared.
6 But still, it's the time that I spent with
7 incarcerated young people and their families
8 that really animates the MRTA for me.

9 The MRTA is a landmark piece of
10 legislation that prioritizes economic
11 development and demands equity in New York's
12 cannabis industry. And I understand what's
13 at stake -- making equity the engine, not an
14 afterthought or an aside, in an emerging
15 market full of big risks and high stakes.

16 The thing you learn quickly in
17 juvenile justice is that the most creative,
18 perceptive, innovative, and gifted people,
19 the people with the most to give back to
20 their communities, are the hundreds of young
21 people locked behind double fences and
22 two layers of razor wire. The elegance of
23 the MRTA is that it sees and knows the
24 extraordinary power of the communities I've

1 served for years.

2 And so it is my mission as the head of
3 OCM to realize the promise of these
4 New Yorkers and their communities, those
5 whose dreams have been denied and deferred
6 for long enough.

7 As New York's cannabis industry moves
8 from a jog to a sprint, OCM's economic
9 development and regulatory roles have never
10 been more crucial. But before I get to where
11 the agency is going, let's look at where it
12 is now.

13 By the end of 2024, New York's
14 adult-use cannabis industry surpassed
15 \$1 billion in sales, while medical sales
16 captured almost \$100 million. Governor
17 Hochul's Illicit Cannabis Enforcement
18 Task Force was instrumental to these
19 milestones. Along with our state agency
20 partners, OCM padlocked over 330 unlawful
21 stores, saw more than 200 additional
22 unlicensed operators close on their own, and
23 seized nearly 7,500 pounds of illicit
24 cannabis.

1 And unlike other states, New York
2 achieved these economic development and
3 revenue milestones while prioritizing small
4 and medium-sized local businesses on the
5 foundation of social and economic equity. In
6 plain terms, this means that the economic
7 powerhouse of New York cannabis is DEIA in
8 action. It is a testament to what we
9 accomplish by demanding the diversity and
10 inclusion of many, not just the most powerful
11 few. And what OCM has accomplished is both
12 internal and external.

13 Today OCM is in a much different place
14 than when I joined last year. Thanks to
15 Civil Service's HELPS program, we have hired
16 nearly 50 new staff, to stand at 215
17 employees today across offices in Albany,
18 New York City, and Buffalo.

19 To support OCM's continued expansion,
20 I welcome Governor Hochul's proposed
21 \$5 million to support additional hiring in
22 licensing, compliance, enforcement, and
23 legal, and the proposed increase in our
24 staffing cap from 245 to 274.

1 Doubling OCM's licensing team has made
2 navigating the application process more
3 transparent and supported our implementation
4 of a single point of contact system for
5 application review. This ensures that each
6 applicant has an assigned case manager who
7 provides them with regular communication and
8 works with them through the entire process.

9 So how does this show up in the
10 industry? Let's look at the license approval
11 rate from January 2024 through the end of May
12 2024, against June 2024 to today.

13 Comparatively, OCM has moved almost
14 193 percent more licenses through to the
15 Cannabis Control Board for approval, all
16 while continuing to exceed the MRTA's goal of
17 50 percent of social and economic equity
18 operators.

19 This means more regulated stores,
20 cultivators growing and breeding genetics
21 adapted to New York, additional cannabis
22 research and development, and greater
23 resources for medical patients.

24 By late summer of last year, OCM

1 coordinated a light-touch needs assessment of
2 our people, processes, and technology,
3 concretizing what we must build across those
4 domains. I addressed OCM's lack of internal
5 accountability processes by installing its
6 first office of internal control and audit,
7 to reduce agency risk and practice
8 vulnerabilities.

9 By winter, OCM brought together its
10 first customer service team, which will help
11 the agency, in real time, address issues from
12 the field.

13 And finally, by year's end, OCM
14 reduced its FOIL backlog by 25 percent.

15 This month I announced the launch of
16 the Trade Practice Bureau, a unit in our
17 Office of General Counsel, to go after
18 operators who violate the two-tier market,
19 undermine the development of local business,
20 and who disregard New York's cannabis equity
21 priorities. The industry has roundly
22 celebrated this news.

23 But meeting the New Yorkers across the
24 cannabis community has been the highlight of

1 my time at OCM -- whether it's standing in a
2 muddy field with cultivators in Hudson Valley
3 or in booties at a state-of-the-art
4 processing facility in Long Island. From
5 Buffalo to the boroughs, the team and I have
6 met with hundreds of New Yorkers, in their
7 communities, to hear from them directly about
8 their needs in navigating our regulated
9 market. We heard about the things that work
10 and the things that don't, and we will use
11 the relationships we build to inform where we
12 go next.

13 My vision for OCM is an agency that
14 understands the needs of cannabusiness across
15 the supply chain, protects and educates the
16 public, knows its obligation to maintain
17 market integrity, and invests in the growth
18 and development of staff. All this while
19 treating equity not as a word of the day, but
20 a spirit that gives color, light, and meaning
21 to all that we do.

22 At our recent Cannabis Control Board
23 meeting, 62 percent of the adult-use licenses
24 approved were social and economic

1 equity-owned, and 52 percent of those
2 licenses were women-owned businesses. To
3 date, 54 percent of licenses across the
4 supply network are SEE-owned.

5 And a vision is only as good as the
6 ability to make it real, and that ability is
7 what I've brought to OCM.

8 Successfully implementing the MRTA
9 requires long-term strategic planning and
10 action. New York must learn now from lessons
11 other cannabis jurisdictions only learned in
12 hindsight. We must continue to support
13 operators across the supply chain. We must
14 move decisively on matters of climate change
15 and environmental sustainability. And we
16 must pay close attention to the economic
17 winds that impact our regulated market.

18 So what does success look like? It's
19 more legal stores in our communities that
20 sell New York-grown cannabis. It's a
21 well-trained cannabis workforce and labor
22 practices that keep them safe.

23 It's patients with greater access to
24 medication and practitioners who understand

1 the science. It's families and caregivers
2 having the information to have cannabis
3 conversations with young people.

4 It's innovation that doesn't happen at
5 the expense of the environment. It's
6 even-handed compliance and enforcement
7 efforts so that those who follow the rules
8 are those most likely to be successful.

9 And it's knowing that to approach a
10 person, a community, or an industry with
11 equity is to know deeply, as Audre Lord would
12 say, that "we do not survive as individuals."
13 Equity values difference and meets that
14 difference adaptively, so that we all get
15 where we need to go, together.

16 Thank you, Senator Krueger and
17 Assemblymember Pretlow, for welcoming OCM to
18 this budget hearing. I deeply appreciate the
19 opportunity to share information and plan
20 forward for the future of New York cannabis.

21 CHAIRWOMAN KRUEGER: Thank you both
22 very much.

23 I think we've been joined by several
24 additional Senators. I see Senator Cooney, I

1 see Senator Ryan. Anyone else want to wave
2 that they didn't get intro'd?

3 Oh, I'm sorry, Senator Fahy. We have
4 two Senator Ryans. I see Senator Borrello
5 down there waving his hand.

6 Assembly, do you have any more you
7 want to introduce before we starting rolling?

8 CHAIRMAN PRETLOW: Assemblywoman Lucas
9 and Assemblywoman Peoples-Stokes.

10 CHAIRWOMAN KRUEGER: And Billy Jones
11 is down below. It's always a challenge here.

12 Obviously much interest in this panel.
13 Thank you, everyone.

14 Our first questioner will be the
15 chair, Senator Sean Ryan, not to confuse my
16 Senator Ryans.

17 SENATOR SEAN RYAN: (Mic off.) Now
18 it's on.

19 Thank you to all the chairs who have
20 been doing the hearings for hours and hours,
21 and my Assembly counterpart, Assemblymember
22 Al Stirpe.

23 I want to go into the marijuana phase
24 first. But good to see you today, Hope.

1 Just give me a sum-up of -- how long
2 have you been in the agency now?

3 OCM ACTING EXEC. DIR. REID: About
4 nine months.

5 SENATOR SEAN RYAN: I know you've had
6 a quick nine months. How have you been
7 improving the licensing and staffing at the
8 agency?

9 OCM ACTING EXEC. DIR. REID: So I'll
10 answer in two parts.

11 As to licensing, I talked a little bit
12 about this, but we've implemented something
13 called a single point of contact system. So
14 that means -- you know, this is also based on
15 hearing from folks in our industry. I've sat
16 down with so many who have talked about the
17 communicative challenges with OCM
18 historically.

19 And so that system sort of aims to
20 make sure that someone is assigned a
21 caseworker when we get to their application
22 in the queue, and for that whole process they
23 have someone who's working with them in
24 addressing deficiencies, addressing

1 communication issues, getting documents. And
2 then through that process we've been able to
3 streamline our licensing.

4 As to staffing, just sticking with
5 licensing for a second, we've doubled the
6 folks in our licensing team, in addition to
7 adding across the agency. So that means
8 hires in enforcement, in compliance, in
9 legal, and including in our new audit and
10 quality assurance division.

11 SENATOR SEAN RYAN: And what are you
12 hearing back from the public who interacts
13 with your agency?

14 OCM ACTING EXEC. DIR. REID: Yeah, the
15 changes have surely been welcome. Folks have
16 said that things are a bit easier. I know
17 for folks who are still waiting in other
18 queues, you know, they haven't yet heard yet.

19 But we have heard a lot of really
20 positive feedback from folks around the
21 communication overall from OCM.

22 SENATOR SEAN RYAN: That's fantastic.

23 I often measure success of how many
24 negative phone calls I've been getting, and I

1 have not been getting many negative phone
2 calls regarding either illegal dispensaries
3 or super-long waits. So whatever you're
4 doing, it's not making my phone ring.

5 (Laughter.)

6 SENATOR SEAN RYAN: So thank you.

7 Thank you for that.

8 And, Commissioner, you know, we did
9 hearings a few months ago looking at all the
10 different programs we have in New York State,
11 trying to figure out which ones have the best
12 return on investment. And I look forward to
13 continuing to work with ESD as your Database
14 of Deals is progressing, evolving. But also
15 happy that you're able to keep an open
16 dialogue on some of the programs and, you
17 know, we're going through your budget
18 requests.

19 But as an upstater, I'll have to say
20 I'm very pleased how you responded to the
21 City of Albany's proposals about how to
22 strengthen the city itself. You know, I
23 could see my -- I'm not an Albany resident,
24 but I walk around and I can see with my eyes

1 where capital investment will be a positive
2 thing.

3 So I applaud you for taking that step
4 to really be responsive to a city in a
5 different way than you might have to a
6 Rochester or Syracuse or a Buffalo problem.
7 So thank you so much.

8 Yeah, that's it. Thank you.

9 CHAIRWOMAN KRUEGER: All right.
10 Assembly.

11 CHAIRMAN PRETLOW: Yes, I'd like to
12 call as our first speaker the chair of the
13 Cannabis Oversight Committee, Crystal
14 Peoples-Stokes, for 10 minutes.

15 ASSEMBLYWOMAN PEOPLES-STOKES: Thank
16 you so much, Mr. Chairman, and I would say
17 congratulations to both you and the
18 chairwoman, Senator, for the work that you
19 have been putting in on these budget
20 hearings. It's mammoth. And I'm really
21 grateful for what you have been providing for
22 us all week long, and including last week.

23 And I want to say welcome to the
24 Panel A for today. It's nice to see you. I

1 saw some of you this morning at breakfast. I
2 hope you enjoyed it, one of my favorite
3 restaurants.

4 I do have a couple of questions,
5 specifically for the Office of Cannabis
6 Management.

7 So last May the Governor's office
8 released a report that there was a real
9 problem with the rollout of the cannabis
10 program across the board, and it cited a lot
11 of mismanagement of the agency and its
12 resources, including its licensing staff.

13 So how many new licensing staff have
14 you hired since that report was released?

15 OCM ACTING EXEC. DIR. REID: Since
16 that report, when I started, there were 21.
17 Today there are about 47.

18 ASSEMBLYWOMAN PEOPLES-STOKES: There
19 were 27, so you've hired six?

20 OCM ACTING EXEC. DIR. REID: No,
21 there's 47.

22 ASSEMBLYWOMAN PEOPLES-STOKES: There's
23 47.

24 OCM ACTING EXEC. DIR. REID:

1 Forty-seven, yes.

2 ASSEMBLYWOMAN PEOPLES-STOKES: And so
3 as a result of having more licensing staff,
4 how many more licenses have you issued?

5 OCM ACTING EXEC. DIR. REID: Since
6 the -- since around June I think we've gotten
7 through about, I want to say -- I'd have to
8 get the number back to you, but around 200,
9 300 plus since -- in that time.

10 ASSEMBLYWOMAN PEOPLES-STOKES: Two
11 hundred plus --

12 OCM ACTING EXEC. DIR. REID: Yes.

13 ASSEMBLYWOMAN PEOPLES-STOKES: -- in
14 that time?

15 OCM ACTING EXEC. DIR. REID: Yes.

16 ASSEMBLYWOMAN PEOPLES-STOKES: From
17 May of '24 until now, 200 and some -- my
18 numbers are not seeing it, but that's good.

19 I will also ask how many other staff
20 have you hired to complete the staffing needs
21 of the agency?

22 OCM ACTING EXEC. DIR. REID: So
23 overall we've hired around 50-plus in total.
24 So that's gone to particularly vulnerable --

1 not vulnerable areas, but issues of high
2 priority in compliance, enforcement and
3 legal. Aside from licensing.

4 ASSEMBLYWOMAN PEOPLES-STOKES: Okay,
5 thank you. On the other side of the staffing
6 issue, how many staff people have literally
7 left the agency within the last year?

8 OCM ACTING EXEC. DIR. REID: In the
9 last year? I'd have to get that number --
10 I'd have to get that number for you.

11 ASSEMBLYWOMAN PEOPLES-STOKES: Okay.

12 OCM ACTING EXEC. DIR. REID: But what
13 I can say is that in the last eight to nine
14 months we've severely dropped our turnover
15 rate, which for me is important. Because
16 it's one thing to hire, but if those folks
17 leave right away, that's not building
18 institutional practice.

19 ASSEMBLYWOMAN PEOPLES-STOKES: So I
20 know that there's been reports that the chief
21 medical officer, the general counsel, deputy
22 chief officer and multiple other staff have
23 left the agency for whatever reasons. And
24 what is the plan or the strategy to replace

1 that talent and that leadership that's
2 desperately needed to ensure the
3 successfulness of the agency?

4 OCM ACTING EXEC. DIR. REID: Yeah, so
5 I'm incredibly thankful for the time that I
6 got to work with some of the folks who left.
7 I can tell you across the board that many of
8 them left for personal reasons, not
9 professional. Especially, as you know, you
10 know, Tabatha Robinson out now in Maryland as
11 my counterpart.

12 But currently, we have several
13 positions out for posting for our executive
14 office, and we've been interviewing apace. I
15 feel like I spend most of my time doing
16 interviews and sitting down with folks. So
17 we're not slowing down on that front, knowing
18 that we do need that expertise in the agency.

19 ASSEMBLYWOMAN PEOPLES-STOKES: What's
20 the structure of your hiring process? Is
21 this going through the Office of General
22 Services, as it was in the past, or is it
23 going through Civil Service? How does a
24 person apply and get through the process of

1 being hired by the Office of Cannabis
2 Management?

3 OCM ACTING EXEC. DIR. REID: Yeah, so
4 we will post our positions. Those -- because
5 we're a hosted agency on a couple of
6 different fronts, those will go through OGS,
7 then come back to us. We make our selection,
8 we make sure those folks are qualified for
9 the positions, and then we sit down and we
10 interview.

11 What I will say, you know, cannabis
12 being cannabis, when we post a position we
13 get hundreds and hundreds of resumes for just
14 a single position. So it's taken a lot to go
15 through all of those. But I know I've turned
16 our executive team and others into reviewing
17 those resumes, so we're all working
18 collaboratively.

19 ASSEMBLYWOMAN PEOPLES-STOKES: So, I'm
20 sorry, could you specifically say what the
21 role is for the Office of General Services
22 and your hiring practice?

23 OCM ACTING EXEC. DIR. REID: Sorry,
24 say that again? What --

1 ASSEMBLYWOMAN PEOPLES-STOKES: The
2 Office of General Services, what is their
3 role in your hiring practice? Or is there
4 one?

5 OCM ACTING EXEC. DIR. REID: So there
6 is. So resumes, when folks apply, they have
7 to go through OGS. They don't come to us.

8 ASSEMBLYWOMAN PEOPLES-STOKES: They
9 have to go through OGS before they come to
10 you.

11 OCM ACTING EXEC. DIR. REID: Yes,
12 because we're a hosted agency.

13 ASSEMBLYWOMAN PEOPLES-STOKES: And so
14 the reason for that process is exactly what?
15 I'm not sure if I understand why that has to
16 happen that way.

17 OCM ACTING EXEC. DIR. REID: It's as a
18 hosted agency, so they take care of most --
19 they take care of a certain portion of our HR
20 side. So given that split, that's how our
21 resumes go through -- that's how resumes go
22 through that process.

23 ASSEMBLYWOMAN PEOPLES-STOKES: Okay.
24 Well, you know, I raise that because a lot of

1 the critique of the former leadership was
2 about the lack of hiring staff -- when you
3 have to depend on another agency before you
4 can even get to hiring staff. I think it was
5 an unfair criticism in a lot of ways.

6 And I will be honest, my phone still
7 does ring, not just about licensing, because
8 this issue is much broader than licenses.
9 There are all sorts of calls that we receive.

10 But I'm going to stick to the
11 questions I have for you today, and the other
12 one would be as it relates to the chief
13 equity officer. Do you understand that
14 that's a role that is designed under statute?

15 OCM ACTING EXEC. DIR. REID: I do.
16 And when I drafted that job description, I
17 actually referred to the statute.

18 When it breaks it down into three
19 pieces in terms of what the chief equity
20 officer must do, that was in the original job
21 posting because I recognized that -- that
22 position's for an ombudsman for the office
23 and the cornerstone, one of the cornerstones
24 of the agency, so it's incredibly important

1 to honor that legislative spirit.

2 ASSEMBLYWOMAN PEOPLES-STOKES: So the
3 recent posting for the chief equity officer,
4 it doesn't have the tenets of all of the
5 statute included in it. In fact, it omits
6 all the statutory responsibility outlined in
7 MRTA, the responsibilities that were assigned
8 to that position.

9 And I just wonder what were the
10 requirements that were removed, and how will
11 you fill -- this position fill its
12 legislative mandate if you've changed it in a
13 way that is not in line with the statute?

14 OCM ACTING EXEC. DIR. REID: So,
15 respectfully, I have not changed the
16 position. Again, I referenced the statute in
17 articulating I believe the first three bullet
18 points on that job posting, because again
19 they're the most important.

20 However, the thing that I did notice
21 when I came to the agency is that there was
22 no internal practice around DEIA in terms of
23 operations. And so noting that -- and I said
24 this a little bit in my opening, is I like to

1 make sure that there is an internal
2 foundation before moving externally, because
3 I don't think we could say one thing
4 outwardly and do another thing internally.

5 And so it's been important to me to
6 make sure that that position, because of its
7 experience understanding equity and
8 diversity, also builds out another side of a
9 team -- not taking away from the current
10 C Team; the current C Team is going to remain
11 in place to do economic development and
12 workshop and resource work for our
13 operators -- but also having a side of the
14 house that addresses some of the internal
15 work of an agency that I'm used to across
16 agencies.

17 ASSEMBLYWOMAN PEOPLES-STOKES: Well,
18 the intent of the legislation literally was
19 for this to be an oversight opportunity for
20 the entire agency. With staff. And if
21 you've taken it down to one staff -- one
22 person without a staff, I'm not so sure how
23 that can be accomplished in terms of the
24 oversight aspect of it.

1 But again, I think that should have
2 been changed in statute. And I understand
3 that you don't agree with that, so we
4 probably will just have to submit some
5 legislation to reverse that action. Because
6 I think you do still need the statutorily
7 required person to be an equity officer, as
8 you manage an initiative that's focused on
9 equity. And I think we will have to go back
10 to that.

11 I will just ask one other question,
12 and that's how you are feeling about the
13 stability of the market. How are you feeling
14 about the stability of the legal market at
15 this step in the game?

16 OCM ACTING EXEC. DIR. REID: I think,
17 you know, to quote one of the staff members,
18 the industry is in a place where we're
19 cooking with gas.

20 But, you know, understanding that
21 means that it's flammable, we have to be
22 incredibly careful around balancing our
23 supply chain because, again, we've seen
24 across Michigan, California, other states

1 that have legal schemes, where there's
2 oversaturation of licenses, there are
3 licenses that are not active.

4 And that is something that in New York
5 I don't want to see. Because aside from the
6 fact that's fundamentally waste, that would
7 be a real disservice to the goals, the
8 economic development goals of the market.

9 So I'm sanguine about where the market
10 is at and where it's going, but I do think we
11 need to be incredibly vigilant. That's one
12 of the reasons that I announced the trade
13 practice bureau to go after sort of
14 malpractice in the market, to make sure
15 there's a fidelity to expectations.

16 ASSEMBLYWOMAN PEOPLES-STOKES: Well, I
17 want to definitely congratulate you and your
18 board on some of the decisions you recently
19 made around proximity protection.

20 But clearly I think that's an issue
21 that -- it depends on what location the
22 proximity protection is needed. It's not the
23 same in Ellicottville as it would be, say, in
24 Harlem.

1 And so I appreciate the way you all
2 are beginning to look at that as an issue,
3 because it definitely does have an impact on
4 existing businesses.

5 Lastly I just want to ask a little bit
6 about the enforcement of illegal shops. I'm
7 not sure that -- at some point we're going to
8 have to figure out how to have law
9 enforcement engaged, because the calls that I
10 get now are not so much about illegal shops
11 necessarily perhaps in Buffalo, or even in
12 Rochester, but in New York City there still
13 is a problem.

14 And some of the ones that were
15 actually shut down -- I just heard this
16 today -- by the former sheriff in New York
17 City have somehow popped up back open, with a
18 hemp license.

19 And so I think there has to be some
20 opportunity to look at who has a hemp license
21 and what are they doing with it that they
22 shouldn't be doing. And there also has to be
23 some opportunity to figure out how we begin
24 to engage law enforcement in protecting the

1 laws of New York State. It is illegal to
2 sell cannabis if you don't have a license.
3 Yet there's still people who think that they
4 can do that in this country, and they are
5 doing it.

6 And so I know we went through quite a
7 bit with Senator Krueger and your office and
8 the Governor in figuring out how to get
9 sheriffs engaged and put the task force
10 together. That work temporarily is not
11 working anymore. So what's the next step
12 going to be?

13 CHAIRWOMAN KRUEGER: Everyone's afraid
14 to cut you off, Crystal, but I've been
15 assigned to do so.

16 (Laughter.)

17 CHAIRWOMAN KRUEGER: But I promise I
18 will follow up with my questions on your
19 train of thinking, so I am going to cut you
20 off.

21 ASSEMBLYWOMAN PEOPLES-STOKES: Thank
22 you.

23 CHAIRWOMAN KRUEGER: Thank you.

24 And I'm going to hand it over to the

1 chair of our Cannabis Subcommittee,
2 Jeremy Cooney.

3 SENATOR COONEY: Thank you, Chair.
4 And thank you to this panel for coming
5 together. I appreciate your good work.

6 Let me start with cannabis, if I may,
7 and then we'll move to ESD as well.

8 First, Director Reid, thank you for
9 your leadership. I know you've had a lot on
10 your plate since you've taken on this role,
11 but really pleased to see the progress that
12 you've made especially with the hiring
13 numbers that you shared. Significant.

14 I too will join the Majority Leader
15 with my concern about the December queue. I
16 know we're working hard to get to it, but
17 we're still getting phone calls from people
18 who have been waiting very, very patiently
19 and who have a lot of money on the line, been
20 trying to get through this process. So we
21 want to see that continue. But I know that
22 you're working on that.

23 Let's start with the retail side and
24 then we'll move to the supply side.

1 So on retail, I would agree again with
2 the Majority Leader that some of the work
3 that's been done through the regulatory side
4 with proximity protections is encouraging.

5 However, I think I know, when you set
6 this process up, a lot of it was modeled
7 after the State Liquor Authority and ABC
8 control laws. And, you know, I think that
9 there's some more clarity that you see in
10 terms of proximity protections for liquor
11 stores, et cetera.

12 And I think we could apply some of
13 that clarity on the OCM side to cannabis
14 retail dispensaries. And I think there's
15 some uncertainty that even though we've
16 changed the distances, et cetera, recently,
17 that there's still some wiggle room there
18 that investors, that retailers don't feel
19 secure in their spaces, whether in a more
20 dense urban area like New York City or up in
21 upstate New York cities like Rochester and
22 Buffalo. So we'll be following up with your
23 office on that.

24 Have you heard anything more

1 specifically from retailers since you've done
2 these regulatory changes on proximity
3 protections, about their ability to kind of
4 move forward in the process? Can you speak
5 to that?

6 OCM ACTING EXEC. DIR. REID: Yeah. So
7 last September, I believe it was, we put out
8 the current regs under review for public
9 comment. And pointedly, the brunt of that
10 public comment was negative on the very
11 concerns that you raise. You know, one of
12 the things that I'm particularly mindful of,
13 and I know this from SLA, is that businesses
14 need to know what to expect.

15 And the thing that I am also conscious
16 of is that unlike, you know, the alcohol
17 market, cannabis is an emerging market.
18 That's -- the alcohol market is a mature one,
19 we are an emerging market.

20 So even though we have in our
21 regulations the ability to consider things
22 like public convenience and advantage, I
23 think we have to be particularly sensitive to
24 the fact that we are an emerging market and

1 the proposed regulations that we put out
2 there go a long way to try to strengthen
3 them. That is giving local communities the
4 ability to advocate and have a bit of process
5 in that. It also gives a little bit of time
6 for businesses to start operationalizing
7 before there is a consideration of public
8 convenience and advantage.

9 So I think some of the matters that
10 we've put in place are responding to the
11 things that we've heard from sitting down
12 with the field and with retailers and across
13 the supply chain that could go a long way to
14 sort of addressing some of the issues that
15 exist.

16 SENATOR COONEY: Okay. Well, we'll
17 follow up with your team afterwards on some
18 additional feedback that we've received. But
19 I appreciate the work that's been started on
20 proximity protections.

21 I'm concerned on the supply side.
22 This is a good problem to have; we're opening
23 up more stores, there's more opportunities
24 across the state. Congratulations on hitting

1 that 1 billion mark -- that's wonderful
2 progress. But we're still hearing directly
3 from farmers, we're hearing from processors
4 that they're worried about not having enough
5 supply to meet the New York demand.

6 And obviously some of the things that
7 we can't factor in at least right now are the
8 federal issues, right?

9 And so if this really is going to be a
10 New York-based market, how are we going to
11 meet the supply demands? Are you opening or
12 thinking about changing regulations around
13 growing the canopy, around lighting
14 requirements, things that may allow
15 processors and cultivators to, you know,
16 increase their yield, if you will, so that we
17 can supply our legal cannabis stores with
18 New York-made products? Can you speak to
19 that a little bit?

20 OCM ACTING EXEC. DIR. REID: Sure. So
21 I think the one thing that sort of frames
22 this is the issue that happened in the market
23 in 2023 where we had allowed folks to go
24 first in terms of growing cannabis, and then

1 there ended up being no place for that
2 cannabis to go. And that was incredibly
3 difficult for our cultivator community and
4 for communities across the state.

5 So one of the things that I'm
6 particularly sensitive to, and we at the
7 agency are sensitive to, is ensuring that if
8 we have something starting at seed, cutting
9 our clone, it is getting someplace ultimately
10 in the market.

11 One of the things that I think is
12 incredibly important is paying attention to
13 balancing, like I said, across the supply
14 chain. What I will say is in the last
15 several months we have put forward -- or,
16 sorry, the Cannabis Control Board has
17 approved several cultivation licenses. But
18 again, it being largely an outdoor crop,
19 those plants aren't in the ground yet.

20 So we'll see what happens this growing
21 year, because it should be pretty interesting
22 given the fact that last year was an
23 incredible growing year. As someone who
24 grows myself, it was a great year. But, you

1 know, every year is different, particularly
2 with the climate of New York, and so we want
3 to see what happens on the cultivation side
4 this upcoming year in terms of yield.

5 SENATOR COONEY: So let's continue to
6 monitor that, but I think we should be open
7 to -- again, we want to make sure that we're
8 not catching ourselves at the end of a
9 growing season with too short of a supply to
10 meet the demand of our retailers.

11 Can you speak briefly on where we are
12 in implementing the recommendations that
13 Commissioner Moy shared earlier this -- or,
14 sorry, last year?

15 OCM ACTING EXEC. DIR. REID: Sure. So
16 it identified several areas. One was of
17 course staffing. And, you know, we've worked
18 incredibly hard to expand -- hire up, but
19 also keep our folks.

20 You know, I've sat down with every
21 single team, I've gone to lab visits, I sat
22 down and watched them do input into
23 licensing, just to understand what it is they
24 do. Because I'm not the kind of person who

1 sort of leads from a closed office. And
2 that's been really important for staff. Also
3 having things like town halls.

4 Another one of the areas that we
5 addressed was the lack of internal
6 accountability around audit and compliance.
7 Again, I'm used to an agency with a very
8 robust audit and compliance component --
9 basically, keeping the agency honest to what
10 it says it does. So having put that in place
11 has been, you know, incredibly important.

12 Another thing is the communication
13 piece. You know, as you might tell, I'm a
14 bit of a chatty person and I like to sit down
15 with our communities, sit down with the folks
16 in the business and hear from them directly
17 what's working. I don't like to work off
18 assumptions and suppositions, I like to hear
19 directly from folks.

20 So we've gone and done I believe a
21 seminar, eight stops at this point,
22 office-hours tour across the state -- we
23 started in Geneva, we just had one on
24 Long Island -- to really hear back from local

1 communities on what's going on, but also
2 thinking about the backlog we have in
3 communication.

4 I know several legislators had reached
5 out over time and had not heard back. So
6 we've been incredibly communicative in
7 getting back to folks and following up,
8 making sure that, you know, folks know that
9 we're listening. That's incredibly important
10 to us.

11 SENATOR COONEY: Well, I know Tai {ph}
12 and Nicolette are here, they're doing a great
13 job at trying to get through as many of those
14 backlogs as possible. And I appreciate your
15 road show coming to Rochester. That was a
16 good conversation.

17 So again, thank you for your
18 leadership and your work, and I appreciate
19 all that you're doing.

20 Let me move quickly to
21 Commissioner Knight.

22 As a former ESD employee, I'm always
23 impressed by what you're doing and thank you
24 specifically for your leadership and the

1 Governor's leadership on the Film Tax Credit,
2 which of course I support -- I know what a
3 difference that makes -- as well as the
4 Digital Gaming Tax Credit, which I know we're
5 working on some language changes so that we
6 can get that money out the door. Incredibly
7 important. Thank you for that.

8 You know, I want to speak briefly on
9 Empire AI. Again, supportive of the
10 Governor's vision for the expansion.
11 University of Rochester and Rochester
12 Institute of Technology are both looking to
13 join the consortium, so excited to see that
14 and excited to see the investment continue to
15 be made across the state.

16 My question is really around our
17 favorite topic of MWBEs. Seen a lot of
18 progress made in recent years, but I am
19 concerned about the disparity study. And I
20 know that we've been having this conversation
21 along with my colleague Senator Sanders, who
22 leads this in our house.

23 The disparity study I think had a lot
24 of alarming results. I just don't think it

1 reflected reality, truthfully, in New York.

2 And my question to you is kind of, are
3 we going to go back out to do another
4 disparity study? Are we working to tweak or
5 kind of reframe some of those questions so
6 that they are made to better reflect I think
7 the reality here in New York so that
8 New Yorkers can get the benefit of this
9 program?

10 COMMISSIONER KNIGHT: Thank you for
11 your question.

12 You know, we released the disparity
13 study last year and the substance of the
14 disparity study indicates that there is still
15 a disparity with respect to utilization of
16 MWBEs in the public and private marketplace.
17 And so that study is on firm ground. We do
18 not believe that we need to do, you know,
19 another study or go back and fix that study,
20 because it's constitutionally sufficient,
21 based on Supreme Court and federal case law,
22 that our MWBE, you know, abides by those
23 guidelines.

24 So we want to make sure that we have a

1 study that is unassailable in case we have a
2 challenge and we need to have that --

3 SENATOR COONEY: Of course. And I
4 agree with you that I think the process that
5 was followed was absolutely correct, on the
6 mark. And I think we can feel very strong in
7 our legal assertion that this is a good
8 program.

9 I just worry that there are
10 communities that were reflected in the -- or,
11 sorry, not reflected in that study that do
12 have the need to be benefiting from this
13 program. So we can follow up with your
14 office on that.

15 But thank you for your leadership and
16 look forward to working with you.

17 COMMISSIONER KNIGHT: Thank you.

18 CHAIRMAN PRETLOW: Thank you, Senator
19 and Commissioner.

20 Al Stirpe for 10 minutes.

21 Assemblyman Stirpe for 10 minutes.

22 ASSEMBLYMAN STIRPE: Thank you, Chair.

23 I guess I'll give Acting Director Reid
24 time to catch her breath and stuff, and I'll

1 focus on Commissioner Knight.

2 Let me ask you about the NY-RUSH
3 program, okay? Last year we appropriated
4 \$250 million; we're doing the same thing this
5 year. But tell me a little bit about what's
6 happened with that \$250 million. How much of
7 it's already committed, and what kind of
8 projects?

9 COMMISSIONER KNIGHT: You did say the
10 New York FAST program.

11 ASSEMBLYMAN STIRPE: No, RUSH.

12 COMMISSIONER KNIGHT: Oh, RUSH.

13 ASSEMBLYMAN STIRPE: RUSH.

14 COMMISSIONER KNIGHT: Yes. So we have
15 been working with many of our partner
16 agencies that did have property that is
17 state-owned that needs to be redeployed.

18 We have not allocated any funding at
19 this point, but we do have projects that are
20 in the pipeline that have eligibility for the
21 funding. So for example there's a
22 development for the Beacon Train Station that
23 the MTA's put out an RFP for, and that RFP
24 indicates that RUSH funding is available.

1 You know, we're working on a Creedmoor
2 redevelopment. We're looking at RUSH for
3 that funding. And so there are a lot of
4 projects in the pipeline that will be
5 associated with that.

6 ASSEMBLYMAN STIRPE: Okay. Are we
7 prioritizing affordable housing? And what is
8 the criteria for that?

9 COMMISSIONER KNIGHT: Yeah, so we're
10 looking at a range of elements. We're
11 certainly looking at affordability. We're
12 looking at, you know, how difficult it will
13 be to bring the site online from an
14 infrastructure perspective. So we're looking
15 at a number of factors.

16 ASSEMBLYMAN STIRPE: Okay. Let's talk
17 a little bit about FAST NY. Okay? Again,
18 we're proposing \$100 million for that.

19 What I've heard from various people
20 and briefings I've gotten from the executive
21 branch, that the early sites we worked on
22 were sites that were much closer to being
23 shovel-ready, so it didn't cost quite as much
24 per site.

1 Now we're going to sites where lots of
2 infrastructure has to be laid in there. And
3 is \$100 million enough? And how many sites
4 could that possibly help?

5 COMMISSIONER KNIGHT: So, you know, we
6 know that many of these sites need more
7 infrastructure. We are proposing the
8 POWER UP program that will focus on
9 connecting these sites to the electrical
10 grid, and so we think many of these sites
11 will be paired with POWER UP as well as
12 FAST NY funding that will get, you know, a
13 number of sites in place.

14 ASSEMBLYMAN STIRPE: Okay. Quickly
15 over to Empire AI Consortium, can you provide
16 an update of where we are now with that and
17 maybe share how the existing funding for
18 Empire AI is leveraged from external sources
19 such as, you know, educational institutions
20 or private investors?

21 COMMISSIONER KNIGHT: Absolutely.

22 So Empire AI, that project is moving
23 along very nicely. The original consortium
24 members are working through detailed use

1 agreements. There is now a board of
2 directors focused.

3 And the consortium was able to get
4 some donated equipment, so there's actually
5 projects being run now on that donated
6 equipment. Two hundred researchers are
7 working on 85 projects. And the development
8 of the facility at the University of Buffalo
9 is in progress of planning. They've hired a
10 consultant and think they'll be able to have,
11 you know, designs and able to go into the
12 ground next year.

13 The \$90 million that has been asked
14 for, you know, is to advance an additional
15 phase of this project to provide additional
16 capacity so that these other academic
17 institutions can have the ability to be on
18 the network.

19 ASSEMBLYMAN STIRPE: Okay. NY
20 CREATES, you know, the \$500 million on the
21 extreme ultraviolet lithography tool, can you
22 give me an update on what's happening with
23 that and what's the tool's current status?

24 COMMISSIONER KNIGHT: So the

1 construction continues at NY CREATES to be
2 able to house the tool.

3 The construction needs to be at a
4 place significantly far along to have the
5 tool delivered.

6 When do we expect the tool?

7 ESD CEO YOUNIS: The tool will be
8 delivered next year.

9 COMMISSIONER KNIGHT: Okay, so the
10 tool will be -- the construction will be in a
11 place where the tool can be delivered next
12 year.

13 ASSEMBLYMAN STIRPE: Okay. All right.

14 Let's talk about some of my favorite
15 things, the Centers of Excellence and the
16 CATs. How often do you publish the
17 effectiveness evaluations of each center? Is
18 that once a year, quarterly?

19 COMMISSIONER KNIGHT: Well, we do get
20 reports from these centers. I'll come back
21 to you -- I think it's once a year, but I'll
22 come back to you. Yeah.

23 ASSEMBLYMAN STIRPE: Okay. You know,
24 I know that we look at the Centers of

1 Excellence and the CATs and the return on
2 investment and we always talk about how
3 they're exceptionally far and above anything
4 else that we have invested in so far.

5 And I'm just wondering why we never
6 add any funding to them, but instead always
7 sort of cut back the funding each year and go
8 through the fight where the Legislature has
9 to add it back in, et cetera.

10 Isn't there an opportunity at some
11 point to say that they're successful and we
12 should really support them so instead of
13 cutting them, maybe add something to them?

14 COMMISSIONER KNIGHT: So we're very
15 proud of our CATs and COEs, and we have a
16 portfolio of innovation assets in our NYSTAR
17 division, and they leverage, you know, the
18 effectiveness of those institutions and
19 programs.

20 So we -- you know, it's not a cut in
21 the budget, it's just bring it back to what
22 the Legislature has added last year.

23 ASSEMBLYMAN STIRPE: Okay. Let's talk
24 a little bit about the new program, CATALIST.

1 I'm having some difficulty feeling that it's
2 a program that is somewhat equitable. I
3 mean, you're talking about a certain number
4 of employees in each company not paying
5 income taxes.

6 And I don't know how the other people
7 in the company feel about having to pay
8 income taxes when people next to them don't.
9 And, you know, competing against other
10 companies that are starting up also and don't
11 have that advantage.

12 Isn't there maybe a better way of
13 doing this, helping these startups through
14 some other type of grant program where they
15 show the potential and we're able to
16 recognize that and go ahead and provide some
17 funding?

18 COMMISSIONER KNIGHT: So, you know,
19 our innovation companies are very important
20 to New York. You know, they grow at a more
21 rapid rate than other companies. And we've
22 seen the level of compensation increase
23 substantially for high-tech talent.

24 And so we believe that by providing

1 this personal income tax exemption these
2 companies are going to be able to hire the
3 talent that they need. And we can root them
4 here in New York as they grow, instead of
5 them moving someplace else.

6 ASSEMBLYMAN STIRPE: All right. Well,
7 we'll see how that ends up. There are some
8 people who think that funding should be used
9 in a different way, but okay.

10 What else? ON-RAMP. Can you give me
11 a little update on ON-RAMP? Have sites been
12 selected? Is anything started?

13 COMMISSIONER KNIGHT: So our flagship
14 ON-RAMP Center in Syracuse is in the process
15 of selecting a site for ON-RAMP. The three
16 others -- in the Finger Lakes, Capital Region
17 and Mohawk Valley -- those projects were just
18 announced about a month ago. They will be
19 working on planning around what types of
20 training are in most demand in their regions
21 and will be looking at, you know, selecting
22 sites to locate those projects.

23 In the Capital Region the announcement
24 was in one of the former St. Rose buildings

1 which will house one of the ON-RAMPS.

2 ASSEMBLYMAN STIRPE: Okay. Okay,
3 well, thank you very much.

4 CHAIRWOMAN KRUEGER: Thank you.

5 Next up is April Baskin, who's
6 actually the chair of Procurement, which
7 overlaps multiple agencies.

8 SENATOR BASKIN: Thank you,
9 Madam Chair.

10 Good morning. Thank you -- or good
11 afternoon. It's been a long week. Thanks
12 for joining us here today.

13 Commissioner Hope Knight, good to see
14 you.

15 A question for you surrounding ESD's
16 investment into the East Side of Buffalo.
17 ESD's investment into small businesses within
18 my district was a welcome relief following
19 the tragedy that we faced with the racist
20 attack at the Tops Supermarket in Buffalo
21 years ago. The Commercial Districts Grant
22 Program and the East Buffalo Small Business
23 Working Capital Grant Program planted seeds
24 of funding in neighborhood commercial

1 districts that had been in decline for
2 decades.

3 But despite these innovative programs,
4 we're still struggling. I've only been in
5 this position as a State Senator for two
6 months, but I've continuously heard from my
7 constituents: What are we going to do about
8 all of these vacant storefronts?

9 We need the condition of our
10 communities to be healthy, walkable
11 communities. We have a lot of dormant
12 commercial buildings in business districts
13 that were once vibrant. And when we do roll
14 out these grants from ESD, there are a lot of
15 barriers and a lot of paperwork and a lot of
16 waiting for small business owners who are
17 still struggling from COVID-19 -- and that is
18 magnified by being in a marginalized business
19 district -- and who wait months, sometimes
20 years to figure out, navigate paperwork for a
21 return of about \$7500 to support their
22 business.

23 So I'm just interested -- first,
24 thankful for the initial seed money, but

1 interested to know what other plans are on
2 the rise for commercial districts across the
3 City of Buffalo but specifically on the
4 East Side?

5 COMMISSIONER KNIGHT: Thank you for
6 your question, Senator.

7 You know, I've spent a fair amount of
8 time in Buffalo, and on the East Side, and
9 have been working with my team and some of
10 our vendors who are actually working with the
11 businesses to support them in accessing our
12 programs.

13 We have made some changes to the
14 program to be more responsive to the
15 businesses, as well as providing much more
16 technical support to help them access the
17 capital. And, you know, we continue to take
18 feedback to understand, you know, what are
19 the things that we can do to make the
20 programs more accessible to those businesses
21 on the East Side.

22 SENATOR BASKIN: Thank you. I'm going
23 to have my office reach out. I want to know
24 specifically what changes have been made, and

1 I want to support you guys in communicating
2 what changes have been made to our
3 entrepreneurial and small business owner
4 community.

5 And I'd love to continue to work and
6 grow these programs -- not just the
7 opportunity fiscally, but also just
8 residents' ability to be able to quickly
9 access this funding is imperative, especially
10 with what we've faced.

11 Thank you. Thanks, Madam Chair.

12 COMMISSIONER KNIGHT: Thank you.

13 CHAIRWOMAN KRUEGER: Thank you.

14 Assembly.

15 CHAIRMAN PRETLOW: Assemblyman Ron
16 Kim, for 10 minutes.

17 ASSEMBLYMAN KIM: Thank you, Chair.

18 My questions are for President Knight.
19 Thank you for being here today.

20 I just wanted to focus my attention on
21 the tourism economy and the responsibility
22 that ESDC has to promote tourism in the State
23 of New York. Unlike traditional economic
24 activity where oftentimes our consumer money

1 is extracted out of our communities and
2 people spend money on Amazon and some of the
3 money leaves, community tourism is one of the
4 few places where we attract new money and
5 build economic resilience. And I don't think
6 we do enough to really articulate how
7 important that is for local communities,
8 especially now, to build economic resilience
9 from the ground up.

10 And it's my understanding in the last
11 couple of years we've seen some record
12 numbers of money that's been generated in
13 tourism -- \$137 billion in 2023 of economic
14 impact, \$88 billion of direct spending that
15 year. That's an 11 percent jump from the
16 previous year.

17 However, when I talk to some of the
18 art and culture institutions, they're seeing
19 the reverse. Coming out of COVID kind of,
20 you know, in a reverse way in the sense that
21 there's more local, regional tourists versus
22 international tourism. Whereas before COVID,
23 we've had international tourists coming in
24 and spending more money locally.

1 And I think that is, despite the money
2 being spent, this is an important point for
3 me because that's money that's just being
4 circulated locally versus new money coming
5 in, having a multiplier effect in our
6 economy. And I think this is a time where we
7 don't take this for granted but even start
8 investing more into our ability to market and
9 really promote tourism.

10 But yet year after year it seems like
11 our budget is stuck around the same level for
12 the activity around tourism. So let me just
13 begin by clarifying, what is it the
14 \$15 million for Market NY does? And talk
15 about the I Love NY program for 2.5 million.
16 And is it similar? And what are those two
17 programs?

18 COMMISSIONER KNIGHT: Sure. Tourism
19 is a very important part of the New York
20 State economy. And as you mentioned, we have
21 our I Love NY program, which focuses on
22 promoting New York as a destination. You
23 know, we work with tour operators, we provide
24 some media attention for the attractions that

1 we have in New York State.

2 And with our Market NY program, that
3 is open to organizations that are promoting,
4 you know, local areas within New York. So we
5 provide grants to organizations that are
6 promoting their regions.

7 ASSEMBLYMAN KIM: Great. And I guess
8 there's 2.45 million by the Executive for
9 matching grants for those organizations. I
10 mean, those organizations are saying it's not
11 enough for them. And they're doing so much
12 work volunteering their time because they
13 love their communities and they want to
14 promote their assets to the world.

15 And I just think if you just add a
16 little bit more, the return is definitely
17 there. Just like our former chair has said,
18 we can do a lot more to support these groups,
19 to make sure that they can do a better job
20 promoting their assets.

21 The 47 million for open business,
22 Global NY initiatives and trade missions, I
23 know that there's been some advertising in
24 places like London, where we see I Love NY

1 signs pop up. Are there other examples of
2 some of the promotional programs in other
3 countries that's active right now?

4 COMMISSIONER KNIGHT: Well, some of
5 the activity that gets funded by the pot that
6 you're talking about is related to doing
7 foreign missions, having New York State
8 businesses market their products and services
9 in other markets around the globe.

10 ASSEMBLYMAN KIM: I'll close by just
11 going back to some of the local reasons why I
12 think tourism is so important.

13 I can't verify if this is true or not,
14 but on social media there's a lot of stuff
15 floating around and there are tourists from
16 Asian countries that people are saying on
17 social media platforms that have been picked
18 up and harassed by ICE agents. And these are
19 people visiting to the city and spending
20 money.

21 And when those type of stories get
22 out, there's a fear among people that they no
23 longer want to come visit. And I just --
24 again, going back to why we need to increase

1 the funding for this activity, it is to make
2 sure to promote New York in a safe way that
3 they understand that there's some fake
4 stories, there's some real things, but we
5 have a handle on it and New York City and
6 New York State will continue to -- we'll
7 continue to keep them safe when they visit.

8 And those are the type of things that
9 we need to really focus on promoting, because
10 if we take it for granted, I think we'll see
11 a downward trend, and that's not what we want
12 for our economy.

13 COMMISSIONER KNIGHT: Understand.

14 ASSEMBLYMAN KIM: Thank you.

15 CHAIRWOMAN KRUEGER: Thank you.

16 Next we have Senator Borrello.

17 SENATOR BORRELLO: Thank you,
18 Madam Chair.

19 Thank you all for being here. My time
20 is short, so I'm going to really focus on
21 Executive Director Reid. Appreciate you
22 being here.

23 I think we all know that this rollout
24 has been an unmitigated disaster. Here we

1 are five years later -- four years later, and
2 hundreds of millions of dollars, taxpayer
3 dollars have been spent. This office, prior
4 to your arrival, was run kind of like the mob
5 runs things, you know, so I think it's been
6 unfortunate that we saw a lot of wasted time
7 and the continued burgeoning of the illegal
8 markets.

9 But when it comes to the legal shops,
10 it's my understanding that you're not
11 enforcing the rules and regulations of
12 licensed dispensaries that are out of
13 compliance with your regulations and, rather,
14 you have basically a trade practices bureau.
15 Can you explain that, who's going to be
16 heading that up, the enforcement of things,
17 and what this trade practices bureau actually
18 is?

19 OCM ACTING EXEC. DIR. REID: So let me
20 back up just in terms of what we're doing
21 around compliance. Our compliance team was
22 in place even before I got here, as well as
23 our enforcement folks. That's different from
24 trade practice.

1 However, with the new trade practice
2 bureau, they're going to be going after
3 malpractice across our licensees. That is,
4 things like inversion -- that is product
5 coming from out of state -- diversion,
6 product from in-state going out of state.
7 Things like license stacking, undue influence
8 in contracting, things like that. So more
9 specifically around the basically business
10 and trade practices of our operators.

11 Now, compliance is a little bit
12 different. They handle compliance with our
13 regs writ large. And those teams have gone
14 out -- I can't -- I mean, I actually can tell
15 you how often. They've done over 210
16 inspections in the last year. They've issued
17 1,118 findings. And we've gotten numerous
18 corrective action plans based on those
19 compliance actions. So --

20 SENATOR BORRELLO: When you say
21 corrective action plans, have any licenses
22 been pulled or, you know, has anybody lost
23 their license because they've been grossly
24 out of compliance?

1 OCM ACTING EXEC. DIR. REID: To this
2 point, no, and I think that's a good thing.
3 Because what we find more often than not is
4 folks do want -- they recognize the
5 opportunity of cannabis. They want to
6 benefit from that opportunity. So when we
7 highlight things that are going not so well,
8 or wrong, they are -- with those plans, they
9 are correcting those things.

10 SENATOR BORRELLO: Well, a lot of
11 these things were in place prior to your
12 arrival. Can you please tell me what -- you
13 know, to move things in a new direction, what
14 your plans have been beyond that you're just
15 enforcing what was already in place before
16 your taking this position?

17 OCM ACTING EXEC. DIR. REID: Sure. So
18 one of the things that's really interesting
19 and also really challenging about the
20 cannabis industry is that what it looks like
21 today is not what it looks like tomorrow.

22 So what it requires is that our
23 compliance folks are really paying attention
24 to how business and operators move, and also

1 flagging things that are issues out in our
2 landscape.

3 And so, you know, building those
4 pieces and processes takes time. However,
5 one of the biggest things around that is the
6 building on our hiring. We need more folks
7 on our compliance team to address the myriad
8 issues.

9 SENATOR BORRELLO: Thank you for the
10 very fast answers, because I had so much and
11 so little time. Appreciate it.

12 CHAIRWOMAN KRUEGER: Assembly.

13 CHAIRMAN PRETLOW: Assemblywoman
14 Buttenschon for 10 minutes.

15 ASSEMBLYWOMAN BUTTENSCHON: Good
16 afternoon, Chairs. Thank you.

17 And Commissioner and Acting Director,
18 thank you for your leadership.

19 Commissioner Knight, as we spoke
20 before, I would like to start with Minority
21 and Women-Owned Business Enterprises, please.
22 So I'm still hearing the challenges that
23 these prospective and those renewing licenses
24 are hearing for this certification. Do you

1 feel that you have enough within your
2 operational funding to support the staff so
3 that our prospective owners, business owners
4 as well as those renewing, can take advantage
5 of this program?

6 COMMISSIONER KNIGHT: So thank you for
7 that question.

8 You know, our MWBE program,
9 particularly on the certification side, is
10 running very well. And, you know, we went
11 from having a backlog of almost 4,000
12 applications to getting through that backlog
13 in the fall of 2023. We now are able to
14 process those applications in 60 to 90 days,
15 when before it was much, much longer -- maybe
16 three or four times as long.

17 And so we are able to get through
18 those applications. Because we had so many
19 applications in the backlog, we had a lot of
20 denials. But we've been able to have, you
21 know, many roundtables and our executive
22 director's been out in many of the regions,
23 providing more transparency and visibility
24 into the process, so that applicants

1 understand, you know, what the confines of
2 15A are.

3 We have had many fewer denials last
4 year. And, you know, we continue to work
5 with the MBEs, as you mentioned, and the
6 WBEs, and they have basically the same level
7 of approval rate. So we don't see a
8 difference between approvals of MBEs and
9 WBEs.

10 We, you know, continue to have the
11 support to provide them with greater
12 utilization. We work with agencies and
13 authorities to figure out when there are
14 going to be contracts, where there will be
15 accessibility to those contracts. We
16 continue to work with them so that
17 utilization can happen at a greater rate.

18 ASSEMBLYWOMAN BUTTENSCHON: So you
19 feel your staffing is appropriate.

20 COMMISSIONER KNIGHT: Yes.

21 ASSEMBLYWOMAN BUTTENSCHON: Okay.

22 And to switch gears, my colleague --
23 thank you, Chair Stirpe -- asked many of the
24 questions. But with the RUSH funding, as we

1 talk about converting or repurposing state
2 property, can you talk to me about what is
3 going on with that and success stories that
4 you've had with it, what commissioners you're
5 working with?

6 COMMISSIONER KNIGHT: So we're early
7 in the process with effect to using the RUSH
8 funding. But I'll just talk about, you know,
9 a couple of examples related to the Prison
10 Redevelopment Commission.

11 You know, the Governor put this
12 together at the end of 2022, how to repurpose
13 these vacant prisons that had been closed.
14 And as you know, those prisons are large
15 footprints, lots of infrastructure. And in a
16 couple of cases, the RFPs -- I'll talk about
17 the Watertown RFP, RUSH funding will be used
18 for redeveloping that facility. And so
19 that's going to be an example where we'll
20 probably need extensive RUSH funding to
21 support redevelopment of that facility.

22 ASSEMBLYWOMAN BUTTENSCHON: So the
23 reappropriations this year you feel are
24 sufficient to continue with the works that --

1 and future projects across the state?

2 COMMISSIONER KNIGHT: Absolutely.

3 Yes.

4 ASSEMBLYWOMAN BUTTENSCHON: Okay. I
5 also have to concur with my colleague
6 regarding the CATALIST funding. And I know
7 I've spoke to you about this. I don't
8 support this proposal. I think that each
9 region should be able to make the decisions
10 of what businesses should be supported. And
11 having one employee receiving tax credits
12 versus the other I think doesn't make good
13 for any of the small businesses that I have
14 spoke with.

15 Acting Executive Director Reid, thank
16 you again for being here. I do get calls, so
17 I just wanted to follow up.

18 From the data that you have within
19 your office, can you talk about the
20 approximate time it takes from the
21 application being brought forward to your
22 office to the time that it could be approved?

23 OCM ACTING EXEC. DIR. REID: Right.

24 So we've reduced that timeline extensively to

1 around 67 days.

2 ASSEMBLYWOMAN BUTTENSCHON: Okay.

3 OCM ACTING EXEC. DIR. REID: And I
4 did -- I just want to explain a little bit
5 around that. A lot of it is back-and-forth
6 with the applicant -- if they've submitted
7 appropriate documentation, if they have to
8 cure deficiencies. And every time there's a
9 deficiency, there's a 30-day cure period, so
10 it can take a little bit of time just working
11 out with applicants where they're at and what
12 they need.

13 ASSEMBLYWOMAN BUTTENSCHON: Okay. And
14 to follow up on the Majority Leader's
15 questions, so what protocols or policies do
16 you have in place to work with law
17 enforcement currently?

18 OCM ACTING EXEC. DIR. REID: So most
19 of our law enforcement engagement is through
20 our enforcement team. There are myriad
21 aspects that we engage on.

22 Just one, thinking about the
23 enforcement side, since the Legislature
24 granted us the expanded enforcement powers,

1 it's been incredibly helpful to provide
2 technical assistance to local law enforcement
3 in terms of training, in terms of
4 observation, in terms of information sharing.

5 We did a training I think even as of
6 last Thursday with New York City's Operation
7 Padlock to protect around, you know,
8 appropriate inspection action. And so that's
9 a role that we play quite strongly.

10 We also work with other law
11 enforcement partners, especially our partners
12 in the Department of Taxation and Finance, on
13 information sharing around investigations.
14 An investigation of an unlicensed operator
15 can lead in many, many directions, and some
16 of those unlicensed operators are also
17 engaged in criminal activity.

18 But I think the thing that we have to
19 be mindful of in investigations is ensuring
20 that we're doing a thorough job and building
21 our evidence, building our case. Because
22 eventually those things may go to a hearing,
23 and I have no interest in having things
24 overturned at the state level. So we want to

1 how about our small farms? Could you tell me
2 the policies and protocols you have in place
3 to ensure that they're receiving the
4 information?

5 OCM ACTING EXEC. DIR. REID: Yeah. So
6 this sort of loops into the agency's sort of
7 restructuring of our communication practices.

8 One of the things we rely on most is
9 GOV delivery to share information in realtime
10 with our cultivators, with our processors,
11 with folks across the supply chain. But
12 another thing that we have is really that
13 active listening piece and sitting down with
14 folks. I'm looking forward, the next couple
15 of months, to sitting down with the
16 cultivator community in the Hudson Valley to
17 talk about the things that are working and
18 the things that don't, the things that are
19 painful and the things that are not.

20 And so, you know, a lot of what we are
21 thinking about and planning around is due to
22 those conversations.

23 ASSEMBLYWOMAN BUTTENSCHON: Okay, and
24 this question's for both of you. As the

1 chair of small businesses, what advice could
2 you give a small business in the State of
3 New York that you could provide guidance
4 within the agency that you oversee?

5 COMMISSIONER KNIGHT: I'll go.

6 So ESD has tremendous resources to be
7 able to utilize. I would start with our
8 Entrepreneurial Assistance Centers, who can
9 help guide them to many of the resources that
10 we have so that they can, you know, get
11 assistance with accessing those varied
12 resources.

13 ASSEMBLYWOMAN BUTTENSCHON: Thank you.

14 OCM ACTING EXEC. DIR. REID: Two
15 parts, if I might.

16 One is -- and I mentioned this a
17 little bit earlier -- don't plan for the
18 cannabis industry that exists today, plan for
19 what might exist in one year, five years,
20 10 years. And the way to do that is looking
21 at what's happening in other jurisdictions.

22 Another thing I would say is, you
23 know, there's a lot of high hopes in opening
24 a cannabis business, but it really requires a

1 degree of research and understanding what's
2 happening across the supply chain, but also
3 understanding larger market factors.

4 I think, you know, some of our best
5 operators have their ears very close to the
6 literal ground around what's happening in new
7 technologies coming or challenges that are on
8 the horizon. So it really takes a degree of
9 incredible due diligence to sort of keep up
10 with the pace of business.

11 ASSEMBLYWOMAN BUTTENSCHON: Thank you.

12 CHAIRWOMAN KRUEGER: Thank you.

13 Toby Stavisky.

14 SENATOR STAVISKY: There we go, sorry.

15 Commissioner Knight, thank you for
16 coming. Let me follow up on the conversation
17 we had about a week and a half ago. As you
18 know, Assemblymember Edward Braunstein and I
19 represent that part of Eastern Queens that
20 has the Creedmoor property within our
21 districts.

22 To follow up on that conversation, who
23 has the final authority to either make
24 adjustments or to alter or to discuss, but

1 the authority to make changes, minor changes
2 or major changes, in the proposal for the
3 Creedmoor property?

4 COMMISSIONER KNIGHT: So thank you for
5 that question.

6 As you know, we've been working
7 diligently with the community around getting
8 their input with respect to the Creedmoor
9 plan. We continue to have, you know,
10 sessions and would like to, you know, engage
11 you and the other electeds in the community
12 advisory committee process where we will
13 continue to have dialogue about the plan.

14 SENATOR STAVISKY: But my question is
15 who can speak for the agency? Is it you? Is
16 it somebody on your leadership team? Whom
17 should we be in touch with? Who has the
18 authority to, you know, discuss with us and
19 ultimately with a few -- not a large group,
20 but a group of residents?

21 COMMISSIONER KNIGHT: You should be in
22 touch with me and my leadership team.

23 SENATOR STAVISKY: Thank you. Who?

24 COMMISSIONER KNIGHT: My leadership

1 team, Arden Sokolow, who's been leading the
2 project.

3 SENATOR STAVISKY: Is there a name in
4 particular?

5 COMMISSIONER KNIGHT: Yes, Arden
6 Sokolow.

7 SENATOR STAVISKY: Okay. And how soon
8 can we sit down and talk?

9 COMMISSIONER KNIGHT: We can sit down
10 next week.

11 SENATOR STAVISKY: Good. Okay, thank
12 you.

13 COMMISSIONER KNIGHT: Thank you.

14 SENATOR STAVISKY: As you know, the
15 community feels very strongly about that
16 issue. And we want to work together, quite
17 frankly, if we can.

18 COMMISSIONER KNIGHT: Yes, we want to
19 work with you.

20 SENATOR STAVISKY: Thank you.

21 CHAIRMAN PRETLOW: Assemblywoman
22 Woerner, for 10 minutes.

23 ASSEMBLYWOMAN WOERNER: Thank you,
24 Mr. Chairman.

1 Thank you all for joining us today.

2 So Ms. Knight, I represent a county
3 that has recently had a shuttered prison.
4 And are there funds allocated in this budget
5 to support the replacement of large employers
6 in our rural communities when a facility like
7 that is shuttered?

8 COMMISSIONER KNIGHT: So thank you for
9 that question. I think as you know, we had
10 been building upon the work of the Prison
11 Redevelopment Commission and have a team that
12 works with the community when these prisons
13 are shuttered and begins to engage them to
14 figure out what potential uses could be
15 advanced from an economic development
16 perspective.

17 ASSEMBLYWOMAN WOERNER: So there are
18 funds that are specifically dedicated to
19 working with those communities?

20 COMMISSIONER KNIGHT: There is not
21 funds, but we have resources and to the
22 extent we come up with a plan, I think we can
23 bring that forward with respect to looking at
24 developing, you know, whatever it is being

1 proposed.

2 ASSEMBLYWOMAN WOERNER: Great, thank
3 you very much.

4 So changing gears a little bit, the
5 MWBE program. Congratulations on getting the
6 backlog down. That was a huge lift, and your
7 team did a fine job in making that happen.

8 That said, over the years I have
9 certainly had constituents, women who own
10 businesses, who may have originally been
11 certified as a woman-owned business, and then
12 upon recertification are denied. And
13 oftentimes these are businesses where their
14 husband happens to be an employee of the
15 business.

16 And so I read with some interest the
17 article that was recently published that
18 alleged systemic bias against women-owned
19 businesses, because it matched what my
20 experience has been in working with my
21 constituents.

22 Now, you said earlier that
23 minority-owned businesses and women-owned
24 businesses are denied in equal rates, is what

1 you've experienced or what your data
2 suggests. But that -- it does not really
3 match with the lived experience that I have
4 seen in my district and that women-owned
5 businesses have related to me.

6 So I guess my question to you is, what
7 are you doing to investigate these claims?
8 And how can we be certain going forward that
9 every applicant is given a fair hearing? And
10 specifically that it is not a disqualifying
11 characteristic to be married and have your
12 husband work for you.

13 COMMISSIONER KNIGHT: So thank you for
14 that question. You know, we support our WBEs
15 very significantly. You know, with respect
16 to the article, you know, we have an
17 investigation, we feel strongly that our MWBE
18 process and review of applications is done on
19 a fair and equitable basis.

20 You know, these applications are
21 reviewed by many people on a multi-tiered
22 effect, so it's not one person making the
23 decision, it is going through a process where
24 this decision is made.

1 You know, sometimes there are minor
2 changes in a business that can provide for,
3 you know, a denial. So for example, if you
4 have a change in financial structure or if
5 you are doing, you know, a different line of
6 work than when you got certified the last
7 time, that may be something that we have to
8 look at.

9 You know, we have to align the
10 application review with the requirements of
11 15A. We take that very seriously,
12 particularly in this environment where we
13 could have a legal challenge. So I can tell
14 you that we are very focused on, you know,
15 looking at denials and, when we do have a
16 denial, we have a strong basis for it.

17 ASSEMBLYWOMAN WOERNER: So I can just
18 tell you that -- and just to give you one
19 example, that a woman had been in business,
20 she had to be recertified, she was denied on
21 recertification because when she wrote the
22 very first check to get her business
23 licensed, she happened to write it on her
24 joint checking account. And that one check

1 caused her to be denied and lose millions of
2 dollars while she had to reapply, having now
3 separated all of her funds. But that one
4 check, written just to get a business
5 license, was enough on recertification, to
6 get her denied. And I don't think there was
7 any statutory change or anything that would
8 have suggested that now the rules had shifted
9 and this business needed to comply with the
10 rules.

11 It's those kinds of stories -- and
12 that's just one example, but that's those
13 kinds of stories that we are hearing. Which
14 is why the article's allegations really
15 struck true.

16 So I would just encourage you to look
17 deeper at those denials and really understand
18 what's going on.

19 Thank you.

20 COMMISSIONER KNIGHT: Thank you.

21 ASSEMBLYWOMAN WOERNER: And I'll yield
22 back the rest of my time.

23 CHAIRMAN PRETLOW: Liz?

24 CHAIRWOMAN KRUEGER: Okay, thank you.

1 Next is Ranker Senator Murray.

2 SENATOR MURRAY: Thank you,
3 Chairwoman.

4 And first let me say to
5 Commissioner Knight, welcome. Thank you for
6 being here. And I appreciate the fact that
7 we've seen each other quite a bit in my
8 district, and I appreciate that, especially
9 with all the help you've given to the
10 project -- the Station Yards project, the
11 first phase, now the second phase. It's been
12 going great.

13 I do want to question just one thing.
14 And I know all of us here are very parochial,
15 we care about our districts. And I
16 appreciate that everyone has pushed up here
17 for the \$355 million to revitalize Albany.
18 But I happen to have an area in my district,
19 the Coram and Middle Island area.

20 Now, I know Long Island can be the
21 land of NIMBY a bit, I get it. But this area
22 is not. They -- they want so much. They
23 want economic development there desperately.
24 I'm hoping we can talk offline to see how we

1 can maybe get something similar in our area.
2 So if we can talk offline about that, I would
3 appreciate it.

4 COMMISSIONER KNIGHT: Absolutely.

5 SENATOR MURRAY: Thank you. And thank
6 you for everything you're doing.

7 I'd like to switch now to
8 Director Reid. And I wish I had more time,
9 because there's so much I want to talk about.
10 But let me start with the cultivation
11 licensing.

12 In your testimony, and I'm quoting
13 here, you said "young people locked behind
14 double fences and two layers of razor wire."
15 You said the extraordinary power of the
16 communities you've served for years, and it's
17 your mission as the head of OCM to realize
18 the promise of these New Yorkers and their
19 communities, those whose dreams have been
20 denied and deferred for long enough.

21 I know you were talking about
22 licensing for this. I want to talk about the
23 people I represent and their dreams in their
24 communities. For example, Blue Point, a

1 small community in my district, a
2 neighborhood where right next door someone
3 came in, got a cultivation license, big
4 greenhouse in the back. And so many
5 complaints of odors and it not being secure
6 and things like this.

7 So we've reached out to OCM, and we
8 talked and we investigated and said, you
9 know, how did they go about getting their
10 license? "Oh, no, we did every inspection,
11 we did everything, they meet all the criteria
12 and that's why we gave them the license."

13 We found out later that was a lie.
14 I'm not saying it was misinformation, that
15 was a lie. And I say that because the person
16 we spoke to admitted it. He admitted it only
17 after we sent someone there to go on this
18 property with a camera and take pictures to
19 show there were no locks, it was not secure,
20 no lights, no heating in the greenhouse, no
21 nothing. No one was around.

22 The community there dreams of living
23 in a nice, secure, quiet neighborhood,
24 law-abiding citizens. They don't dream of

1 their kids being able to wander on to
2 property next door and get marijuana. Okay?
3 That's what could happen.

4 They were given a license. I want to
5 know, is there a process in place, in
6 writing, where an inspection must be done
7 in-person? Because it was not done. And the
8 man finally admitted it. Someone from your
9 office said, "No, we never did send anybody
10 to inspect it." How does that happen?

11 OCM ACTING EXEC. DIR. REID: So I'm
12 not particularly familiar with this case.

13 However, what I can say is for our
14 licensees, pre-opening, we do pre-operation
15 inspections. That's going out and sometimes
16 those are virtual, sometimes those are
17 in-person, it really depends on the type of
18 license. But we're going and making sure and
19 checking.

20 And also we have a practice of
21 compliance. That is, we're going on-site to
22 our operators to ensure that they're
23 complying with our regulations. I think
24 that --

1 SENATOR MURRAY: Is that new?

2 OCM ACTING EXEC. DIR. REID: No,
3 that's not new.

4 SENATOR MURRAY: Because that didn't
5 happen here. That did not happen. And that
6 was your employee who admitted it did not
7 happen. It was rubber-stamped, fine. I
8 think it was a pinky swear or something,
9 because it didn't happen. No one came to
10 actually inspect this site.

11 OCM ACTING EXEC. DIR. REID: So I
12 think this is an opportunity for us to talk
13 offline, because I'm honestly not familiar
14 with this particular case. This might have
15 been before my time, I'm not sure.

16 SENATOR MURRAY: I understand. And it
17 might be. But this has been ongoing for the
18 past year and a half.

19 So I'm going to switch now real quick
20 to ordering by mail. And Senator Cooney
21 brought something up in the discussion
22 earlier about controls regarding liquor
23 stores and oversight and all of this.

24 Now, we now have liquor that can be

1 bought and delivered. And there are things
2 in place to keep those under 21 from getting
3 it. But I don't think those controls are in
4 place here. Ordering by mail, it's happening
5 right now. What are your processes in place
6 to make sure kids are not ordering, you know,
7 online or something and getting it delivered
8 by mail? What are the processes in place?

9 And please don't say it's the same as
10 liquor, because that doesn't work either.

11 OCM ACTING EXEC. DIR. REID: No. So
12 we don't have a process, at least in the
13 regulated market, to order by mail. So if
14 those orders are occurring, those are
15 happening with outside operators, unlicensed
16 operators. Those are not happening through
17 our regulated stores.

18 I can tell you from experience that
19 the extent to which we have delivery, when
20 someone comes to a location, they're checking
21 IDs even if it's on delivery. They check IDs
22 in the store, but they're also doing it at
23 the delivery point.

24 In terms of youth, you know, I

1 think -- and you mentioned earlier around
2 kids wandering on to property and accessing
3 cannabis.

4 (Time clock sounds.)

5 SENATOR MURRAY: Let's continue the
6 conversation offline.

7 OCM ACTING EXEC. DIR. REID: Yes.

8 SENATOR MURRAY: Yes, please.

9 CHAIRMAN PRETLOW: Assemblyman Otis
10 for 10 minutes.

11 ASSEMBLYMAN OTIS: Thank you both for
12 your good work and your testimony.

13 I really want to talk to Hope Knight
14 and the good things that go on at Empire
15 State Development. I want to focus in on the
16 ConnectALL office -- which is doing great
17 work in terms of, for a number of years now,
18 broadband expansion around the state -- and
19 congratulate you on the recent announcement
20 of the Digital Inclusion Grant Capacity
21 Program that was announced in January and is
22 on the street right now.

23 These programs are so vital towards
24 solving the digital divide, and they cover

1 many of the categories of chairs you've heard
2 from here today, from aging, small business,
3 economic development, job training, and then
4 libraries -- everything under the sun. Very
5 important -- labor.

6 So -- but this sort of the first money
7 coming out of ConnectALL to go to actually
8 the digital practitioners, the digital local
9 programs that are the only ones that
10 effectively provide that service. What's the
11 game plan going forward to find other pots of
12 money to expand those programs, which really
13 are the way we deliver these services to the
14 people that need those programs, the people
15 excluded from digital literacy?

16 COMMISSIONER KNIGHT: So, you know,
17 thank you for your question. The ConnectALL
18 team has been working very hard to get, you
19 know, many of these programs up and going.

20 This Digital Equity Program that was
21 released in January, you know, we expect to
22 do, you know, another round or two of grants
23 for that funding so we will be able to, you
24 know, fund more of those organizations.

1 ASSEMBLYMAN OTIS: That's great. And
2 certainly look forward to working with you to
3 try and expand that pot. I mean, sort of the
4 need is many times the 15 million. And one
5 of the things in the grant is properly titled
6 capacity building, because the programs that
7 exist that really have been doing this on
8 their own fundraising efforts over the years,
9 we need them to grow their capacity. That's
10 what this grant does. Because they want to
11 reach more people.

12 And there is sort of a monetary metric
13 to providing those services. It's a person,
14 it's the training, it's a computer, it costs
15 a certain amount. And so thank you for the
16 good work and really the exceptional work of
17 ConnectALL and the job they did on developing
18 and drafting the state's digital equity plan,
19 which is what this program is helping to
20 fulfill. So compliments to all.

21 Let me take you to semiconductors.
22 And you mentioned in your testimony -- and we
23 have Chair Stirpe here who's been very much a
24 part of all of that. We've had great growth

1 in drawing these businesses to New York. And
2 what's the plan going forward to continue to
3 attract this kind of manufacturing to our
4 state beyond the great success we've had so
5 far?

6 COMMISSIONER KNIGHT: Yes, so thank
7 you for that question.

8 As you mentioned, we've had great
9 success. And one of the things we need to do
10 to help these projects be, you know, more
11 successful is to create an ecosystem. So we
12 need semiconductor supply-chain companies to
13 locate here in New York. There are other
14 projects around the country where these
15 supply-chain companies could locate to serve
16 both our New York businesses and, say, Intel
17 in Ohio. And so we want to be able to locate
18 them there.

19 I'll let Kevin Younis talk a little
20 bit about our semiconductor supply-chain
21 enhancement to our Excelsior program.

22 ASSEMBLYMAN OTIS: That's great.

23 ESD CEO YOUNIS: Thanks, Assemblyman
24 Otis.

1 One of the things that we really -- to
2 attract more manufacturing, success of the
3 current projects is key. So the Governor
4 created the GO SEMI office a year and a half
5 ago to really support the implementation of
6 those projects. As we think about success,
7 supply-chain partners are key to that
8 success. So we have this year proposed the
9 creation of like an enhancement in the
10 Excelsior Jobs Tax Credit around supply-chain
11 partners.

12 And then the other key element is
13 research and development. This industry has
14 an intense dependency on research and
15 development like very few other industries.
16 And so we also have proposed an enhancement
17 coming out of the Excelsior tax credit
18 program around R&D investment in New York.

19 And so those are really the goals of
20 trying to succeed in the investments we've
21 had. And those successes we hope will breed
22 more successes.

23 ASSEMBLYMAN OTIS: That is great. You
24 know, it's a sort of uncertain territory in

1 terms of whether we're going to continue to
2 have federal dollars in this space or not.
3 Do we have sort of a strategy to keep the
4 marketing up to attract these businesses even
5 if the federal commitment goes away?
6 Although it may not go away; we don't know
7 yet. Too early to tell.

8 ESD CEO YOUNIS: So we're -- I mean,
9 at this point we're confident in the
10 continued federal investments. These
11 projects and the reshoring of semiconductors
12 is really a national security and national
13 economic issue.

14 Having said that, again, the Governor
15 created this office focused around
16 semiconductors, GO SEMI, and that includes
17 national and international outreach and
18 partnerships and further development of the
19 ecosystem.

20 So we're -- the Governor's doubling
21 down on this industry. It presents a great
22 opportunity for growing New York's economy.
23 So we're very focused on it.

24 ASSEMBLYMAN OTIS: You've done a great

1 job in the fact that we were able to get
2 Micron, which was the big fish.

3 But also in the Hudson Valley -- and
4 I've been to some of the smaller
5 manufacturing facilities that have expanded,
6 and so they're expanding because they believe
7 that New York is a good place for this.
8 They're also expanding, when you speak to the
9 folks at these companies, that we have the
10 trained workforce that they need, and that's
11 one of the things that helps attract these
12 businesses here.

13 So thank you for the good work and the
14 continued partnership on these issues, and I
15 yield back the rest of my time.

16 ESD CEO YOUNIS: Thank you.

17 CHAIRWOMAN KRUEGER: Thank you.

18 Senator Pat Fahy.

19 SENATOR FAHY: Thank you, Chair.

20 And thank you, Commissioner and
21 Director. My first question is for the
22 director.

23 It's refreshing to have you here,
24 refreshing to see so many changes. And as

1 Senator Kavanagh {sic} mentioned earlier,
2 it's great not to have all the calls we once
3 did.

4 I'm still down to one call, however.
5 In the City of Amsterdam, which was one of
6 the first cities to adopt the licensing
7 program and has had one of the first cannabis
8 shops, it is the second one where they've
9 raised serious concerns over an applicant
10 who, after applying, was still charged and
11 convicted on illicit marijuana sales.

12 So there's a serious concern there.
13 Is there a policy on this? Because there's
14 been a lot of back-and-forth, and I have a
15 very upset new mayor.

16 (Laughter.)

17 OCM ACTING EXEC. DIR. REID: I
18 appreciate that. I know --

19 SENATOR FAHY: Thank you, Director. I
20 know you're -- believe me. And I'm so
21 relieved and so thrilled to have you here.

22 OCM ACTING EXEC. DIR. REID: Yeah, I
23 know how much my office has been in contact
24 with you and the mayor.

1 And so, you know, one of the things
2 that at least I'm aware of in terms of that
3 matter is what we're looking at upon -- in an
4 application process, and doing our background
5 checks and doing our vetting and making sure
6 that someone is actually eligible to have the
7 license, we have the information we have at
8 that time.

9 Now, if we find out that there is
10 fraud in the application or that there are
11 things that then make a person ineligible,
12 that would be a basis for discipline.

13 Now, I know there's some question with
14 this particular applicant as to whether those
15 criminal issues -- when and whether those
16 criminal issues occurred. And so, you know,
17 again, if we find out that there was fraud in
18 the application process, that is certainly
19 grounds for us to --

20 SENATOR FAHY: Thank you, Director.
21 And again, so pleased and refreshing to have
22 you here. So if you could just double down
23 on that one, we'd appreciate it.

24 OCM ACTING EXEC. DIR. REID: Yes,

1 certainly.

2 SENATOR FAHY: Commissioner Knight,
3 again, thank you. Could not be more pleased
4 over the \$400 million proposal for Albany
5 despite the -- and clearly it's popular. Two
6 hundred million of that is for the downtown
7 revitalization. I should note, as you know,
8 we've done some amazing work via your office
9 in Buffalo, Rochester, Syracuse, with Micron
10 and more. So we are really pleased to have
11 this focus, since 63 percent of Albany's
12 property is tax-exempt.

13 So on the 200 million, could you just
14 briefly mention the timeline and what
15 opportunities there will be for public or
16 community input on the \$200 million
17 revitalization? And again, we're really
18 excited.

19 COMMISSIONER KNIGHT: So thank you for
20 that question. You know, our teams have been
21 working very closely. And, you know, we want
22 to make sure, the Governor wants to make sure
23 there's extensive public engagement on this
24 with all the stakeholders.

1 Kevin, can you tell me when the
2 consultant's going to be selected?

3 ESD CEO YOUNIS: So we -- we will get
4 back to you.

5 SENATOR FAHY: Thank you. Thank you,
6 Chair. And look forward to working with you.

7 CHAIRMAN PRETLOW: Assemblyman Friend,
8 five minutes.

9 ASSEMBLYMAN FRIEND: Thank you,
10 Chairs.

11 President Knight, could you give a
12 little overview of what's happening at
13 RiverBend -- SolarCity GigaFactory, Tesla?

14 COMMISSIONER KNIGHT: Yes.

15 So as you know, Tesla's supposed to
16 provide regular reporting to us, and we just
17 received the reporting. It has exceeded its
18 job commitments by 250 jobs and its
19 investments by a billion dollars. So they
20 have met their commitment, exceeded their
21 commitment with respect to the investment
22 that was made.

23 But Kevin, you want to talk a little
24 about the agreement?

1 ESD CEO YOUNIS: Sure.

2 Assemblymember, we -- as I think you
3 know, last year we came to an agreement with
4 Tesla to extend their commitment to Buffalo
5 for five more years. In addition, in
6 exchange for that, they will be making more
7 investments in workforce development with --
8 in partnership with the Northland Workforce
9 Development Training Center. They're now
10 paying rent to occupy the space. And they're
11 doing a great deal of investment around
12 what's called Dojo, which is their AI
13 supercomputer, which they've put a
14 \$500 million investment in that facility
15 around that computer.

16 ASSEMBLYMAN FRIEND: Okay, that's good
17 to hear. It's nice to see it's finally
18 making a rebound, a billion-dollar
19 investment. So we're going in the right
20 direction.

21 Along that same avenue, with Micron
22 coming in and down in my neck of the woods,
23 we have Corning that has a diesel plant that
24 makes catalytic converters. Is there

1 anything in the current budget, kind of like
2 POWER UP, that would support gas
3 infrastructure for companies like Micron or
4 Corning, Inc.?

5 COMMISSIONER KNIGHT: So, you know, to
6 the extent that, you know, a business was
7 expanding or, you know, employing more
8 people, we can talk and figure out if there
9 is a tool that we have at ESD to support the
10 expansion of the business.

11 ASSEMBLYMAN FRIEND: Okay. And you've
12 mentioned the Prison Redevelopment Program a
13 couple of times. Outside of RUSH-NY and
14 housing, are there any other programs or
15 businesses that are looking to developing at
16 those prison sites?

17 COMMISSIONER KNIGHT: So in the case
18 of Livingston Correctional Facility, that has
19 been transferred to Livingston's IDA to
20 develop a business park. And we have Butler
21 Correctional Facility, which is going to be
22 transferred to the IDA for business use.

23 So to the extent that we can find
24 those uses, we definitely try to advance

1 those projects.

2 ASSEMBLYMAN FRIEND: Okay. Because in
3 my district we have Southport Correctional,
4 which is sitting there. It's a fabulous
5 site, great location. Be great to see that
6 relocated, transferred.

7 And I used to represent Schuyler
8 County and Monterey Shock. That's a little
9 more distant. I'm not quite sure what might
10 go up there. But again, it would be great to
11 have that back on the tax rolls.

12 Are there any monies in the current
13 budget for advertising any of the economic
14 development programs?

15 COMMISSIONER KNIGHT: We don't do any
16 advertising of economic development programs.
17 We have our I Love NY program, which we do
18 advertising for.

19 But, you know, with respect to
20 advertising for our programs, you know, we do
21 outreach, we provide, you know, fliers and
22 things to the elected officials and
23 community-based organizations, chambers of
24 commerce. But we don't do any sort of

1 official advertising.

2 ASSEMBLYMAN FRIEND: Okay. So nothing
3 like what was in START-UP NY or --

4 COMMISSIONER KNIGHT: No, nothing like
5 that.

6 ASSEMBLYMAN FRIEND: Okay. Thank you
7 so much.

8 Acting Director Reid, with the
9 cannabis program initially there was going to
10 be money for research. Now that we've hit
11 the \$1 billion mark, is there money that's
12 going to be used for research? How much is
13 there, where's it going?

14 OCM ACTING EXEC. DIR. REID: So I
15 think one of the things that's incredibly
16 important around cannabis' future is that we
17 have our cannabis license.

18 I'll have to get back on numbers on
19 how many licenses are out there, but I think
20 a lot of those exist in our public
21 partnerships.

22 And so I'm hopeful that some of our
23 monies can be turned towards supporting
24 research, because one of the things that's a

1 huge issue, as you might know, is that
2 because of the federal prohibition, they
3 cannot use the money for research as they
4 would in other ways.

5 And so I'm hopeful that some of our
6 efforts can be turned towards supporting
7 research across the state.

8 ASSEMBLYMAN FRIEND: So is that money
9 going to have to be done through like a
10 private corporation? Can we give it to our
11 universities to do research? Or how is that
12 going to work?

13 OCM ACTING EXEC. DIR. REID: I
14 think -- and this is what I've seen in other
15 states, right? I think some of the both
16 profits but also -- what's the word I want --
17 for lack of a better word, revenues from
18 cannabis agencies get turned toward public
19 institutions for that work. So thinking
20 places like SUNY, CUNY, Cornell, things like
21 that.

22 ASSEMBLYMAN FRIEND: And I'm going to
23 be out of time. But if just to talk about
24 the enforcement, once they're trained by your

1 enforcement team do the local policy agencies
2 have the ability to go out and do their own
3 enforcement of illegal shops?

4 OCM ACTING EXEC. DIR. REID: Can I
5 answer that?

6 ASSEMBLYMAN FRIEND: You can get back
7 to me.

8 OCM ACTING EXEC. DIR. REID: I'll get
9 back to you.

10 ASSEMBLYMAN FRIEND: Thank you.

11 CHAIRWOMAN KRUEGER: Thank you.

12 Next is Senator Rhoads, five-minute
13 ranker.

14 SENATOR RHOADS: Thank you,
15 Madam Chair.

16 And Kevin, I'm very happy that you got
17 a chance to give a full answer. So good job.

18 Thank you all for your testimony so
19 far today.

20 Commissioner, according to Forbes
21 magazine, since 2019 New York has been ranked
22 as the second worst climate for business in
23 the country because of high taxes and
24 unsustainable spending. New York leads the

1 nation in outward migration. And according
2 to the Internal Revenue Service, as of 2023
3 New York lost \$24.5 billion in adjusted gross
4 income to other states, which is a statistic
5 that in the intervening two years I am sure
6 has only gotten worse.

7 One of the best ways to promote
8 economic development is to improve New York's
9 competitiveness, but our Governor seems
10 unfortunately to be doing the opposite,
11 burdening New Yorkers with regressive taxes
12 like congestion pricing, a
13 worst-in-the-nation personal income tax, an
14 uncompetitive corporate tax rate, a remaining
15 over \$6 billion deficit in the Unemployment
16 Insurance Fund created by New York State
17 government squandering federal COVID funds
18 provided for that purpose.

19 Since 2019, annual state spending has
20 increased by over \$70 billion, a nearly
21 40 percent increase, not including this
22 year's proposed budget, where the Governor
23 has proposed to grow the state budget yet
24 another \$8 billion more without measures to

1 increase revenue.

2 Meaning that New York State is
3 forecast to collect more than \$8 billion in
4 revenue than it needed in fiscal year
5 '24-'25. In other words, we're collecting 8
6 billion more than we spent last year. But
7 rather than return that 8 billion to the
8 residents and businesses struggling to
9 survive and improve our economic
10 competitiveness and affordability, the
11 Governor has chosen to jack up spending even
12 higher.

13 As the commissioner of the State
14 Department of Economic Development, do you
15 agree with that strategy? And if so, why?

16 COMMISSIONER KNIGHT: So the state has
17 done very well with respect to attracting new
18 business economic development projects as
19 well as seeing businesses that are here,
20 already here in New York State, expand.

21 The Governor has grown businesses --
22 740,000 since she's been in office. And
23 we've been able to provide a business
24 environment that provides for that growth and

1 attracting businesses here. Our job growth
2 rate is higher than the national average.
3 And so we've been able to provide significant
4 economic development projects and growth
5 within the state during this Governor's
6 tenure.

7 SENATOR RHOADS: But with many
8 businesses citing high taxes, regulations and
9 cost of living for leaving New York, do we
10 know why it is that we're not taking the
11 extra \$8 billion that we're collecting that
12 we did not need last year and choosing to
13 spend that money this year in her proposed
14 budget as opposed to trying to reduce either
15 personal tax rates, corporate tax rates,
16 giving businesses and residents the
17 opportunity to maybe catch their breath?

18 COMMISSIONER KNIGHT: Well, I know
19 that the Governor is providing about
20 \$168 million in paying down this year's
21 unemployment insurance assessment, which, you
22 know, is something that I've heard businesses
23 really were looking for.

24 SENATOR RHOADS: Okay, but the

1 remaining \$7.85 billion, do we know why we're
2 spending that as opposed to trying to provide
3 relief to businesses and taxpayers? And
4 wouldn't that benefit all New Yorkers?

5 COMMISSIONER KNIGHT: Well, you know,
6 the programs that we're advancing this year
7 in this budget, you know, does substantially
8 help businesses, you know, with access to
9 capital and support for growth.

10 SENATOR RHOADS: Okay. One in my
11 remaining 20 seconds. MWBE. Right now an
12 organization, business, will have to apply
13 for it to be part of their local county MWBE
14 and file a separate application for the
15 state, to become state-certified. Would the
16 department consider cross-certification
17 between county and state, and vice versa?

18 COMMISSIONER KNIGHT: I'll come back
19 to you on that.

20 SENATOR RHOADS: Thanks.

21 COMMISSIONER KNIGHT: Thank you.

22 CHAIRWOMAN KRUEGER: Thank you.

23 Assembly.

24 CHAIRMAN PRETLOW: Assemblyman Simone.

1 ASSEMBLYMAN SIMONE: Good afternoon,
2 Commissioner. This is for Commissioner
3 Knight. I have two questions.

4 The first question, the Penn Station
5 GPP continues to exist in a zombie state, in
6 my opinion and many of my community, where in
7 the years it has existed we have this big
8 giant patch of dirt on 7th Avenue where the
9 Hotel Pennsylvania once stood. With such
10 great control over some of the most important
11 real estate in Midtown and all of New York,
12 when does ESD expect any movement on these
13 sites? Especially when we're having a
14 housing crisis.

15 COMMISSIONER KNIGHT: Thank you for
16 that question.

17 You know, we continue to work with the
18 MTA on the MTA plan for Penn Station, which
19 it's tied to the GPP. So we continue to work
20 with them.

21 ASSEMBLYMAN SIMONE: No, I understand
22 that. But the Governor separated the GPP
23 from the Penn Station expansion plan, and
24 right now we have this site just sitting

1 there when I think it's a great opportunity
2 to create affordable housing, office space,
3 parks space. And we've contacted the
4 Governor's office; it's just stalled. This
5 could be a big win for the Governor, a big
6 win for New Yorkers.

7 COMMISSIONER KNIGHT: Well, we
8 continue to talk to the property owners about
9 advancing projects with respect to the GPP,
10 and the GPP governs the ability to create
11 housing. And so --

12 ASSEMBLYMAN SIMONE: Yes.

13 COMMISSIONER KNIGHT: Yeah.

14 ASSEMBLYMAN SIMONE: Well, I hope to
15 see that happen sooner than later.

16 And my second question is, when we
17 were here last year we discussed developing
18 housing on state-owned sites. And to the
19 credit of ESD, you've done a tremendous job
20 on projects in my district -- in Bayview,
21 supportive housing, in the Javits Site K,
22 which I'm very happy about. And in the
23 meantime New York City has made major strides
24 in the City of Yes.

1 What is new in this budget that will
2 increase housing supply so we'll become a
3 State of Yes when it comes to creating
4 affordability and housing?

5 COMMISSIONER KNIGHT: We continue to
6 have the RUSH program, which will focus on
7 infrastructure for housing projects. We also
8 have a hundred million dollars for
9 pro-housing communities that will support
10 housing growth.

11 ASSEMBLYMAN SIMONE: And I know it was
12 asked earlier, how are we measuring
13 affordability? I know it's a complex
14 question which we may have to follow up after
15 my three minutes.

16 But I feel right now the biggest
17 complaint from my constituents and
18 New Yorkers is the way we measure AMI
19 eliminates so many middle-class New Yorkers
20 from actually obtaining affordable housing
21 even after we create it.

22 Thank you.

23 COMMISSIONER KNIGHT: Thank you.

24 CHAIRWOMAN KRUEGER: Thank you.

1 Senator Chris Ryan.

2 SENATOR CHRIS RYAN: Thank you,
3 Madam Chair.

4 And thank you. Two questions for
5 Commissioner Knight, and then another
6 cannabis question.

7 I want to talk about ConnectALL. So I
8 know that the -- I think there's a five-year
9 capital plan, \$110 million disbursement, I
10 think, throughout the ConnectALL program. I
11 believe, right, that's the case. Do we know
12 what has been disbursed yet or how much -- I
13 guess not the question, but can we get an
14 update -- what's been disbursed, who has been
15 received and where -- like the who, what,
16 when, where, how and why of the ConnectALL
17 thus far?

18 COMMISSIONER KNIGHT: Yeah. So
19 absolutely. You know, we've been very
20 focused on providing visibility and
21 transparency into the ConnectALL funding.

22 SENATOR CHRIS RYAN: Definitely.

23 COMMISSIONER KNIGHT: We'll provide a
24 list to you, but on our website we have all

1 of the grants that have been approved and
2 disbursed, and plans for the rest of the
3 funding on a forward basis.

4 SENATOR CHRIS RYAN: And the second
5 question, the Executive's State of the State
6 booklet described a goal of laying
7 fiber-optic cable on the Thruway. Is that --
8 is there funding for that proposal? Is it
9 happening or has it been bid or what is the
10 status?

11 COMMISSIONER KNIGHT: So we continue
12 to work with the Thruway Authority to plan
13 for this project, which would create more
14 connectivity along the Thruway.

15 SENATOR CHRIS RYAN: But you haven't
16 bid it yet.

17 COMMISSIONER KNIGHT: No, no. No.

18 SENATOR CHRIS RYAN: So -- okay. Will
19 there be wage rate standards with that?
20 Like -- so with the broadband funding, the
21 state broadband funding, there were wage
22 rates so that under out of state contracts or
23 whatever, this can't undercut existing
24 telecom providers, right.

1 So will those provisions still -- will
2 those provisions pertain to the Thruway build
3 as well?

4 COMMISSIONER KNIGHT: I have to get
5 back to you on that. Yes. Yes.

6 SENATOR CHRIS RYAN: Okay. Thank you.

7 Last question -- well, actually I'm
8 going to -- so Micron, you don't anticipate
9 any problems? We're not --

10 COMMISSIONER KNIGHT: No, we don't
11 anticipate any problems going forward.
12 Micron's committed to Central New York. We
13 continue to work with them.

14 SENATOR CHRIS RYAN: And to myself and
15 Chairman Stirpe.

16 Last question. So Director Reid, so
17 what types of education have you -- are you
18 providing to prevent underage cannabis usage
19 or sales?

20 OCM ACTING EXEC. DIR. REID: Yeah.
21 So, you know, with legalization, I think it
22 requires -- and this is in the statute -- to
23 engage with young people and families and
24 caregivers. I think there's a multifaceted

1 role around here in terms of information for
2 parents, caregivers and trusted adults, as
3 well as sitting down with young people. Our
4 public health team has had -- I've seen --
5 some of them are on my actual coffee table,
6 information and pamphlets for young folks.
7 But I also think we have to do a little bit
8 more to hear from them.

9 So this particular year we're going to
10 be sitting down with young people across the
11 state in different communities to hear about
12 their experiences with cannabis, their
13 questions. I actually did this with
14 Senator Persaud over Caucus Weekend with
15 young folks.

16 SENATOR CHRIS RYAN: And I know that
17 when I -- I think there is a provider that is
18 running interduct on the Thruway; I just
19 don't know if that's part of it.

20 So we'll have to talk after. Thank
21 you.

22 CHAIRWOMAN KRUEGER: Thank you.
23 Assembly.

24 CHAIRMAN PRETLOW: Assemblymember

1 Walsh.

2 ASSEMBLYWOMAN WALSH: Thank you very
3 much, Chair. Good afternoon.

4 Commissioner Knight, I wanted to
5 follow up on some questioning that you were
6 previously asked about MWBE by one of my
7 other colleagues, and also that specifically
8 that article that just came out three days
9 ago in the Times Union. Very troubling. It
10 also definitely reaffirms the experience that
11 I have also had in my district, particularly
12 with white women who are legitimately running
13 legacy businesses -- i.e., businesses that
14 were maybe from fathers, uncles, brothers and
15 might even have the name "Sons" or "Brothers"
16 in the name of the business. They're getting
17 turned down.

18 The experience that I'm hearing about
19 is really -- the word used in the article was
20 "degrading." That is what I have heard from
21 these women that are legitimately doing this
22 work. And the fact that this article talks
23 about systemic -- systematic denial of female
24 applicants, specifically white women. You

1 know, it says here in the article that
2 "Empire State Development says it was
3 conducting an investigation into the
4 allegations." Is that investigation
5 concluded? And what was the conclusion?

6 COMMISSIONER KNIGHT: That
7 investigation has not been concluded, but we
8 take this very seriously and are
9 investigating this allegation.

10 ASSEMBLYWOMAN WALSH: I really hope
11 so, because if we're going to create a
12 program to address disparity -- and I read
13 the disparity study, and it appears that for
14 non-minority women there continues to be a
15 disparity -- then we need to create a program
16 that reflects that it is possible for a woman
17 who is a business major to run an electrical
18 company without being an electrician. It's
19 possible for a women whose brother operates
20 heavy equipment to legitimately be running a
21 business, you know, without actually going
22 out and driving the front loader.

23 You know, it's just -- it's such an
24 outmoded kind of chauvinistic viewpoint. I

1 find it personally, just as a woman, very
2 insulting.

3 So I really do hope that you'll take a
4 look at whether it's this one individual
5 who's perhaps trying to weed out -- and I
6 understand if there is fraud, we want to
7 prevent fraud from happening. But as the
8 article suggested, and as some have
9 suggested, perhaps there's been an
10 overcorrection.

11 And I guess in my remaining time I
12 just want to say that I am supportive of a
13 bill to help recertifications get processed
14 more smoothly. If somebody has already been
15 certified and has gone through all those
16 hoops and has been certified, I believe that
17 the burden should be flipped and there should
18 be a presumption of recertification, not
19 having them have to start all over again and
20 go through this period of time. It's a lot
21 of money, it's a lot of time, it's a lot of
22 inconvenience that they really need to put
23 into running their businesses.

24 So I really -- I just wanted to put in

1 my two cents. I'm very concerned.

2 Thank you.

3 CHAIRWOMAN KRUEGER: Thank you.

4 We have been revisited by
5 Senator Gounardes; I hear he's here again.
6 Yes. He was on the list for questions. Will
7 someone let him have their microphone?

8 SENATOR GOUNARDES: There we go.
9 Thank you, Senator Krueger.

10 Hello, everyone. Commissioner, good
11 to see you in Red Hook last week.

12 COMMISSIONER KNIGHT: Yes.

13 SENATOR GOUNARDES: I have two
14 questions. The first focuses on an issue of
15 local concern which ESDC is now involved with
16 in my district, and that's the redevelopment
17 of the Brooklyn Marine Terminal project.
18 That was facilitated with the transfer from
19 the Port Authority to EDC. There's obviously
20 a lot of uncertainty right now with City
21 Hall.

22 But as it relates to ESD's
23 involvement, what -- what is ESD's
24 involvement with the redevelopment of this

1 site? And is this site of interest to the
2 state as well as to the city, irrespective?

3 COMMISSIONER KNIGHT: Thank you for
4 that question.

5 You know, ESD has been working with
6 the city on the working group -- as you know,
7 we have members of our team on there. And as
8 the city leads this project, you know, we
9 continue to support the city in the project.

10 SENATOR GOUNARDES: And does the state
11 or does ESD view this project as important to
12 serve state purposes as well as city
13 purposes, or solely as a city-only priority?

14 COMMISSIONER KNIGHT: No, absolutely.
15 You know, the state looks to being a part of
16 the project and supporting, you know, state
17 objectives as well.

18 SENATOR GOUNARDES: Great, thank you.

19 And my second question is, you know,
20 we spent a lot of money on development
21 programs, incentive programs, grant programs,
22 for many, many years -- lots of money, a lot
23 of it well spent, some of it, you know, we
24 can argue maybe not as well spent. I want to

1 get a sense as to looking back on the
2 totality of a lot of these economic
3 development incentive funds that we've
4 allocated, what's the dollar amount of
5 unspent funds, cumulatively, that have been
6 allocated to ESD that have not been awarded,
7 drawn down, maybe a grant recipient didn't
8 need the full amount, et cetera? Do we have
9 a sense of that?

10 COMMISSIONER KNIGHT: I would have to
11 get back to you, to go through the programs
12 and do an accounting exactly.

13 SENATOR GOUNARDES: And does that
14 money typically stay with ESD? Does it get
15 sent back to the General Fund? Is it still
16 under ESD's control?

17 COMMISSIONER KNIGHT: It depends on
18 the program. Sometimes we have grant
19 programs where we have terminated funds, we
20 just do another round of grants for the --

21 SENATOR GOUNARDES: I'd appreciate
22 some follow-up on that to get a sense as to
23 what's left. You know, if grants that we did
24 in the first couple of rounds of the REDC

1 competitions, if there's still unspent funds
2 from that that can be repurposed, reused,
3 reinvested, et cetera, given all the
4 uncertainty from the federal government right
5 now, I think we're looking for every penny we
6 can find. And if, you know -- I think it's
7 relevant to the conversations we're having.
8 So I appreciate the follow-up on that.

9 COMMISSIONER KNIGHT: Yes.

10 SENATOR GOUNARDES: Thank you.

11 CHAIRWOMAN KRUEGER: Thank you.
12 Assembly.

13 CHAIRMAN PRETLOW: Assemblywoman
14 Griffin.

15 ASSEMBLYWOMAN GRIFFIN: Thank you,
16 Chairs. And thank you to all of you for
17 being here.

18 This question goes to
19 Commissioner Knight. I appreciate all of
20 your efforts for the many years you have been
21 the commissioner. And I wanted to ask you
22 about really Long Island.

23 I represent AD 21, which is the
24 southwestern shore of Long Island, and I

1 would love to see some of our New York State
2 tourism funds and marketing dollars to be
3 like rerouted towards our local
4 municipalities and chambers -- not just in my
5 district, but I think across Long Island that
6 could really help promote our local events,
7 promote local business and so forth.

8 And it would be an ideal way to
9 attract more visitors, people coming out from
10 the city, perhaps other states, to
11 participate and, you know, see what our
12 villages have to offer.

13 I know in AD 21 we have very active
14 chambers and we really have active chambers
15 across Long Island. So this would be looked
16 on as a big bonus. And I just wondered, are
17 any of -- like I know there's the I Love NY
18 program. Are any programs like that -- is
19 there any plan to allot money in this way?

20 COMMISSIONER KNIGHT: So thank you for
21 your question.

22 We've worked with many of the
23 organizations out on Long Island who are
24 destination promotion entities, and we have

1 provided some funding for some of those
2 organizations and will continue to work with
3 them.

4 ASSEMBLYWOMAN GRIFFIN: Yeah, and -- I
5 mean, really I work very closely with my
6 local chambers, and they have never mentioned
7 receiving any -- any type of grant or money
8 in that way.

9 It's not exactly -- like it is a
10 destination, there's a lot of different
11 activities, it's a short ride from the city,
12 it's near the beaches. So there's a lot of
13 reasons people might like to come out.

14 And one more question I have is, you
15 know, ESD, you know, has a lot of
16 transformative projects. I really love the
17 Downtown Revitalization Initiative. We're
18 still trying to complete Baldwin. That's
19 been going on for a couple of years. All the
20 residents are really excited about it.
21 Valley Stream, another part of my district,
22 has just applied for one.

23 So I love those big programs. But I
24 also think we need to have, again, in the way

1 of the question just before, some smaller
2 programs where we can -- like 80 percent of
3 our economic activity is under small
4 businesses. So if we have those
5 transformative projects, great. But I'd love
6 to see how we could implement more programs
7 to benefit, you know, little things that
8 downtowns can do to revitalize their
9 downtown.

10 And one more quick question is I know
11 the NY Forward mainly is rural and small
12 communities, but can you be a small community
13 and receive anything from NY Forward, or do
14 you have to be rural and small?

15 COMMISSIONER KNIGHT: You can be a
16 small community to access NY Forward.

17 ASSEMBLYWOMAN GRIFFIN: Okay,
18 terrific. Thank you so much.

19 CHAIRWOMAN KRUEGER: Thank you.

20 Senator Chan.

21 SENATOR CHAN: Good afternoon,
22 Commissioner. Thank you for being here. So
23 this is for Commissioner Knight.

24 So to follow up on Senator Rhoads'

1 question, you know New York is consistently
2 rated in many publications and newspapers and
3 articles as one of the worst climates to
4 conduct business in. They cite high taxes,
5 things like that.

6 Texas, on the other hand, is
7 consistently rated as one of the best
8 climates to conduct business in. So if I'm
9 the CEO of a medium-size or a large company,
10 what would you tell me about moving my
11 company to New York State? What's the
12 allure?

13 COMMISSIONER KNIGHT: Thank you for
14 your question.

15 You know, we have -- I've had many
16 conversations with management teams who are
17 looking at New York and sometimes Texas. You
18 know, we have -- I would start with a team
19 that is able to support a project from, you
20 know, presenting a proposal to executing the
21 project.

22 There are many benefits of different
23 kinds of businesses locating in New York.
24 With manufacturing, there's zero percent tax

1 on those businesses, which is favorable for
2 them. And many of the --

3 SENATOR CHAN: Didn't we offer the
4 same thing to Amazon that we once chased
5 away? We did chase away Amazon, right?

6 COMMISSIONER KNIGHT: I was not at ESD
7 when the Amazon --

8 SENATOR CHAN: I know that. I'm not
9 blaming you. But do you think it's a good
10 idea to chase away Amazon and bring in
11 casinos now? I mean, I'm talking about
12 Amazon headquarters, right? Quality jobs and
13 a lot of jobs outside the headquarters. Do
14 you think that was a good idea to chase away
15 Amazon like that, only now to talk about
16 bringing in casinos into New York City?

17 COMMISSIONER KNIGHT: So we would like
18 to have, you know, entertainment businesses
19 here as well, because those kinds of
20 businesses attract tourists as well as
21 industrial businesses. So both types of
22 businesses.

23 SENATOR CHAN: I know what you're
24 thinking. You know, you're probably thinking

1 CHAIRWOMAN KRUEGER: Thank you.
2 Assembly.

3 CHAIRMAN PRETLOW: Assemblyman
4 Lemondes.

5 ASSEMBLYMAN LEMONDES: Thank you,
6 Chair.

7 I appreciate the opportunity to
8 discuss some of the issues that people in my
9 district and New York State care about with
10 respect to economic development.
11 Commissioner Knight, thank you for being
12 here.

13 My questions are for you. The first
14 is with respect to the POWER UP fund, could
15 you comment on whether or not that power is
16 reliable or green?

17 COMMISSIONER KNIGHT: Thank you for
18 that question. We are looking to connect
19 whatever power that is available to attach to
20 the grid for that specific shovel-ready site.

21 ASSEMBLYMAN LEMONDES: So the reason I
22 bring that up is, as you know, most heavy
23 manufacturing operations require reliable,
24 uninterruptible power. They can't power

1 their operations without the risk of great
2 loss of money and financial ruin from green
3 sources, necessitating fossil-fueled energy,
4 or nuclear.

5 COMMISSIONER KNIGHT: I do understand
6 that we talk to many businesses, particularly
7 like you say, these advanced manufacturing
8 businesses. They need stable, reliable power
9 to operate their businesses.

10 ASSEMBLYMAN LEMONDES: Right. So I'm
11 glad to hear that. I think the CLCPA will
12 collapse under its own weight, and I'm glad
13 to hear that we're seeking reliable power for
14 these businesses that are coming.

15 Additionally, as some of my colleagues
16 had mentioned, I looked today: Small
17 Business Survey ranks New York State with an
18 F for business friendliness. And I just find
19 it -- I'm hearing one thing from the
20 panelists, yet I don't understand why
21 external sources are continuously citing the
22 business climate here as so counterproductive
23 that they won't even consider coming here.

24 And I want to use the balance of my

1 time to explain the Manufacturing Association
2 of Central New York held a legislative
3 breakfast. All of us were in attendance that
4 are local to Central New York, Democrats and
5 Republicans both. And the businesses that
6 testified that comprised the panel, every one
7 of them said they would not grow in New York
8 State anymore. They are seeking external
9 opportunities because it is so difficult to
10 conduct business here, they just can't do it.

11 And I would cite, as I'm sure you
12 remember, something near and dear to all of
13 us, the grocery store chain Wegmans, which is
14 a bellwether New York business, had put out a
15 statement I think two years ago -- don't
16 quote me exactly on the date -- that they
17 would no longer seek expansion in New York
18 either.

19 So I would just ask you to consider
20 providing metrics on the effectiveness of
21 what ESD is doing to equalize it.

22 Thank you. Thank you, Chair.

23 CHAIRWOMAN KRUEGER: Thank you.

24 Senator Tom O'Mara, five-minute

1 ranker.

2 SENATOR O'MARA: Yes, thank you.

3 Thank you both for being here today.

4 Director Reid, I have a couple of
5 questions for you on the -- some of the
6 enforcement provisions.

7 Did I hear you right at the beginning,
8 you said you had shut down about 300
9 unlicensed operators?

10 OCM ACTING EXEC. DIR. REID: Yes. On
11 the state side 330, actually.

12 SENATOR O'MARA: And does that include
13 others that have been shut down by local
14 governments?

15 OCM ACTING EXEC. DIR. REID: No, that
16 doesn't include other --

17 SENATOR O'MARA: Do you know how many
18 of those have been closed down?

19 OCM ACTING EXEC. DIR. REID: I'd have
20 to get those numbers. I think my
21 recollection of data is about a couple of
22 months old, so I'd have to get an update for
23 you on that.

24 SENATOR O'MARA: Is that about the

1 same?

2 OCM ACTING EXEC. DIR. REID: It's
3 more, especially if you're looking at
4 New York City, because of the density. There
5 have been more down in the city at the very
6 least.

7 SENATOR O'MARA: Yeah, because I heard
8 estimates all over the place of how many
9 there were, and thousands, like upwards of
10 10,000 around the state. So 300 doesn't
11 sound like a lot to me in the grand scheme.

12 But I know the City of New York has
13 been doing their own shutdowns. And other
14 municipalities, you mentioned Elmira, where I
15 represent, and you've been helping assist
16 them in their local law.

17 Aside from communities that have
18 enacted local laws, those that haven't
19 enacted local laws, what are their options in
20 taking action against unlicensed operators?

21 OCM ACTING EXEC. DIR. REID: Yeah.
22 So, you know, municipalities of -- I think
23 it's counties and cities have the ability to
24 establish their own enforcement procedures.

1 And so if they want, they can start doing
2 that, but with consultation with OCM if
3 they'd like.

4 We've had the ability to look at model
5 local laws and model local practices and just
6 advise those municipalities if there's
7 something stopping them, given the
8 enforcement powers that the Legislature
9 bestowed last year.

10 SENATOR O'MARA: But if you're not a
11 city or a county, if you're a town or a
12 village, they have to go through OCM to get
13 you to take action to shut it down?

14 OCM ACTING EXEC. DIR. REID: They can
15 do that, or they can work with their county.
16 There are several options for those smaller
17 municipalities.

18 I also know, having had experience,
19 you know, working tangential to law
20 enforcement, that some of them lack a lot of
21 bandwidth in terms of force power. So, you
22 know, they're working with their larger
23 municipalities to create enforcement actions.

24 SENATOR O'MARA: Who would they reach

1 out to in your agency for help?

2 OCM ACTING EXEC. DIR. REID: Yeah,
3 that would be Dan Haughney. I can give you
4 his email. I think he's in the room.

5 SENATOR O'MARA: Is that who is in
6 charge of your compliance as well?

7 OCM ACTING EXEC. DIR. REID: No. He
8 is --

9 SENATOR O'MARA: Or there's two
10 different things, one for unlicensed and one
11 for licensed compliance?

12 OCM ACTING EXEC. DIR. REID: Well,
13 it's more -- he's over enforcement and
14 investigations. Our compliance is on another
15 team. But they work -- I mean, I can't tell
16 you -- incredibly closely together in terms
17 of sharing information, which is important
18 around ensuring that folks are complying with
19 our regs or where they're not.

20 SENATOR O'MARA: So on the license
21 side compliance, who's in charge of that?

22 OCM ACTING EXEC. DIR. REID: Licensing
23 right now is a guy named Christian Embler.

24 SENATOR O'MARA: Okay. And what kind

1 of staffing issues do they have with that?
2 Because there doesn't seem to be a lot of
3 compliance checking. We heard a few examples
4 today. I mean, are there staffing issues
5 there?

6 OCM ACTING EXEC. DIR. REID: Sorry,
7 let me be a little bit more particular.

8 So licensing is one thing; compliance
9 is another thing. So Christian's overseeing
10 licensing right now. We're bringing on a
11 head of both licensing and compliance, but
12 right now that head is a woman named Jennifer
13 Terrett Blue.

14 SENATOR O'MARA: Okay. It's
15 confusing.

16 OCM ACTING EXEC. DIR. REID: I could
17 give you a little chart just to clarify.

18 SENATOR O'MARA: I think that might be
19 helpful for us in --

20 OCM ACTING EXEC. DIR. REID: Okay.

21 SENATOR O'MARA: -- in being able to
22 know where to actually refer people to.

23 OCM ACTING EXEC. DIR. REID: Sure.

24 SENATOR O'MARA: Because we have -- my

1 office deals with applicants trying to get
2 licensing, and we're also dealing with
3 complaints of unlicensed operators and
4 complaints of licensed operators that are
5 claimed to not be in compliance. So it's
6 kind of difficult to keep them -- for us to
7 know where to send these.

8 So if we could get that kind of flow
9 chart of who to go to for what, it would be
10 helpful.

11 OCM ACTING EXEC. DIR. REID: Sure. We
12 can certainly give you contact information
13 for folks in our office.

14 SENATOR O'MARA: Thank you. Thank you
15 both very much.

16 CHAIRWOMAN KRUEGER: Before we
17 continue, we're going to take a few minutes'
18 break. Let's let the commissioners run
19 either direction, and then we'll wait for
20 them to come back. Thank you.

21 (Brief recess taken.)

22 CHAIRWOMAN KRUEGER: Okay,
23 legislators, back in your seats. Or at least
24 be quiet if you're not going to get back in

1 your seats.

2 (Off the record.)

3 CHAIRMAN PRETLOW: Assemblywoman
4 Simon.

5 ASSEMBLYWOMAN SIMON: Thank you,
6 Mr. Chair.

7 I have some questions for you,
8 Commissioner Knight. I know you're
9 surprised, aren't you. So about our favorite
10 topic, Atlantic Yards in Brooklyn, which has
11 possibly much to happen there, but not much
12 has happened for a long time.

13 So I'm very curious whether ESD has
14 been presented with a developer to vet for
15 receiving the railroad rights. And if so,
16 are you going to be able to complete a
17 transfer of those rights before the
18 affordable housing deadline of May 31st?

19 And I know there's also talk around
20 Site 5 happening too, so.

21 COMMISSIONER KNIGHT: Yes, thank you
22 for that question about Atlantic Yards.

23 At this time we continue to wait for
24 the lender to present us with a qualified

1 developer. We have not had one come forward
2 as of this time. And so, you know, we have
3 until the deadline to see if that happens.

4 ASSEMBLYWOMAN SIMON: So you haven't
5 been formally presented with the developer.

6 COMMISSIONER KNIGHT: That's right.

7 ASSEMBLYWOMAN SIMON: We've heard a
8 lot of stories about people coming in.

9 What are you going to do if the
10 affordable housing deadline passes on
11 May 31st, on which there are tremendous
12 liquidated damages that are due?

13 COMMISSIONER KNIGHT: There are
14 liquidated damages that are due, yes.

15 ASSEMBLYWOMAN SIMON: And do you have
16 any plans for what to do with that at that
17 point? I mean, clearly this is a big issue.

18 COMMISSIONER KNIGHT: Right.

19 ASSEMBLYWOMAN SIMON: It's a lot of
20 money, number one. And it's also affordable
21 housing that we desperately need, but
22 expensive to build given where it is.

23 COMMISSIONER KNIGHT: Right. So we
24 continue to have dialogue with the lender.

1 Like I said, to the extent that that does not
2 come forward, we'll have to enforce what we
3 have with respect to our contract.

4 ASSEMBLYWOMAN SIMON: So it's your
5 intention to enforce the contract.

6 Thank you. I appreciate it very much.

7 CHAIRWOMAN KRUEGER: Was that it,
8 Assemblywoman? You're done?

9 ASSEMBLYWOMAN SIMON: (Inaudible.)

10 (Laughter; off the record.)

11 CHAIRWOMAN KRUEGER: Thank you. I'm
12 going to take my 10 minutes as chair now.
13 Thank you.

14 So my questions are pretty much for
15 you, Acting Director of OCM. And there have
16 been a number of questions asked today, but I
17 feel like we still need to round this out.
18 So -- and you've heard quite a few people
19 having concerns about problems with illegal
20 stores staying open all over the state,
21 inspections not being done. I'm very
22 concerned about the number of complaints I've
23 heard about that.

24 Despite the fact that we wrote into

1 the legislation a seed-to-sale review
2 process, that the contract that was supposed
3 to be let to do those kinds of inspections
4 and assurances that this is New York State
5 product moving into our retail dispensaries
6 and it has been tested and safe, that that
7 contract has not been let so there's no one
8 doing those inspections. We heard one or two
9 examples today.

10 So help me understand what the process
11 is now.

12 OCM ACTING EXEC. DIR. REID: So I
13 think the contract you're referring to is
14 something that I think might have been in
15 discussion before my time.

16 But in terms of doing compliance
17 inspections and doing pre-opening
18 inspections, that is our compliance team.
19 And I'm very aware of how much they're out
20 there reviewing locations to ensure that when
21 they're opening up, they meet our regulations
22 from the jump.

23 CHAIRWOMAN KRUEGER: So they are
24 actually reviewing that every product in

1 those stores is actually correctly New York
2 State-tested product labeled correctly, not
3 fake product?

4 OCM ACTING EXEC. DIR. REID: Correct.
5 So that's going on the -- I'll break it down.
6 So when you're still in the pre-opening
7 phase, our compliance folks are doing that
8 pre-opening inspection.

9 CHAIRWOMAN KRUEGER: That's with
10 pre-opening. This is post-opening.

11 OCM ACTING EXEC. DIR. REID: Once
12 you're open for business, those same folks
13 are going out to those stores and those
14 locations and taking literally the checklist
15 that matches one-for-one with the regs and
16 going through and inspecting.

17 I've had the opportunity to go on some
18 of those inspections and see how they do them
19 and ask questions both of the licensee but
20 also of our compliance team in terms of how
21 things are in the field and how things are
22 changing in the field and how they're
23 adapting. So the compliance team is
24 responsible for both.

1 CHAIRWOMAN KRUEGER: And how many
2 people do we have working on that area?

3 OCM ACTING EXEC. DIR. REID:
4 Compliance, I'd have to get you the number
5 back. I think it's in -- ooh, I don't want
6 to guess. But I'll get you that number back.

7 CHAIRWOMAN KRUEGER: Okay. And that's
8 their only job. They're not like
9 multitasking with others.

10 OCM ACTING EXEC. DIR. REID: No, that
11 is -- anything to do with compliance with our
12 regulations, that is their job.

13 CHAIRWOMAN KRUEGER: Okay. The other
14 concern I get brought to me quite often is
15 that there's concern that licenses are no
16 longer being prioritized for people who are
17 in the CAURD "social equity" category. Can
18 you help me understand the process by which
19 we're determining which licenses are being
20 approved now in relationship to CAURD versus
21 non-CAURD?

22 OCM ACTING EXEC. DIR. REID: So the
23 CAURD program is and has been an incredibly
24 important program. We're still moving

1 through those licenses. I think -- I don't
2 know if it was our last meeting or the one in
3 January where there were some that we had
4 moved forward from the provisional phase to
5 the final phase.

6 So those CAURD licenses are still
7 moving through our process as they're meeting
8 eligibility criteria and they're getting
9 their location.

10 CHAIRWOMAN KRUEGER: Some of the
11 biggest complaints I actually get right
12 now -- and I'm New York City-based -- is that
13 there are too many licenses being somehow
14 provisionally approved that aren't meeting
15 the "at least a thousand feet away from each
16 other" rule. And I need help understanding
17 that, because my community boards are very
18 upset. I see my New York City people shaking
19 their heads with me.

20 And the concern by also the people who
21 have opened the stores that if you put too
22 many stores in the same geographic area,
23 you're just knocking them out of business
24 with too much competition.

1 So help me understand what the
2 standard is now and why we would be allowing
3 stores to open within a thousand feet of each
4 other.

5 OCM ACTING EXEC. DIR. REID: So this
6 gets back to the public convenience and
7 advantage regulation.

8 So in September I believe it was, the
9 board -- and I want to make a distinction
10 between OCM and the Cannabis Control Board --
11 the board elected to go with the regulations
12 we currently have in place around public
13 convenience and advantage. And so we had an
14 expectation that that would be challenging
15 for folks.

16 However, because our regulations
17 existed, you know, the board decided at the
18 time that -- to go forward with reviewing
19 those applications.

20 Now, we also put out for public
21 comment redrafted regulations around public
22 convenience and advantage. And they do a few
23 things. One is looking at whether an
24 operator has been in operation for at least

1 nine months before there's a consideration of
2 public convenience and advantage.

3 The other is a notice criterion. And
4 we've heard that from sitting down with so
5 many of our operators, that they had no idea
6 this was coming. So it gives a notice
7 opportunity for folks who might be encroached
8 upon and allows them to submit testimony and
9 evidence saying, you know, why this should
10 happen or why it shouldn't happen.

11 It's also limiting some of the scope
12 around where these public convenience and
13 advantage waivers can be granted.

14 So all that is to say it's building in
15 some more structure into the process while
16 also recognizing that we're dealing with an
17 emerging market and so we don't want to
18 proceed like we're in a developed market
19 where public convenience and advantage is a
20 different calculation at that time.

21 CHAIRWOMAN KRUEGER: So because we're
22 in an emerging market and we've learned the
23 lessons, I hope, of many other states that
24 went too fast and oversupplied the stores or

1 went too slow or ended up with too many
2 people growing too much or too little, that
3 we're supposed to have learned those lessons.

4 So help me understand, why would
5 anybody get a 1,000-foot exemption in the
6 City of New York at this moment in history?

7 OCM ACTING EXEC. DIR. REID: So again,
8 that's within the current regulations and
9 that is the prerogative of the board to
10 consider those regulations, whether they want
11 to pursue and look at public convenience and
12 advantage.

13 But again, since that September
14 meeting we've not done that. And while we
15 have the regulations out for public comment,
16 we're being very careful around those types
17 of requests.

18 CHAIRWOMAN KRUEGER: So my other
19 complaints are that while we have -- I guess
20 as some of my colleagues pointed out, we have
21 closed down maybe 600 stores statewide -- I
22 don't know, and you already said you're not
23 quite sure between the state, the city and
24 any localities -- that it's some of the

1 biggest illegal operators that have continued
2 to be allowed to stay open, multi-site, big
3 out-of-state-funded businesses.

4 Do we need different law so that we
5 actually can go after them? Because I'm
6 really concerned a handful of them could
7 knock the entire concept of social equity
8 small stores, you know, off their ability to
9 continue.

10 Some people have proposed that we
11 should do asset forfeiture on the largest
12 illegal stores. What's your opinion on that?

13 OCM ACTING EXEC. DIR. REID: I
14 think -- you know, thinking particularly as
15 an attorney, there are many avenues to
16 address practices we don't want.

17 That said, I think the enforcement
18 powers that we have and the expanded ones
19 from last year, we still are working to
20 maximize the impact of that. And a lot of
21 that is also working with local
22 municipalities to ensure that they have
23 practices to go after these stores.

24 So I think there's certainly room for

1 our growth. There's certainly room to do
2 more. And I just want to make a quick
3 correction on the number of stores, at least
4 as to the state side. We've closed over 500.
5 I think I said 330 before, but my math was
6 wrong.

7 But I think there are many
8 opportunities to ensure that these operators
9 don't think that New York is a place where
10 it's okay to operate and that it's safe to
11 operate, because it's not. And especially
12 looking at some of the actions we've taken in
13 the recent past, especially with the support
14 of the Attorney General, I think also fines
15 are a huge deal around discouraging some of
16 this conduct.

17 CHAIRWOMAN KRUEGER: I'm not sure, in
18 fairness. And I wrote the law, so I could
19 admit that it's going to -- you know, we're
20 going to need to be changing it.

21 So one of my colleagues talked about
22 deliveries by mail. And I know the regs.
23 And you were right in the answer: That's not
24 supposed to be happening. But I also know it

1 is happening. And if it was coming from out
2 of state, that would be one thing, because
3 then that wouldn't even be within our
4 control.

5 But my understanding is we have some
6 large warehouse operators that are doing
7 delivery without licenses and delivery
8 through the mail. And I'm just not sure that
9 we have the tools yet to actually track these
10 and shut them down. So that's why I was
11 asking do you think we need to change the law
12 in New York so that there are more tools for
13 law enforcement to go after the big guys, who
14 I think feel like, Oh, a fine, that's not
15 even worth worrying about.

16 OCM ACTING EXEC. DIR. REID: So I
17 just -- on the mail piece, I know that there
18 is certainly a federal component there. We
19 would have to collaborate with our federal
20 partners on misuse of the mail.

21 CHAIRWOMAN KRUEGER: Well, we're
22 closing the post office, so I guess that will
23 be --

24 (Laughter.)

1 CHAIRWOMAN KRUEGER: No, sorry.

2 OCM ACTING EXEC. DIR. REID: No

3 comment.

4 (Laughter.)

5 CHAIRWOMAN KRUEGER: It will be

6 third-party delivery, yes.

7 OCM ACTING EXEC. DIR. REID: Yeah, I

8 think so far as our mails are being used

9 inappropriately and in violation of federal

10 law and expectation, that is something that

11 we can certainly collaborate with on --

12 CHAIRWOMAN KRUEGER: I have to cut you

13 off because I just looked at the clock. Did

14 we really go through 10 minutes? Oh, my God.

15 CHAIRMAN PRETLOW: You have

16 10 seconds.

17 CHAIRWOMAN KRUEGER: Okay. So the

18 cannabis company that DASNY contracted with

19 that did 24, 25 stores, that all I hear is

20 disasters -- and then they showed up in my

21 office the other day and said, We want to do

22 another 25 stores. And I said no.

23 Will you confirm to me that's not

24 happening?

1 OCM ACTING EXEC. DIR. REID: To my
2 knowledge, that's not happening.

3 CHAIRWOMAN KRUEGER: Hope, you're on
4 the board. Is that not happening?

5 COMMISSIONER KNIGHT: To my knowledge,
6 it's not happening.

7 CHAIRWOMAN KRUEGER: Okay. I ran out
8 of time. Thank you.

9 CHAIRMAN PRETLOW: I hope it's not
10 happening also.

11 Assemblywoman Hooks.

12 ASSEMBLYWOMAN HOOKS: Hello, thank
13 you. Thank you both for being here.

14 My first question is for
15 Commissioner Knight. ESD controls major
16 economic initiatives. And District 35, which
17 encompasses East Elmhurst, Corona,
18 LeFrak City, isn't seeing direct benefits.
19 What specific economic development projects
20 in District 35 have received funding in the
21 past three years?

22 COMMISSIONER KNIGHT: Thank you for
23 that question, Assemblywoman.

24 I would have to get a list of those

1 projects. But we have a number of products
2 and services that are available to small
3 businesses, and I'm sure some of your small
4 businesses have accessed some of our
5 programs.

6 ASSEMBLYWOMAN HOOKS: Great. So we'll
7 work together just so we can identify those.

8 My other question is what
9 accountability measures exist to ensure that
10 large-scale developments in New York benefit
11 historically underserved communities?

12 COMMISSIONER KNIGHT: You know, thank
13 you for that question.

14 I think for the developments that we
15 undertake at ESD, we always engage in an
16 extensive stakeholder process so that we
17 understand what the community, you know,
18 needs and aspirations are so we can
19 incorporate that into the planning of those
20 kinds of developments.

21 ASSEMBLYWOMAN HOOKS: Great, thank
22 you.

23 My next question is for Acting
24 Director Reid. First I would like plus-one

1 to Senator Krueger regarding the
2 oversaturation of illegal cannabis shops in
3 the districts. In my district alone, we have
4 eight in a four-block radius, and it doesn't
5 seem like we're getting any reprieve or help
6 in shutting them down.

7 So I would like to work closely with
8 you, on a side note, just to see what help we
9 can get for my district.

10 OCM ACTING EXEC. DIR. REID: Great,
11 yeah. I think when it comes to some of what
12 we are doing -- again, I go back to the fact
13 that investigations take a bit of work. And
14 particularly where those investigations point
15 toward criminal conduct. And we've gone into
16 some unlicensed shops and seen ghost guns,
17 we've seen cocaine, we've seen all sorts of
18 things -- mushrooms.

19 And so those, under our current laws,
20 are criminal, and so we have to make sure
21 we're working with our law enforcement
22 partners to address the whole of that case,
23 not just the cannabis piece.

24 ASSEMBLYWOMAN HOOKS: Thank you.

1 CHAIRMAN PRETLOW: Assemblyman Ra.

2 ASSEMBLYMAN RA: Thank you.

3 Good afternoon. Commissioner Knight,
4 thank you for the conversation with you and
5 your staff a few weeks ago. It was helpful
6 in preparation for the hearing.

7 I do want to talk about -- and, you
8 know, I've mentioned this is the past -- we
9 know that there has been, you know, some
10 reporting about a lot of our economic
11 development programs and the impact they have
12 and whether they deliver the bang for our
13 buck. And I know the agency would probably
14 dispute some of what has been out there.

15 But I'm just wondering, does the
16 agency at this point have standardized
17 metrics for evaluating these different
18 programs when we're comparing one to the
19 other?

20 COMMISSIONER KNIGHT: Yes. Thank you
21 for that question about our programs.

22 So, you know, we take seriously, you
23 know, reporting about our programs. We have
24 a database of economic incentives. It's one

1 of the most extensive databases in the
2 country with respect to economic development
3 initiatives. And so we have a number of
4 metrics that are reported on with these
5 projects -- you know, economic impact, you
6 know, tax impact, number of employees that
7 were hired by these projects. A large
8 assortment of metrics associated with those
9 projects that are reported.

10 ASSEMBLYMAN RA: In terms of -- is
11 there a standardized definition of what we
12 think of as a job created by a program?
13 because it seems like some use a head count,
14 others use full-time equivalents.

15 Is there a standardized definition of
16 when we're looking at how many jobs are
17 created by a particular program?

18 COMMISSIONER KNIGHT: We look at
19 full-time equivalents.

20 ASSEMBLYMAN RA: Thank you.

21 And is there any targeted rate of
22 return when we're evaluating a program?

23 COMMISSIONER KNIGHT: So I think
24 that's a more complicated question and

1 discussion. You know, it depends on the type
2 of project that we're looking at and what
3 we're trying to advance with respect to the
4 project.

5 You know, in the context of looking at
6 developing an emerging industry, that sort of
7 you know, cost per job or investment in the
8 project may be much more extensive than, you
9 know, a legacy industry. You know, to the
10 extent that we are trying to support small
11 businesses, that may be a different metric.
12 It depends on what it is we're trying to
13 advance.

14 ASSEMBLYMAN RA: Thank you. I do
15 continue to be concerned with the rate of
16 return we're getting on some of these
17 programs. I think that, you know, as we
18 talked about a couple of weeks ago, things
19 like the childcare issue, I think there are
20 other things we can be doing that would be
21 very positive for economic development.

22 But thank you for that.

23 Acting Director Reid, so you mentioned
24 DEI but I want to talk about something

1 different: DRE. Do we know how many drug
2 recognition experts we have in New York State
3 at this point as we're into, you know,
4 Year 4/5 of the rollout of the adult-use
5 cannabis market?

6 OCM ACTING EXEC. DIR. REID: Yes.
7 That's 417.

8 ASSEMBLYMAN RA: Okay. And I know
9 that part of the funding when this bill was
10 passed was targeting allowing for training
11 for that.

12 So how many of those have been trained
13 through that program as opposed to maybe
14 where, you know, previously trained before we
15 started this new program?

16 OCM ACTING EXEC. DIR. REID: I'm only
17 aware of the numbers that exist today. I'm
18 not sure of anything before -- in a before
19 time.

20 ASSEMBLYMAN RA: Okay. You talked a
21 little bit about, you know, some of the
22 enforcement mechanisms. Obviously we had
23 done a number of provisions in last year's
24 budget. I will reiterate I know several of

1 my colleagues have talked about it, but we
2 still continue to hear of, you know, illegal
3 operations and things of that nature.

4 So I appreciate your focus on that
5 issue because obviously it's
6 counterproductive to the program, whether
7 it's on the tax side, whether it's on the
8 side of making sure that, you know, products
9 are pure and safe.

10 So I do want to, though, ask when you
11 have a -- I'm going to run out of time,
12 but -- you know, a jurisdiction that has not
13 allowed for shops but that's in very close
14 proximity to another jurisdiction like I have
15 in Nassau County -- I'm right near the Queens
16 border -- how it works in terms of trying to
17 help local, you know, police in the area that
18 is not legalized. I ran out of time, so --

19 OCM ACTING EXEC. DIR. REID: Send the
20 question; we can talk offline.

21 ASSEMBLYMAN RA: Thank you.

22 CHAIRMAN PRETLOW: Assemblymember
23 Torres.

24 ASSEMBLYWOMAN TORRES: Hi. Thank you,

1 Chairs, and thank you, Commissioners. I look
2 forward to working with both of you. I'm a
3 new member from the 85th in the Bronx.

4 First I'll ask, for Commissioner Reid,
5 just a plus-one on the concerns regarding the
6 thousand-foot restriction. We're having a
7 lot of possibilities there in the Bronx. And
8 in particular, also the mobile trucks that
9 are selling.

10 I wonder if there are any particular
11 regulations and any tracking on those trucks
12 and where they move.

13 And then secondly, also concerned
14 about how the cannabis shops are marketing,
15 particularly to young people. I've gotten a
16 lot of complaints and concerns from
17 constituents particularly that they're being
18 marketed like candy. And I think -- you
19 know, I'd love to learn more about what kind
20 of advertising regulations you might have in
21 place for that.

22 OCM ACTING EXEC. DIR. REID: Yeah. So
23 if you don't mind I'll answer the question in
24 reverse.

1 Marketing to young folks. So this is
2 something we see particularly in the
3 unlicensed shops. I can give you a
4 particular example of something packaged to
5 look like Sour Patch Kids, that is exactly
6 like Sour Patch Kids in our licensed shops.
7 Or like a Bazooka or zebra-striped gum, and
8 now I'm dating myself.

9 But all that is to say is we have a
10 robust set of regulations around packaging,
11 labeling, marketing and advertising that
12 specifically address attractiveness to youth.
13 And sometimes that's a bit of a squishy
14 measurement in terms of what's youth-oriented
15 and what's not. But looking at our
16 regulations they are designed so that those
17 things aren't, you know, from first visual
18 appeal, appealing to youth.

19 In terms of I think you said vans, the
20 enforcement powers that we have are
21 restricted to brick-and-mortar, so -- but
22 that doesn't mean that we don't see some of
23 these other operators. Because one of the
24 things that I've said is the black and gray

1 markets are older than all of us in this room
2 combined. And so what we're going to find is
3 that they know how to survive.

4 One of the things we have to be
5 incredibly attuned to is some of the ways
6 that they are shifting, because we are
7 bringing force and energy to addressing their
8 operations. But this is something that we
9 have seen and are aware of, and -- and, you
10 know, want to take measures to approach
11 addressing that with some degree of
12 consideration.

13 ASSEMBLYWOMAN TORRES: Thank you.

14 Commissioner Knight, two blitz
15 questions for you.

16 One, any concerns about what's
17 happening at the federal level and impacts on
18 your funding?

19 And then, two, I'm really
20 interested -- I was a former diplomat -- in
21 the trade missions and how the trade missions
22 are fitting into the overall goal for
23 economic development. Would love to learn
24 more about that, any way we can get involved,

1 learn more about the trade missions.

2 Thanks.

3 COMMISSIONER KNIGHT: So thank you for
4 the question about the federal funding.

5 You know, many of our programs get
6 federal funding as well as state funding.
7 And to the extent that the federal funding
8 wouldn't be there, there would be an impact.
9 We continue to look at, you know, anything
10 that comes out of Washington every day, but
11 continue working through our programs and,
12 you know, as the Governor has told us, to
13 keep going.

14 ASSEMBLYWOMAN TORRES: I'll follow up.

15 COMMISSIONER KNIGHT: Yeah, thank you.

16 CHAIRMAN PRETLOW: Assemblywoman
17 Jackson.

18 ASSEMBLYWOMAN JACKSON: Thank you,
19 Chair.

20 Commissioner Knight, hi. Good to see
21 you.

22 When people are applying for jobs at
23 ESD, do you also go through OGS?

24 COMMISSIONER KNIGHT: No.

1 ASSEMBLYWOMAN JACKSON: So when
2 they're applying, it goes directly through
3 your office?

4 COMMISSIONER KNIGHT: Yes.

5 ASSEMBLYWOMAN JACKSON: And people
6 that are applying, do they get responses
7 back? The only reason why I'm asking is
8 because I have two constituents that have
9 applied and they haven't heard anything. And
10 I see a lot of job postings for ESD, but I
11 don't know when the jobs are being fulfilled.

12 COMMISSIONER KNIGHT: So thank you for
13 that.

14 I think, you know -- I'll be in touch
15 with your office to make sure that we can get
16 back to those individuals.

17 ASSEMBLYWOMAN JACKSON: Okay.

18 And then for our ED, I just have a
19 question. I see here you said 62 percent of
20 adult-use licenses approved were social and
21 economically equity owned. But if you don't
22 know how many licenses there are, how do we
23 know it's 62 percent of it?

24 OCM ACTING EXEC. DIR. REID: So the

1 62 percent was licenses approved at our last
2 board meeting in February.

3 We do know how many licenses there are
4 in terms of what's been approved in the past
5 and what's been approved since I came on.
6 But I can share those numbers with you.

7 ASSEMBLYWOMAN JACKSON: Can you tell
8 me what those are?

9 OCM ACTING EXEC. DIR. REID: I can't
10 tell you the whole breadth, but what I can
11 tell you is in the last several months -- and
12 I actually misspoke earlier. It's not
13 200 licenses, it's actually over
14 800 licenses.

15 ASSEMBLYWOMAN JACKSON: About 800,
16 okay. So then we'll chat about what the
17 actual number is.

18 And then when the mayor of New York
19 City was here I asked him why his sheriff's
20 office wasn't getting back to OCM about
21 reporting when they are shutting down illegal
22 stores and what's being seized as far as cash
23 and product is concerned. Have they been
24 corresponding with your office?

1 OCM ACTING EXEC. DIR. REID: So I
2 appreciate that question that you asked back
3 then because very shortly after, we got the
4 information from New York City.

5 ASSEMBLYWOMAN JACKSON: Okay. And
6 then at some point will we get a report about
7 what's happening in New York City?

8 OCM ACTING EXEC. DIR. REID: Yes, we
9 can share. We can put that together and
10 share in a way that will be elucidative.

11 ASSEMBLYWOMAN JACKSON: Thank you.

12 And then why haven't we increased
13 funding for the Social Equity Fund -- or the
14 Community Grants Investment Fund, rather?

15 OCM ACTING EXEC. DIR. REID: So the
16 community grants investment fund is
17 appropriated up to 10 million. And so I know
18 that this particular proposal includes in the
19 proposal for 5 million. One of the things
20 that I am sensitive to particularly as
21 operations person is that we have to sort of
22 prove before we expand too rapidly. So right
23 now we're in the process of reviewing the
24 grants that came in for this cycle year and

1 we're hoping to award those in the next I
2 think -- by the end of March if not early
3 April.

4 But I want to make sure that we have
5 our processes and our practices in place if
6 we're looking to work with more money in the
7 future.

8 ASSEMBLYWOMAN JACKSON: Okay, thank
9 you.

10 And then, sorry, Commissioner Knight.
11 The elimination of 365,000 for additional
12 support for MWBE, I see that in the
13 Governor's proposal. Are we okay with that?

14 COMMISSIONER KNIGHT: Can --

15 ASSEMBLYWOMAN JACKSON: The reduction
16 in the \$365,000 in MWBE.

17 COMMISSIONER KNIGHT: I have to --

18 ASSEMBLYWOMAN JACKSON: It was allowed
19 for additional support.

20 (Time clock sounds.)

21 ASSEMBLYWOMAN JACKSON: Well, let's
22 chat about that.

23 COMMISSIONER KNIGHT: We'll get back
24 to you, yes.

1 ASSEMBLYWOMAN JACKSON: Thank you.

2 CHAIRMAN PRETLOW: Thank you.

3 Assemblyman Bores.

4 ASSEMBLYMAN BORES: Thank you, Chair.

5 And thank you both for being here.

6 To start, I have a question for
7 Executive Director Reid. We've heard a lot
8 about the thousand-foot rule and also the
9 500-foot rule from an existing school or
10 religious institution.

11 There's a legal cannabis store in my
12 district and in the chairwoman's district
13 called Bliss + Lex, which opened up 200 feet
14 from a building that is a combined shul and
15 school. And we were told that that was fine
16 because A, you have to -- even though it's
17 the same block, you have to turn the corner
18 and so it's not a linear distance; and
19 that B, it would be banned if it were just a
20 school or just a religious institution but
21 because it is both of those things, even
22 though it's exclusively those two things,
23 then there's no restriction on it.

24 Is that from regulation that can be

1 revised? Or is that statute that the
2 Legislature would have to change in that
3 interpretation?

4 And actually before that, do you think
5 that makes sense?

6 OCM ACTING EXEC. DIR. REID: I'm going
7 to answer in the reverse.

8 ASSEMBLYMAN BORES: Okay.

9 OCM ACTING EXEC. DIR. REID: So what
10 you're talking about is -- well, let me
11 reduce it to if it's a mixed-use property.
12 And I get in terms of it being combined, a
13 house of worship and a school. But if it's a
14 mixed-use property, it can be closer than
15 500 feet.

16 Now, what's interesting and that's
17 also in our regs, and I believe it's in
18 Part 119, is that a municipality can
19 designate a place a public youth facility.
20 That includes playgrounds, that includes
21 parks, that includes places like what you're
22 talking about. If they designate that a
23 public youth facility, then they can have
24 500 feet from that. But the municipality has

1 to designate that first.

2 ASSEMBLYMAN BORES: Okay. But so is
3 that your regulation you can change, or is
4 that statute that the Legislature has to
5 change?

6 OCM ACTING EXEC. DIR. REID: That's in
7 regulation. So we'd have to -- if there was
8 a change, we'd have to put that out for
9 public comment, we'd have to take -- there's
10 a process under SAPA. But that is a
11 regulation.

12 ASSEMBLYMAN BORES: Do you want to
13 take a stab on if that makes sense?

14 (Laughter.)

15 OCM ACTING EXEC. DIR. REID: Whether
16 that makes sense -- I think what we are
17 particularly concerned about as an economic
18 development agency is making sure that we are
19 working municipalities -- insofar as there is
20 an opportunity for a municipality to take the
21 initiative to designate something as such,
22 then I think that allows for, you know, what
23 you're talking about to be addressed.

24 ASSEMBLYMAN BORES: Okay.

1 Commissioner Knight, you're not going to have
2 a chance to answer given the time, but I'd
3 love if you could follow-up with -- your
4 testimony was the first time I heard about
5 venture capital investments in -- through
6 these small businesses as part of AI.

7 I would love to hear more about that,
8 what the plan is on that. Venture capital,
9 nine out of 10 things fail. I actually think
10 it's a good thing for government to do, but
11 it's usually one that's pilloried in the
12 press and by opposition.

13 So just what our expectations are,
14 what the benefits could be. Would love kind
15 of a plan on that going forward.

16 COMMISSIONER KNIGHT: Absolutely.

17 ASSEMBLYMAN BORES: Thank you.

18 CHAIRMAN PRETLOW: Assemblymember
19 Braunstein.

20 ASSEMBLYMAN BRAUNSTEIN: Thank you.

21 First for Commissioner Knight, I just
22 have a comment, following up on what
23 Senator Stavisky was talking about in regards
24 to Creedmoor.

1 Yes, ESDC has taken input from the
2 community, but ESDC has not responded or
3 acted upon that input. And frankly your
4 agency has just ignored the community input.
5 I'm talking the community board, the
6 Councilmember, the Senator, myself. And to
7 this date, anything we've requested --
8 reasonable requests -- have just been
9 ignored. And it's been disappointing.

10 For Executive Director Reid, the MRTA
11 gives a community board the opportunity --
12 first notice and then the opportunity to have
13 a hearing when someone applies for a cannabis
14 license. The community board I represent,
15 Community Board 11 in Queens, approved
16 several licenses but there was one license
17 that they unanimously opposed. And it wasn't
18 just the community board, it was myself, it
19 was State Senator Liu, the local
20 Councilwoman.

21 The community board had a hearing, a
22 hundred residents from the local community
23 showed up in opposition. The location is
24 520 feet away from an elementary school, and

1 it's one storefront in the middle of a
2 residential community. Completely
3 inappropriate place for this kind of
4 establishment.

5 The community came out and voiced
6 their opposition. And like I said, the
7 community board has approved several cannabis
8 dispensaries including one less than a
9 half-mile from the site that they opposed.
10 in fact, the community board chair went to
11 the grand opening of that cannabis
12 dispensary.

13 So the only thing I can conclude from
14 this whole process is that the community
15 opinion just doesn't matter to OCM. Is there
16 any other conclusion to be drawn? The entire
17 community opposed this license. The
18 applicant didn't show up. Does it matter
19 that we speak up, or is it just disregarded?

20 OCM ACTING EXEC. DIR. REID: So this
21 is one of those opportunities where I'll take
22 the opportunity to draw a distinction between
23 OCM the agency and the Cannabis Control
24 Board.

1 ASSEMBLYMAN BRAUNSTEIN: Can I
2 interrupt? I called Tremaine Wright, because
3 she's a former member. I spoke to her, I
4 asked her what happened. She said to me: We
5 get a list of 70 recommendations at a time --
6 you know, give or take -- from OCM. Up or
7 down vote on all of them together
8 recommending approval. She said she never
9 saw the letter from me and Senator Liu.

10 So it was OCM that recommended for
11 approval, and then it went to the board.

12 OCM ACTING EXEC. DIR. REID: So again,
13 our job as the agency is to ensure that folks
14 are meeting proximity restrictions as well as
15 eligibility criteria and statute and
16 regulations.

17 ASSEMBLYMAN BRAUNSTEIN: So community
18 input doesn't matter.

19 OCM ACTING EXEC. DIR. REID: So the
20 community board opinion -- or the municipal
21 opinion is what you're talking about, writ
22 large, it's not dispositive under our statute
23 or our regs as to what the board decision
24 would be or the agency recommendation if an

1 applicant is meeting all of the factors of
2 eligibility. So, you know --

3 (Time clock sounds.)

4 CHAIRMAN PRETLOW: Thank you.

5 Assemblywoman Lucas.

6 ASSEMBLYWOMAN LUCAS: Good afternoon,
7 everyone.

8 Commissioner, how many businesses of
9 nine or less employees benefit from the
10 Low Interest Capital program? As per your
11 testimony it is designed to lower the
12 interest rates for small and midsized
13 businesses.

14 COMMISSIONER KNIGHT: I have to get
15 you the exact number, but thousands of
16 businesses have benefited from the Low
17 Interest Capital loan program.

18 ASSEMBLYWOMAN LUCAS: Can we get
19 specific data? Would you give it --

20 COMMISSIONER KNIGHT: Yes.

21 ASSEMBLYWOMAN LUCAS: Okay, thank you.

22 And then also -- let me go on to
23 Ms. Reid because I can't find my other
24 question for you and the time is ticking.

1 New York legalized recreational
2 cannabis in 2021 and pledged to specifically
3 ensure that low-income minorities and
4 especially those who were previously
5 convicted of cannabis-related crimes would
6 have assistance in the legal licensing
7 process. Since then, only 22 stores have
8 opened and nine of those owners have stated
9 that they feel they were pressured into
10 accepting a debt trap. I'm not paraphrasing
11 here; I'm taking this from a New York Times
12 article that was published this morning:
13 "How a Plan for Reparations Became a Debt
14 Trap for Marijuana Retailers."

15 What reassurances do you have to offer
16 those currently struggling with these
17 programs? Is there a reason why only 22
18 stores have opened over the course of
19 four years? And do you have any sort of
20 statistics proving success or a foul-up
21 through those struggles?

22 OCM ACTING EXEC. DIR. REID: So that
23 entire program is run through DASNY. So in
24 terms of the information that you're seeking,

1 I don't have that. I'm not privy to it, it's
2 not shared with me. But those would be
3 questions for DASNY.

4 ASSEMBLYWOMAN LUCAS: Oh, so none of
5 these questions you can answer.

6 OCM ACTING EXEC. DIR. REID: Yeah, I
7 don't have insight on where things are at
8 with those programs.

9 That said, I will say, you know, we
10 are certainly open to thinking about and
11 partnering in ways that are useful to some of
12 these applicants. Understanding that, again,
13 having sat down with many of them, that the
14 program is not working. So, you know, open
15 to those conversations, but those are
16 generally questions for DASNY.

17 ASSEMBLYWOMAN LUCAS: And
18 Commissioner, what efforts have been made to
19 ensure sufficient representation of
20 marginalized community members to benefit
21 from the explosion of jobs related to -- and
22 related entrepreneur opportunities created by
23 the semiconductor manufacturing industry?

24 COMMISSIONER KNIGHT: So thank you for

1 that question.

2 (Time clock sounds.)

3 CHAIRMAN PRETLOW: Thank you.

4 Assemblywoman Kassay.

5 ASSEMBLYWOMAN KASSAY: Thank you,

6 Chair. Thank you, Commissioner and

7 Acting Director.

8 The first question is for

9 Commissioner Knight. So my district is in

10 Suffolk County on Long Island, and we have

11 communities like Coram who have business

12 thoroughfares that are blighted and they

13 cannot proceed with the revitalization of

14 these areas until their sewer capacity is

15 expanded.

16 So they have much needed businesses

17 that want to come in -- childcare,

18 healthcare, mixed-use developments as well.

19 And so they're ready, they're cued up to go.

20 And so my question is, how much

21 conversation occurs between your staff and

22 the staff that determines who gets the grant

23 monies for sewer buildout when sewers -- you

24 know, specifically in reference to this, that

1 sewers are the holdup to economic
2 development?

3 COMMISSIONER KNIGHT: So, you know,
4 thank you for that question.

5 We know that, you know, sewer
6 development, you know, is an issue on
7 Long Island. And, you know, there are times
8 when we do have conversations about that
9 development as it relates to economic
10 development.

11 Sometimes there are resources
12 available to support mixed-use projects that
13 can support the infrastructure of these types
14 of thoroughfares that you're talking about.

15 ASSEMBLYWOMAN KASSAY: Excellent.
16 I'll definitely follow up with your office,
17 or if you could follow up with me to let me
18 know what resources are available currently.
19 Thank you so much.

20 And for Acting Director Reid, two
21 questions. So my office is actively working
22 to increase enforcement on these illegal
23 cannabis shops, or the unlicensed shops,
24 because we know that they're selling both

1 illegal products and selling to minors.

2 Also, on behalf of one of our school
3 superintendents, especially I've been cued in
4 to how clever young people have gotten on how
5 to get their hands on cannabis products,
6 especially by mail. So I'll "yes and" on the
7 mail conversation. I think it has to do with
8 interstate commerce as well.

9 And so I know I'd sent a -- our office
10 sent a letter to your office earlier this
11 week. I do not expect to have had an answer
12 already by any means, but just hope to hear
13 your commitment to working on this issue to
14 make sure that we are seeing that any
15 cannabis by mail either requires a signature
16 and is regulated.

17 OCM ACTING EXEC. DIR. REID: Yeah,
18 again -- you know, and I appreciate the point
19 in terms of young people. Having worked with
20 young people, the question where I always
21 start is, you know, what's going on in terms
22 of you pursuing something or another, and
23 then thinking about how there might be
24 infrastructural or systemic ways in which

1 youth can access things that they're not
2 supposed to.

3 Again, when it comes to, you know,
4 delivery by mail, that would be with our law
5 enforcement partners, and so not particularly
6 for New York State or OCM alone. But again,
7 open to having those conversations.

8 ASSEMBLYWOMAN KASSAY: Very good. So
9 we look forward to your commitment to all
10 coming together on that --

11 OCM ACTING EXEC. DIR. REID: Oh, for
12 sure.

13 ASSEMBLYWOMAN KASSAY: Thank you so
14 much.

15 And also has your office committed to
16 working with the Attorney General, my
17 colleagues and I on cracking down on the
18 selling of illegal cannabis products in these
19 unregulated packaged for youth or, you know,
20 unregulated products in general? Not just
21 the shops that are selling them but those who
22 are manufacturing them.

23 CHAIRMAN PRETLOW: Thank you,
24 Assemblywoman.

1 Assemblyman Dais.

2 ASSEMBLYMAN DAIS: Thank you.

3 This is going to be a quick response
4 to one of our colleagues here. It's
5 cannabis-related but also economic. So I
6 opened up the first West Coast Special on
7 Fifth Avenue, right? Right down the street
8 was the Lord & Taylor's building where Amazon
9 bought it for a billion dollars and brought
10 in 2,000 workers, which didn't take big tax
11 breaks.

12 However, the headquarters we did lose
13 to Virginia has been shuttered and hasn't
14 been open, so I think we won in that
15 situation.

16 In reference to cured {ph} licenses
17 and the interest rates that they're paying
18 for the investments through our social equity
19 program. Is that program working, or do you
20 feel that we need to make tweaks to it?

21 OCM ACTING EXEC. DIR. REID: Just to
22 clarify, what kind of licenses did you say?

23 ASSEMBLYMAN DAIS: The cured licenses,
24 when they're getting --

1 OCM ACTING EXEC. DIR. REID: Oh, the
2 CAURD licenses.

3 ASSEMBLYMAN DAIS: CAURD. CAURD, I'm
4 sorry.

5 OCM ACTING EXEC. DIR. REID: Oh, I'm
6 sorry, okay.

7 So in terms of those licenses, again,
8 having sat down with those folks, you know,
9 they don't feel like they're working. And I
10 can only, you know, when someone says what's
11 happening, you have to believe them. And so
12 I think there are opportunities for us to
13 think about how that program could be
14 different.

15 ASSEMBLYMAN DAIS: So was Chicago
16 Atlantic the right organization to choose
17 for -- as the funding organization, or who
18 helped with the Social Equity Fund?

19 OCM ACTING EXEC. DIR. REID: So
20 that's, again, not a question I can answer.
21 That's a DASNY question, as they sort of
22 worked to stand up that fund.

23 ASSEMBLYMAN DAIS: Are you guys
24 working with DASNY to solve these issues?

1 OCM ACTING EXEC. DIR. REID: In terms
2 of the scope, that's not our wheelhouse in
3 terms of how that fund or any fund would
4 operate.

5 So again, that would be over in the
6 DASNY wheelhouse.

7 ASSEMBLYMAN DAIS: Can you provide a
8 breakdown to your office -- and probably not
9 right now, but on how much money has been
10 spent from the fund into the organizations?

11 OCM ACTING EXEC. DIR. REID: I can't
12 do that. That's also a DASNY -- they keep
13 all of those accounts relative to the
14 participation in the fund and the outcomes of
15 the fund.

16 ASSEMBLYMAN DAIS: They don't give you
17 a report so you have an idea?

18 OCM ACTING EXEC. DIR. REID: No. We
19 don't have -- we don't have an agreement to
20 that. That's not the OCM role.

21 ASSEMBLYMAN DAIS: It doesn't have to
22 be an OCM role, but I would think that there
23 would be transparency so we have an idea of
24 how much money is being put within our

1 cannabis program and to see how it's working.

2 How are you supposed to manage the
3 cannabis program if you don't have an idea of
4 the investments that the -- the investments
5 that's going into them? How are you supposed
6 to create measures?

7 OCM ACTING EXEC. DIR. REID: So the
8 fund -- the fund is the body that -- the fund
9 is the body, along with DASNY, that creates
10 those metrics and it monitors those programs.

11 That's not information, like I said,
12 that ever gets shared with us or that we have
13 insight to.

14 ASSEMBLYMAN DAIS: Okay. That's very
15 odd that you're in charge of the cannabis
16 program and then you can't understand or have
17 access to what I think would be public
18 information on the financial impacts of our
19 organizations within programs underneath your
20 purview.

21 Last, the farmers, agriculture,
22 cultivation, biomass. How much is our
23 biomass right now and how much is actually
24 getting into the market?

1 OCM ACTING EXEC. DIR. REID: I'd have
2 to get back to you on numbers around biomass.
3 I've heard various figures, but I'd have to
4 really dig into that and get that back to
5 you. But I can do that for you.

6 ASSEMBLYMAN DAIS: Okay, thank you.

7 OCM ACTING EXEC. DIR. REID: Just one
8 thing, though. One of the things that we're
9 really excited about is our BioTrack rollout,
10 which allows tracking of product from seed to
11 sale.

12 CHAIRMAN PRETLOW: Assemblyman Jones.

13 (No response.)

14 CHAIRMAN PRETLOW: Assemblywoman
15 Tapia.

16 ASSEMBLYWOMAN TAPIA: Thank you.
17 Thank you for all the time that you put in
18 for this, because, I mean, we have a timer
19 also.

20 (Laughter.)

21 ASSEMBLYWOMAN TAPIA: But thank you.
22 I mean, Commissioner Knight, this question is
23 for you. And I will have three questions,
24 but I don't know if the three minutes are

1 going to last.

2 The Governor allocated 250 million to
3 redevelop underutilized state-owned
4 properties into housing developments. How
5 will the state prioritize which properties
6 receive funding? And what is the process for
7 local communities to request for development
8 funds for specific sites?

9 I have been working with Bronx
10 Community College, for example, and the
11 Dormitory Authority owns a site in my
12 district that we are looking to redevelop
13 into housing. So I would love to see some
14 details about it.

15 COMMISSIONER KNIGHT: So we look at
16 these project by project. There's a
17 committee of state agencies who are involved
18 in this and -- you know, the MTA, HCR, ESD.
19 Check-in about SUNY. But I'm sure, you know,
20 we'd be able to access.

21 And so look forward to talking to you
22 more about this project.

23 ASSEMBLYWOMAN TAPIA: Most definitely.
24 Most definitely.

1 I also have a question for cannabis.
2 My question is regarding cannabis
3 enforcement. I think, I mean OCM alone, with
4 the city, has done a wonderful good job of
5 shutting down illegal cannabis stores. But I
6 think a lot of this has shifted from stores
7 to people legally selling cannabis on the
8 street.

9 In my district, for example, on Jerome
10 Avenue in my district, where we have three,
11 four schools in that street, we have dozens
12 of individuals selling cannabis on the
13 street. How is the state working to address
14 these street vendors? Because, I mean, I
15 have called the police, my precincts, and
16 they take them away, they cannot do anything,
17 I think, and -- but they come back three or
18 four days after, they think that we forget.

19 So what is there we can do?

20 OCM ACTING EXEC. DIR. REID: So in
21 terms of our enforcement, those are against
22 operators. Again, this is sort of around the
23 issue of we don't want to get to a place
24 where we are recriminalizing cannabis, like

1 we've seen and I've personally experienced
2 the detriments of that.

3 And so, you know, what we do as a
4 matter of enforcement, we don't go after
5 individuals, we go after businesses. Now, I
6 think, you know, to the extent that there
7 might be a role to play in getting those
8 folks off the street, I think it requires
9 education, I think it --

10 (Time clock sounds.)

11 CHAIRMAN PRETLOW: Assemblywoman
12 Shimsky.

13 ASSEMBLYWOMAN SHIMSKY: Thank you very
14 much, Mr. Chairman.

15 Good evening -- yes, unfortunately
16 it's "good evening," Commissioner. I promise
17 to be brief.

18 Going back to the comments made before
19 by Chair Woerner and Assemblywoman Walsh
20 about the MWBE issue, I've been hearing from
21 a number of women in nontraditional fields
22 that the process has not been working for
23 them, that they are treated with a certain
24 amount of disrespect. And the reversal rate

1 of these cases suggests that there's a
2 problem.

3 What that means is they may get their
4 status back, but they will have lost business
5 opportunities, they will have lost tens of
6 thousands of dollars in legal fees to get a
7 wrong decision reversed.

8 And I think it's important that we
9 look at what the applicable standards are.
10 And it's been suggested to me by some of
11 these women who have had to deal with this to
12 look at the expertise of the people who are
13 doing the investigating and what skill sets
14 come up with the right results to make sure
15 that everybody has them.

16 COMMISSIONER KNIGHT: So, you know,
17 thank you for that.

18 You know, I look forward to working
19 with you and the Legislature around regs,
20 because some of this has to do with the
21 regulations. So look forward to --

22 ASSEMBLYWOMAN SHIMSKY: I'll be happy
23 to work with you on that.

24 Thank you.

1 CHAIRMAN PRETLOW: Assemblywoman
2 Zinerman.

3 ASSEMBLYWOMAN ZINERMAN: Good
4 afternoon. Thank you, Chair.

5 I have one question for you.

6 Hello, Commissioner.

7 But Ms. Reid, how are you? We have
8 not met. I'm Stefani Zinerman, from the
9 56th Assembly District. I am a member of the
10 committees on Agriculture and Labor, and I am
11 the chair of the Subcommittee on Emerging
12 Workforce. So I always like to talk about
13 cannabis because it basically encompasses my
14 entire world. Right?

15 OCM ACTING EXEC. DIR. REID: Yes, it
16 does.

17 ASSEMBLYWOMAN ZINERMAN: So the first
18 thing I'd like to say is thank you. I've
19 read a lot of testimonies and nobody has ever
20 given me a list of success or what success
21 should look like. So thank you for the
22 guide.

23 And so I have a couple of questions
24 for you. I'm certainly encouraged to hear

1 about the cannabis conversations that you
2 have, that you're having across the state. I
3 encourage you to continue those. I have a
4 bill that actually says that we need to do
5 more in terms of educating our young people.
6 Right?

7 But what does success look like in
8 that area? Because I want those two things
9 to be absolutely blended so that young people
10 and their families are getting the
11 information that they need. That is one
12 question.

13 I am -- I believe that all legislation
14 should do no harm. We should think about
15 that. And certainly we have this bill. But
16 you've heard from our chairs and some of my
17 members that the illegal shops are something
18 that are doing harm in our neighborhoods, and
19 especially to our young people. And we've
20 closed a lot in my neighborhood, absolutely.
21 But this is my problem: Landlords in the
22 State of New York like the cannabis money.
23 And they are breaking the rules every day by
24 opening up those shops.

1 So people don't necessarily know that
2 when they first approach, you know, a
3 landlord -- I'm looking at my time -- a
4 landlord and an owner of this business, but
5 if you read the regs you know that if the
6 person doesn't have a license from you all,
7 you can't rent to them. They can't open it
8 up.

9 What are we doing in that area too?
10 Because that's the -- they close them, but
11 somebody else will pop up across the street
12 and they'll open up. So we've got to address
13 that issue as well.

14 And then my last question for you is
15 about the cannabis workforce and labor
16 practices. So I like the whole idea of that.
17 What does that actually look like, though?
18 What -- because the industry is so huge. I
19 mean, they do everything from security to
20 HVAC to actually being a grower or a
21 retailer. Right? So what does best
22 practices look like for you?

23 And I did want to make the connection
24 for Black farmers as well. How many of them

1 are part of the BioTracking system, because
2 that's very important.

3 And if I have 10 seconds left,
4 Commissioner Knight, I want to talk to you
5 about do you support cultural districts,
6 cultural art districts? And if so, if you
7 could tell us why.

8 It will have to be at some other time,
9 because I only got my questions out.

10 CHAIRMAN PRETLOW: Assemblyman
11 Santabarbara.

12 ASSEMBLYMAN SANTABARBARA: Thank you,
13 Mr. Chair.

14 Thank you all for being here, and
15 thank you for your testimony today.

16 I just have a couple of questions for
17 Acting Director Reid on enforcement practices
18 and oversight.

19 What is the criteria that your office
20 uses to determine which businesses to
21 actually look into? And how do we prevent
22 targeting businesses that are doing
23 legitimate business and not disrupting them?

24 And the last question is, are there

1 mechanisms in place to prevent repeated I
2 guess investigations or raids on that same
3 business when no violations are found? And
4 the reason I'm asking is I do have a business
5 in my district, a vape shop, actually. Every
6 so often they'll call and people have gone
7 back there just looking for illegal cannabis.
8 They don't sell cannabis, but they were
9 investigated over a period -- I think in like
10 10 months it was like three times.

11 So I just wanted to ask those
12 questions just for some clarification.

13 OCM ACTING EXEC. DIR. REID: So on
14 let's call it triage. You know, one of the
15 things that's really important as to
16 enforcement is the public health and safety
17 piece. So if there is an immediate public
18 health and safety issue, you know, that will
19 take precedence in terms of particularly
20 selling to minors or other vulnerable
21 populations.

22 But one of the things I will say -- at
23 least I can talk for the state side of
24 enforcement -- is that when folks reach out,

1 when folks go through our portal, that
2 doesn't go into a void where it dies. If you
3 can imagine, there are thousands of
4 complaints that we get in the span of a week,
5 and so we have to go through all of those,
6 suss out what's legitimate, what's not
7 legitimate.

8 And as we've done this over time,
9 we've gotten much more streamlined,
10 particularly with our staffing increases, in
11 going through all of those complaints.

12 As I mentioned, you know, with some of
13 those it's relating to larger investigations,
14 particularly criminal investigations, which
15 can take a bit of time. But one of the
16 things that's incredibly important is that we
17 are investigating and looping back. Now,
18 sometimes we are not able to loop back
19 particularly to the complainant because
20 again, with the intricacies of our
21 investigations, we're just not able to do
22 that. And when they're ongoing and they're
23 long, that could be, you know, many, many
24 months.

1 In terms of businesses that have been
2 investigated before, I know that in the
3 cannabis marketplace, you know, there are
4 businesses that -- at one point they might be
5 compliant, at another point they might not.
6 And depending on the level of the lack of
7 compliance, sometimes our enforcement folks
8 will go out and, you know, investigate that
9 business.

10 So there are some situations like that
11 that we have to be mindful of and really
12 vigilant about in terms of how operators one
13 day could be doing one thing, the next day
14 doing another thing.

15 ASSEMBLYMAN SANTABARBARA: Can I
16 continue this conversation offline about the
17 particular business? Maybe we could talk a
18 little more about the details of it.

19 OCM ACTING EXEC. DIR. REID: Sure,
20 love to.

21 ASSEMBLYMAN SANTABARBARA: All right,
22 thank you.

23 OCM ACTING EXEC. DIR. REID: Thank
24 you.

1 CHAIRMAN PRETLOW: Assemblywoman
2 Giglio.

3 ASSEMBLYWOMAN GIGLIO: Thank you.

4 Commissioner Knight, my questions are
5 for you, please.

6 So you're doing a great job, and thank
7 you for that, because there is a lot of
8 economic development happening throughout the
9 state. But my concern is when we get
10 assigned grant money that we can give out to
11 different projects, I mean, there's a
12 recreation trail, a veterans recreation trail
13 that's still owed \$150,000 ten years later.

14 And how do we -- what recommendations
15 can you give so that when we assign grant
16 money and then it gets a contract number and
17 sometimes they have to wait for DASNY to do
18 what they need to do in order to begin the
19 work -- and that could be years later -- and
20 then it takes years to get paid, what do you
21 suggest we do to speed up that process so
22 that grant money that we promise to our
23 constituents to great projects, that they
24 actually get approved and they get the money

1 after the project's completed?

2 COMMISSIONER KNIGHT: Well, you know,
3 thank you for that question.

4 And, you know, I'd like to learn the
5 specific circumstances of --

6 ASSEMBLYWOMAN GIGLIO: Yeah, it's
7 DASNY. I don't know if they have too much on
8 their plate or what's happening, but there's
9 got to be a way to streamline this process.
10 And I know you can help me come up with the
11 solution for that, because we really do move
12 on, like I said.

13 And then you change legislators and
14 then the new legislator that comes on doesn't
15 even have access to the information, DASNY
16 won't even talk to the new legislator.

17 COMMISSIONER KNIGHT: So I will talk
18 to my colleague at DASNY and we'll have a
19 conversation with you.

20 ASSEMBLYWOMAN GIGLIO: Thank you so
21 much.

22 CHAIRWOMAN KRUEGER: I think it's just
23 me for a three-minute follow-up.

24 So we have this bizarre

1 cannabis-Atlanta-Chicago deal. Wasn't done
2 by OCM, DASNY's not here in the room. I'm
3 being told that until DASNY is paid back
4 \$50 million from OCM revenues, you're not
5 allowed to spend any additional monies for
6 any of the things that we thought you were
7 supposed to be spending the money on, such as
8 the drug prevention education, support for
9 larger investments in social equity grants to
10 communities.

11 Is that our understanding? Because I
12 don't see any new money going into any of
13 those in the state budget, and at least
14 someone told me they believed it was because
15 first we have to pay back DASNY the
16 50 million.

17 Since that whole fund is a nightmare,
18 I don't know where we have to pay it back,
19 "we" being OCM, in the first place. But I
20 just looked and the tax revenues from
21 cannabis this year I think are over
22 \$160 million. So why wouldn't we still have
23 more money to start to invest in our
24 commitments from the law?

1 OCM ACTING EXEC. DIR. REID: Yeah, so
2 I think when it comes to particularly our
3 social and economic equity programs, you
4 know, we've been building -- we've been
5 continuing the work that started before I got
6 there, then expanding around it in terms of
7 listening to the communities and hearing what
8 would be most useful, would not be useful.

9 I could cite, you know, our CAURD and
10 our academy, our retail accelerator, our
11 release of a banking directory for
12 businesses. So there are avenues in which we
13 are recognizing that there exists a need and
14 supporting some of those programs.

15 Now, when it comes to some of the
16 budget aspects I do know that, you know,
17 again, we need to continue to spend what we
18 already have. And that's dedicated toward
19 our social and economic equity programs. But
20 when looking at, you know, some of our
21 statutes, I think we have to have another
22 conversation around how we're proceeding
23 around our monies, and I know that's not
24 final.

1 CHAIRWOMAN KRUEGER: So when I looked
2 in the budget I saw an additional 5 million
3 for the social equity grant. So you're
4 giving out 5 million now, I think.

5 OCM ACTING EXEC. DIR. REID: Yes,
6 we're in the process.

7 CHAIRWOMAN KRUEGER: But there's no
8 growth in it for next year, and there's no
9 reference to any other monies going for the
10 other purposes in the Governor's Executive
11 Budget. Is that your understanding?

12 OCM ACTING EXEC. DIR. REID: Again,
13 our appropriation is up to 10 million. And
14 I've really been clear with our team that we
15 have to make sure that we do this 5 million
16 rollout well, because I don't want to get an
17 increase that -- evidence in our basis that
18 we haven't been able to responsibly roll out
19 a current program that we have.

20 CHAIRWOMAN KRUEGER: And do you have
21 any answers from anyone in the Governor's
22 office or other parts of government of how
23 we're going to get ourselves out of this
24 contract and make those businesses whole who

1 went into the Atlantic-Chicago deals?

2 OCM ACTING EXEC. DIR. REID: I think,
3 you know, when it comes to those folks who
4 have participated in the fund, those -- I'll
5 follow up with you.

6 CHAIRWOMAN KRUEGER: This is your
7 final sentence before we let you go, so --

8 CHAIRMAN PRETLOW: No, I have one more
9 questioner.

10 CHAIRWOMAN KRUEGER: Oh, excuse me.

11 All right, finish your sentence,
12 please.

13 OCM ACTING EXEC. DIR. REID: When it
14 comes to those programs we have to look at
15 what works and what doesn't, and insofar as
16 we've heard that what's happening with the
17 DASNY fund isn't working, having those
18 conversations about what could be a program
19 future.

20 CHAIRWOMAN KRUEGER: Okay. I can't
21 ask you any more questions because I've again
22 maxed out.

23 CHAIRMAN PRETLOW: Assemblyman Stirpe
24 for a three-minute follow-up.

1 ASSEMBLYMAN STIRPE: Thank you.

2 First of all, I want to commend you on
3 your endurance. You've done a great job.

4 (Laughter.)

5 ASSEMBLYMAN STIRPE: Real quick, and
6 it's almost along the same lines, because of
7 the situation with the DASNY fund, because of
8 the inability to get finance from normal
9 means -- banks, credit unions, et cetera --
10 for cannabis businesses, some of my
11 colleagues and I have been advocating for
12 like a \$15 million revolving loan fund for
13 farmers, cannabis farmers and processors.

14 Do you think that's a good idea?

15 Would you be supportive of that?

16 OCM ACTING EXEC. DIR. REID: We would
17 certainly be supportive of something like
18 that.

19 ASSEMBLYMAN STIRPE: Okay. I don't
20 know who would even manage that, if ESD
21 manages that or OCM, I don't know. But I
22 know that they're pretty desperate and they
23 would appreciate anything to help their
24 businesses stay afloat.

1 Okay, thank you.

2 CHAIRWOMAN KRUEGER: All right. So
3 now I'm officially thanking you for your time
4 with us today, and we are letting you fly
5 away.

6 And we are inviting the second panel,
7 government panel, to join us at the front.

8 So again, legislators, if you want to
9 grab them, only in the hallway. Do not talk
10 to them here. Assemblywoman, wait till they
11 go to the hallway and then talk.

12 Assemblywoman, go outside to the hall and
13 talk to them, please.

14 Office of General Services, Jeanette
15 Moy, and Erika Mallin, New York State Council
16 on the Arts, to the front.

17 (Off the record; pause.)

18 CHAIRWOMAN KRUEGER: All right, I'm
19 going to try to get order back in this room.
20 Let's see if we can do it. We're asking
21 legislators to take their seats in the front.
22 No, stop hugging. Stop saying hello. No
23 hugging. Assemblywoman, go sit down.
24 Yudelka, sit down. Stop hugging.

1 (Laughter; off the record.)

2 CHAIRWOMAN KRUEGER: All right, we're
3 going to try to get ourselves rolling,
4 because I know many people are thinking how
5 can it be this late already? But it is.

6 So I'm going to ask the two
7 commissioners which one of you would like to
8 go first. Okay, so Jeanette Moy, for those
9 in the room in the back, is going first, and
10 then Commissioner Mallin will go -- excuse
11 me, Executive Director Mallin will go second.

12 And it's yours for 10 minutes.

13 OGS COMMISSIONER MOY: Good evening,
14 Chairs Krueger and Pretlow, Ranking Members
15 O'Mara and Ra, Chairs Ryan and Stirpe,
16 ranking members Murray and Friend, and
17 distinguished members of the Legislature. My
18 name is Jeanette Moy, and I'm the
19 commissioner of the Office of
20 General Services for New York State.

21 Thank you for the opportunity to share
22 the work that we've accomplished in the last
23 year and to discuss the impact of
24 Governor Kathy Hochul's Executive Budget on

1 this agency.

2 Governor Hochul's budget proposes
3 \$1.7 billion for OGS, which will enable our
4 1,900 employees to advance her commitment to
5 improving government operations and
6 delivering exceptional, accessible services
7 for New Yorkers. OGS's services are vast.
8 We manage 32 million square feet of
9 real estate through state owned and leased
10 properties. We provide shared services,
11 process transactions for 44,000 state
12 employees, managing 270 million in annual
13 budget for four client agencies, and
14 administering human resource functions for
15 over 2,800 state workers. We also administer
16 1,500 centralized contracts with award values
17 of \$34 billion.

18 We deliver logistical support,
19 champion resiliency and sustainability, host
20 well-loved cultural programs and steward
21 world-class artwork, and create meaningful
22 opportunities for businesses and the people
23 of New York through our contracting. In
24 times of great flux, with changes in federal

1 policy creating new pressures and operational
2 risks for our agency partners, our vendors
3 and the supply chains that we rely on, OGS is
4 proud to provide steady operational expertise
5 and logistic support for New York State.

6 OGS's role is to help the state to
7 operate efficiently and effectively, while
8 also navigating changing market conditions
9 and volatility. We do this by utilizing data
10 to help the state make informed decisions and
11 instituting policies, processes and system
12 changes that enable our agency partners to
13 function.

14 The proposed Executive Budget allows
15 us to continue this mission as we address our
16 aging infrastructure across the state, the
17 Governor is focused on increasing the speed,
18 equity, and efficiency of capital project
19 delivery. This year she has proposed
20 legislation to enable select state agencies,
21 including OGS, to use a variety of
22 alternative project delivery methods. This
23 will allow us to be able to select the best
24 contracting mechanism for a project, to work

1 more collaboratively with our vendors, and to
2 ensure that public funds are spent
3 efficiently.

4 The Governor has also proposed raising
5 and increasing the MWBE discretionary
6 purchasing threshold to \$1.5 million, in line
7 with New York City's, expanding opportunities
8 for state agencies who work with MWBE
9 vendors. OGS provides design, construction
10 and permitting services to 50 state agencies,
11 and we recently completed the rehabilitation
12 of the Jamaica Armory and the second phase of
13 the Adirondack Rail Trail.

14 Our current workload includes
15 \$2.1 billion in design development and
16 another \$1.7 billion in active construction
17 projects like the restoration of the historic
18 Lexington Avenue Armory and the restoration
19 of the Jones Beach East Bathhouse.

20 Each of these projects enhances our
21 communities, preserves our history, and
22 improves public spaces for generations to
23 come.

24 In support of the Governor's directive

1 to focus on service delivery, this year we
2 launched our data analytics office to
3 increase transparency to our operations and
4 build a culture of data-driven decision
5 making. We firmly believe in the adage you
6 cannot manage what you cannot measure, and we
7 are incorporating it into our work. We are
8 creating performance dashboards for our
9 business services center and design and
10 construction activities.

11 Through this proposed budget, OGS will
12 develop a public dashboard to view progress
13 on vertical capital construction across the
14 state. If you as legislators, or your
15 constituents have questions around what's
16 going on with a major public works project
17 near you, you will be able to access
18 information on demand.

19 Our focus on transparency is in line
20 with the Governor's efforts to ensure that
21 state government is efficient and expand
22 services delivered to New Yorkers. Our
23 digital team will support the Executive
24 Chamber's launch of a public dashboard of

1 analytics for the state's digital assets. We
2 are developing a public map of select
3 state-owned lands, ensuring that
4 underutilized spaces can be put back to
5 productive use.

6 This year's proposed budget will
7 enable us to scale up these existing efforts
8 to make government easier to navigate and
9 more responsive to the people that we serve.

10 Announced in the State of the State,
11 OGS will launch the office of innovation and
12 efficiency to support efforts to redesign
13 operations and implement improvements across
14 the state with centralized projects and
15 performance management services.

16 Our real estate portfolio includes
17 over 150 state-owned buildings and
18 structures, most built between 1965 and 1975,
19 totaling more than 7 billion in assets,
20 serving 30,000 tenants and hundreds of
21 thousands of visitors annually, with systems
22 that are reaching or past the end of their
23 useful life. Deferred maintenance has
24 accumulated, adding complexity and cost to

1 projects.

2 Thanks to the Governor and to the
3 Legislature, OGS has been able to tackle
4 problems that have gone unaddressed for
5 decades, prioritizing critical infrastructure
6 issues and completing portfolio-wide
7 assessments. By addressing critical building
8 systems we can make our spaces more
9 affordable and inviting, with an eye towards
10 flexibility and future needs.

11 In her State of the State, the
12 Governor committed \$400 million to revitalize
13 downtown Albany, led by my colleagues at
14 Empire State Development. From the center
15 courtyard and Hawk Street Passage to the
16 Eastern Approach to The Egg, OGS will ensure
17 that the Empire State Plaza and the Capitol
18 complement and integrate those efforts.

19 As a proud co-lead of the GreenNY
20 Council, we are proudly laying the foundation
21 that will help the state meet our climate
22 goals. Alongside NYSERDA, we are
23 implementing first-in-the-nation Clean
24 Concrete guidance to reduce greenhouse gas

1 emissions in state construction and rolling
2 out sustainable design guidelines to ensure
3 that agencies are building to the same
4 standards as they fulfill their EO22
5 requirements. We are also incorporating
6 sustainability into our leasing agreements.

7 We have created a dashboard with a map
8 of state-owned vehicle charging ports and
9 progress on the state's EV conversion. OGS
10 began implementing telematics into the state
11 fleet, gaining greater insights into vehicle
12 operations that will facilitate our
13 transition. We've worked with agencies to
14 craft their EV transitions, and we will be
15 holding our third annual EV car show for
16 fleet managers for the state in May.

17 To date, OGS's own fleet has
18 transitioned 24 percent of our light-duty
19 non-emergency fleet.

20 As part of this budget, Governor
21 Hochul has committed to fully funding the
22 first phase of the Empire State
23 decarbonization plan, which upon completion
24 will result in a reduction of 21 percent in

1 locally produced emissions. Between the
2 first two phases, on-site emissions will be
3 reduced by a projected 50 percent over the
4 next 10 years, and we will continue studying
5 pathways to reach full decarbonization.

6 Governor Hochul has allocated funding
7 in this budget to expand waste diversion
8 efforts at the Empire State Plaza through
9 simple interventions like new signage,
10 strategically placed bins, and waste audits.
11 We will work with our concourse tenants, all
12 small Albany-based institutions, to
13 facilitate pre-consumer food waste
14 collection, setting a model for substantial
15 sustainable practices that can be scaled
16 statewide.

17 Last year, across 578,000
18 transactions, OGS facilitated procurement for
19 our agency partners. We provided purchasing
20 assistance and processed financial and
21 personnel transactions. We established a new
22 contact center that enables all calls to go
23 to an OGS employee in the first instance,
24 enabling us to deliver faster service to more

1 customers. They now have more immediate
2 access to the information they seek with less
3 wait time.

4 We've renewed 33 centralized
5 contracts, saving our agency partners
6 hundreds of hours of negotiation and
7 leveraging collective purchasing power to
8 secure the best possible pricing. We are
9 committed to educating users and potential
10 vendors.

11 We participated in dozens of outreach
12 events, including our own GOVBUY conference,
13 which connects vendors and procurement
14 officials.

15 Last year we implemented an
16 eProcurement solution for construction
17 projects, Bid Express, which has enabled us
18 to reach new bidders.

19 We've completed -- in the lead-up to
20 our implementation of eProcurement for our
21 centralized contracts, we've completed a
22 comprehensive assessment of our processes.
23 We've also debuted a new online feedback tool
24 for vendor performance. We've implemented

1 DocuSign for our contracts. And we will be
2 initiating our solicitation for a new
3 eProcurement system later this year.

4 Now, as a support agency, the
5 Executive Budget will enable OGS to deliver
6 core services including central printing,
7 dock master, emergency management and
8 planning, mail and freight services, and
9 state and federal surplus property. The
10 programs provide essential services to state
11 entities, to local municipalities, schools,
12 emergency feeding organizations, and the
13 public.

14 We are piloting two food locker
15 systems, in Oswego and Cortland counties.
16 These lockers provide food access in rural
17 areas by enabling people to obtain food at a
18 time and location convenient to them.

19 We also broke ground on a
20 200,000-square-foot warehouse that will
21 consolidate the inventory of four warehouses
22 into one -- a meaningful investment in the
23 community of Green Island -- while
24 streamlining our critical warehousing and

1 distribution operations.

2 In closing, the Governor's Executive
3 Budget will enable OGS to continue addressing
4 our aging infrastructure, modernizing and
5 innovating our operations, and supporting the
6 state's response to the complex challenges
7 that are facing us today. I'm very proud of
8 our progress to make New York a healthier,
9 stronger, more resilient and more equitable
10 state. I look forward to working closely
11 with all of you to deliver for New Yorkers.

12 I thank you for the opportunity to
13 speak with you this afternoon -- well, this
14 evening, and I am very happy to answer your
15 questions. Thank you.

16 CHAIRWOMAN KRUEGER: Thank you.

17 First up is April Baskin -- no? Oh,
18 I'm sorry. The days are -- I apologize
19 profusely. No, no, I apologize. Clearly a
20 little more caffeine is required.

21 Please.

22 NYSICA EXECUTIVE DIRECTOR MALLIN:
23 Chairs Krueger and Pretlow, Chair Serrano,
24 our new chair, Assemblymember Kim, and

1 distinguished members of the committees,
2 thank you for the invitation to be here
3 today.

4 It's been a profound honor to serve
5 our state and our vibrant arts and culture
6 sector in my first year as executive
7 director.

8 On behalf of our council, staff and
9 the cultural industries of New York, we thank
10 Governor Hochul and the State Legislature for
11 your continued investments in the arts.

12 Throughout the past year, I have
13 traveled across nearly every region of the
14 state, witnessing firsthand the
15 transformative impact of the arts on our
16 state.

17 From anchors in their communities like
18 Flushing Town Hall in Queens -- whose arts
19 programming serves over 45,000 people across
20 the borough, including senior centers, health
21 centers, and schools -- to tourism drivers
22 invigorating the local economy, from the
23 Corning Museum of Glass, which welcomes over
24 300,000 visitors each year, to another but

1 smaller city anchor in Rochester, the
2 Rochester Contemporary Art Center, which
3 welcomes over 14,000 visitors annually -- and
4 organizations creating career pathways for
5 young artists to work, stay and live in New
6 York State like Youth FX right here in
7 Albany, a film program that nurtures young
8 filmmakers and connects them to jobs in the
9 film industry, and Assembly House 150 in
10 Buffalo, an art and design incubator for
11 young people that provides 17,000 hours of
12 training in artisan crafts, from theatrical
13 set building to historic restoration.

14 At every site visit and every
15 convening, and as these examples show, one
16 truth is clear: The arts are not a luxury,
17 but a necessity. Organizations and artists
18 strengthen our communities and contribute
19 directly to our economy and the well-being of
20 all New Yorkers. Your investments make this
21 possible.

22 And NYSCA is a national leader in arts
23 funding and a driving force behind the
24 success of New York's creative economy.

1 Through our programs, we meet today's
2 challenges in realtime and pave the way for
3 growth in our sector.

4 We do this by:

5 General operating support. Through a
6 competitive application and peer review panel
7 process, NYSCA is the only statewide provider
8 of flexible, core operating funding keeping
9 organizations' doors open and thriving.

10 And increasing access to funds. This
11 year alone, we saw a 40 percent surge in
12 operating support applications, demonstrating
13 both our outreach success and the urgent need
14 for continued investment.

15 We also, through our programs, are job
16 creators and we retain artists. NYSCA
17 funding is an investment in our workforce
18 stability, ensuring New York remains a place
19 where artists can live, work, and contribute.

20 And we are advancing tourism and
21 economic growth. Our funding seeds new
22 organizations, expands artistic production,
23 creates new destinations, and fuels the
24 broader economy.

1 And we bring global recognition. From
2 local honors like the Bessie Awards for Dance
3 to the Academy Awards, NYSCA grantees are
4 shaping culture on every level.

5 And our impact on the ground too is
6 far and wide. Annually, NYSCA grantmaking
7 extends to all 10 regions of New York State
8 and supports over 3,000 artists and nonprofit
9 arts organizations. Our work ensures that
10 organizations of all budget sizes thrive,
11 that support is broad and inclusive.
12 Annually, NYSCA supports over 500 new artists
13 across artistic disciplines, and in 2025 over
14 100 organizations were first-time NYSCA
15 grantees. We're very proud of that.

16 We are investing in our local
17 communities. Our successful Statewide
18 Community Regrant program expands NYSCA's
19 reach to the hyperlocal level by empowering
20 over 1300 artists and organizations.

21 And we are helping to develop new
22 artistic work. For example, NYSCA invested
23 \$2 million to secure affordable creative
24 spaces across 61 sites, ensuring that artists

1 have space to create and innovate.

2 And more than ever, NYSCA grantees are
3 also playing an outsized role in their
4 communities, providing both critical arts
5 programming and vital social services from
6 childcare to mental health. For example,
7 ARISE, in Central New York, provides visual
8 arts and literature programming to
9 individuals with disabilities and mental
10 health diagnoses -- while also running a
11 mental health clinic and providing direct
12 care services for seniors.

13 The West Falls Center for the Arts in
14 the Western New York region is a performing
15 arts center that also offers specialized
16 music programs for veterans and also helps
17 veterans to further connect with resources.

18 And we are also a driver in capital
19 funding, which is also critical to our
20 creative economy. Since the capital program
21 began in 2018, NYSCA has awarded over
22 300 capital project grants to organizations
23 of all sizes.

24 And just in this year alone, we have

1 expanded access to capital dollars to address
2 critically needed funding, from design costs
3 to facilities improvements. Our FY 2025
4 capital awards will be announced in April,
5 and I'm proud to share a few completed
6 projects, including the Corning Museum of
7 Glass, the Reg Lenna Center for the Arts in
8 Jamestown, Western New York -- these are all
9 this past year -- historic Saranac Lake in
10 the North Country, and at the end of the year
11 we will be opening the Studio Museum in
12 New York City.

13 We know the arts are an economic
14 powerhouse. They deliver a robust return on
15 our investments. New York's creative economy
16 contributed over \$151 billion back to
17 New York State, more than retail,
18 construction, agriculture, or transportation
19 sectors, while supporting over 460,000 jobs.

20 And on a local level, regional studies
21 from Long Island, Westchester, and Western
22 New York show that attendees in these regions
23 on average spent an additional \$30 per event
24 beyond the ticket price, injecting revenue

1 directly into local businesses and
2 communities.

3 Looking ahead, our focus is
4 strengthening our arts ecosystem. While the
5 arts sector has demonstrated remarkable
6 resilience, organizations continue to
7 navigate rising costs, revenue fluctuations,
8 audience unpredictability, decline in private
9 philanthropy, the sunseting of -- I feel
10 like this is the plagues here -- a federal
11 decline in pandemic recovery, and of course
12 other imminent federal funding issues.

13 NYSOA is responding by launching one
14 of the first stabilization initiatives to
15 deal with building reserves with
16 organizations. This is for their future
17 sustainability and resilience.

18 We are also expanding technical
19 assistance partnerships to provide targeted
20 support and capacity-building in areas like
21 marketing, fundraising, board development,
22 and more.

23 We are introducing the Governor's
24 State of the Arts Fellowship and new public

1 art initiatives to elevate creative
2 leadership across the state.

3 And we are convening and engaging with
4 our field, other funders, and service
5 organizations to address emerging challenges
6 so that we can continue to be proactive and
7 drive innovation in our grantmaking.

8 Through NYSCA grantmaking, we give all
9 artists and arts organization the greatest
10 gifts -- support, space, and freedom to
11 create. When we do this -- all of us -- we
12 make history every day, because when we
13 invest in the arts, we invest in the future.

14 I look forward to working with you to
15 ensure a thriving, sustainable arts sector
16 for all New Yorkers. I now welcome your
17 questions.

18 CHAIRWOMAN KRUEGER: Okay, thank you.

19 Okay, and now we'll stay on message
20 and I will turn it to Chair April Baskin for
21 10 minutes.

22 SENATOR BASKIN: Thank you,
23 Madam Chair.

24 Thank you, ladies, for being here this

1 evening.

2 Commissioner Moy, thank you so much
3 for meeting with me in my office last week
4 and helping us better understand your
5 department.

6 The budget includes an Article VII
7 that will streamline construction projects by
8 allowing for the Construction Manager as
9 Constructor, CMC, Contracts Program. I
10 understand the major logistical issues that
11 this procurement strategy will address: We
12 don't want construction projects to lag.

13 But what impact will this have on the
14 state's checks and balances on construction
15 projects, since a CMC process basically
16 allows for one entity to control the entire
17 project?

18 I bring these questions up because I
19 believe I've experienced a major construction
20 project having a streamlined procurement
21 process in the construction of the new
22 Buffalo Bills Stadium right outside of my
23 district. The project received final
24 approval in May 2023 and, one month later,

1 the general contractor was discussing a plan
2 to get a waiver for MWBE requirements.

3 We had to, and continue to, fight
4 tooth and nail to pressure the Buffalo Bills
5 to follow the law to improve their outreach
6 and engagement on a project that has
7 \$850 million of public investment in it. And
8 just this week the Buffalo Bills front office
9 declared that they are the only
10 decisionmakers on the project and that they
11 do not have to follow what the state or the
12 county or the public say.

13 This was not a CMc project per se, but
14 it exemplifies what can happen when quality
15 control is reformed in the name of
16 streamlining projects. So I caution the
17 sacrificing of oversight in the name of
18 efficiency, which CMc may do, because private
19 companies are not beholden to the public even
20 if they are significantly funded by public
21 dollars.

22 And if we do move forward with the CMc
23 program in the budget into state business as
24 well, it must be equitably resourced with

1 pathways for our small businesses and
2 emerging businesses to get experience on
3 state projects.

4 And so, Commissioner, my question for
5 you is, what policies are put in place? Help
6 me understand how CMc does not remove
7 accountability or oversight from the state
8 and give total control to private developers.

9 OGS COMMISSIONER MOY: First off, I
10 want to thank you for that question, Senator.
11 I think this is an important conversation
12 around alternative delivery methods.

13 CMc, or the Construction Manager as
14 Constructor, is a different type of
15 alternative delivery method. It provides for
16 a single point of accountability when we have
17 complex, time-sensitive projects, but does
18 not remove the state from any aspect of the
19 work. Our designers and our engineers will
20 be a part of the management and the review of
21 that work, whether it's architectural or
22 engineering firms.

23 For our projects, though, what it
24 would allow for is the state to have a

1 designer as well as the constructor on board,
2 two separate entities. So it's not one point
3 of accountability, it allows for us to have a
4 design firm, engineering firm, architectural
5 firm who helps us to create the project and
6 bring the construction firm earlier into the
7 process.

8 That allows the state to have control
9 over the design and its priorities, as well
10 as have a designer work in tandem with the
11 constructor as they're making their design
12 decisions. It allows the state to have
13 better control.

14 And also I would note that this type
15 of contract vehicle is one that's not
16 appropriate for every type of project. There
17 are only a handful of projects where it might
18 make sense for us to leverage a contract
19 vehicle like this, but it doesn't abdicate
20 our responsibility as a state entity to be
21 able to oversee those projects. The same
22 types of requirements around PLA and Wicks
23 Law still are maintained, same types of
24 control.

1 But I don't want to conflate this
2 across design-build. It is another
3 alternative delivery method. But again, it
4 allows the construction entity to be working
5 in tandem and alongside the architectural
6 firm. My team would say that sometimes
7 designers and architects may have grandiose
8 ideas around what they want to include in a
9 design process. That allows the constructor
10 to say whether or not it's plausible and
11 practice.

12 So it just allows more entities to be
13 involved to ensure that we have better
14 controls around complex projects resulting in
15 fewer change orders and better controls over
16 the costs themselves. But this is a vehicle
17 which would be used for a certain type of
18 project and would not at all -- I mean, that
19 the state wouldn't be involved with the
20 project itself.

21 I'm not as familiar with what happened
22 with the Bills Stadium, but I do know from
23 our perspective we believe that the state
24 needs to maintain control of our projects.

1 This particular contract vehicle is an
2 opportunity for us to have better control
3 over design and construction projects and
4 better outcomes.

5 SENATOR BASKIN: Thank you very much.

6 CHAIRWOMAN KRUEGER: Thank you.

7 Assembly.

8 CHAIRMAN PRETLOW: Assemblyman Stirpe.

9 (No response.)

10 CHAIRMAN PRETLOW: Assemblyman Ron

11 Kim.

12 (Discussion off the record.)

13 ASSEMBLYMAN KIM: No, but thank you so
14 much for your testimonies today. It's good
15 to see everyone here today.

16 And my first questions will be
17 directed to Executive Director Mallin from
18 NYSCA.

19 I think in your testimony you said
20 some wonderful things, and I think the whole
21 community behind you would agree with many of
22 the values that you represent in terms of the
23 arts community, particularly when you said
24 something like the arts are not a luxury but

1 a necessity.

2 Especially, you know, when we spend
3 hours talking about semiconductors and AI and
4 all these, you know, subsidies for major
5 corporations, people forget the impact of the
6 arts on our economy -- and it's tens and tens
7 of billions of dollars. People come to the
8 state, the city, the majority of them are
9 attracted to the arts institutions, they
10 spend locally, they spend in the restaurants,
11 hotels.

12 But beyond that, there's also the
13 workforce -- the artists, the creative
14 entrepreneurs that often are viewed
15 systemically, institutionally, as perhaps
16 less productive because they're not
17 engineers, they're not making things that you
18 can sell at market. But you and I both know
19 they bring something much more valuable,
20 which is creating intrinsic purpose and value
21 to our communities, where we're making
22 communities whole and giving them purpose.

23 And I just know that this agency was
24 created in 1960 --

1 NYSICA EXECUTIVE DIRECTOR MALLIN: '65.

2 ASSEMBLYMAN KIM: -- '65. And it is
3 the first agency --

4 NYSICA EXECUTIVE DIRECTOR MALLIN: I'm
5 sorry, 1960, you're right.

6 ASSEMBLYMAN KIM: 1960.

7 -- tasked with subsidizing the arts
8 community. But it's limited in the scope of
9 what you can and cannot do, and I think there
10 needs to be improvement in expanding some of
11 the scope of how you can support the
12 workforce and how you can really grow with
13 the community.

14 But for now, I just want to start off
15 by just asking first, How do you think the
16 arts and cultural organizations have
17 recovered from the pandemic? And is the
18 funding from the state sufficient to offset
19 the costs related to pandemic recovery for
20 these organizations?

21 NYSICA EXECUTIVE DIRECTOR MALLIN: I
22 think there is a lot of bright lights but
23 also, you know, still dark tunnels that arts
24 organizations and the whole ecosystem is

1 going through for precisely the things that I
2 said in my testimony -- rising costs,
3 unpredictable audiences. Of course we have
4 the federal money at hand, that's also a
5 question.

6 There's just a lot of uncertainty
7 still in the -- particularly, obviously, the
8 nonprofit world, which is what we deal with.

9 So I think those things are true.
10 Some have rebounded from the pandemic, or
11 post-pandemic world, whatever we're calling
12 it. But some really have not. And our job
13 as the single largest, you know, state
14 funder -- or in many places, particularly
15 upstate, we are the only public funder or the
16 biggest public funder. You know, our work is
17 cut out for us. And it's about trying new
18 models, trying to, you know, encourage
19 everyone to still be risk-takers and
20 entrepreneurs, those who work in the arts,
21 whether a leading organization or an artist
22 themselves.

23 So that's the work that we try to
24 support.

1 ASSEMBLYMAN KIM: In your testimony
2 you said that this year alone you saw a
3 40 percent surge in applications for
4 operating support. Yet the Executive's
5 budget, I don't think it meets all those
6 needs from the market. The All Funds
7 appropriation is 72 million. That includes
8 60.7 million in the proposal for
9 grant-making.

10 Do you think that's sufficient to meet
11 the demands in the large community?

12 NYSCA EXECUTIVE DIRECTOR MALLIN: We
13 will always work with what the -- whatever
14 the budget's enacted to serve our mission.
15 And in fact this year that money that you see
16 is in our base grant-making is an increase,
17 and that's the first increase in a decade.

18 So we will always commit ourselves to
19 doing -- to serve the industry.

20 ASSEMBLYMAN KIM: And you also touched
21 on the process of the re-granting partners
22 that use a peer review protocol, I guess, to
23 award the grantees.

24 And from the arts community, we've

1 been kind of hearing that in this process
2 some of the smaller groups and artists are
3 left behind that can't compete or don't have
4 the resources to allocate a full-time grant
5 writer, don't get as much of this pie as they
6 should be getting.

7 What can we do to, you know, provide
8 some support or communicate better so that
9 those artists and organizations that are
10 smaller in size do have a fair shot at
11 getting more funding?

12 NYSICA EXECUTIVE DIRECTOR MALLIN:

13 Well, I think obviously by the 40 percent
14 increase -- and it was a 20 percent increase
15 overall -- that in some ways, you know, is a
16 result of our outreach, which includes not
17 only going around the state and meeting
18 people where they live and work and speaking
19 directly to them, but also we hold, you know,
20 a myriad of office hours and webinars to try
21 to make, you know, organizations as
22 competitive as possible in this process.

23 And in fact the majority of our
24 grantees are small, are grantees with budgets

1 of under a million dollars. Those are the
2 majority of our grantees.

3 But I do want to say again that this
4 is a peer-review panel process -- small, big,
5 medium, large. And I feel very strongly
6 about us helping these organizations be
7 competitive in the process. And again,
8 that's why you see a 40 percent increase,
9 obviously based on the need, but because I
10 think we've opened the door to say, Hey,
11 there's access here.

12 And we've talked to advocates as well
13 and said, Listen, you know, there's room here
14 for you, come to the table. And we will do
15 more of that, we will do more outreach face
16 to face.

17 ASSEMBLYMAN KIM: Thank you for that.

18 Commissioner Moy, you actually
19 mentioned in your testimony about the money
20 that you are implementing to improve the
21 Empire State Plaza performance arts
22 corporation, The Egg, as we know it. I'm a
23 little unclear. I mean, I thought that NYSCA
24 had a part of this, of the 500,000

1 allocation, but OGS is -- it's under OGS?

2 OGS COMMISSIONER MOY: I'm happy to
3 help clarify.

4 There is 400 million that was
5 allocated in the budget towards downtown
6 revitalization, the work that is inclusive of
7 the activities in the State Museum, the
8 activities for downtown Albany within a mile
9 of the Empire State Plaza.

10 The work that we're doing at The Egg,
11 we do work in partnership with our entities
12 that are here on the Plaza. The Egg is one
13 of the buildings that we help to oversee and
14 to manage. So there is a specific
15 construction project for The Egg to do
16 interior restorations and renovations -- new
17 seating, new ADA accessibility and compliance
18 and access for that particular site itself.

19 ASSEMBLYMAN KIM: Okay. So that's
20 \$500,000 for improvement. There's 1.1
21 million in funding in the proposal, Executive
22 proposal, right?

23 OGS COMMISSIONER MOY: So -- I'm
24 sorry?

1 ASSEMBLYMAN KIM: There's 1.1 million
2 in funding in the Executive proposal?

3 OGS COMMISSIONER MOY: The Egg
4 construction has already been funded and is
5 currently underway in terms of construction.

6 ASSEMBLYMAN KIM: Okay. All right.

7 In terms of public engagement at
8 The Egg with cultural programming, is that
9 under NYSCA or -- no, it's not, okay.

10 OGS COMMISSIONER MOY: The Egg is a
11 separate organization with separate funding,
12 and we play a role in terms of stewarding its
13 properties, but we do not directly manage its
14 programming.

15 ASSEMBLYMAN KIM: Okay. The Artist in
16 Residence program, is that under OGS? We
17 couldn't nail down --

18 NYSCA EXECUTIVE DIRECTOR MALLIN:
19 NYSCA.

20 OGS COMMISSIONER MOY: That is NYSCA,
21 correct.

22 NYSCA EXECUTIVE DIRECTOR MALLIN: Just
23 to go back to The Egg, The Egg is a
24 pass-through. The money comes as a

1 pass-through through our budget. But we're
2 very happy with the renovation and
3 reconstruction. So Jeanette and I do share
4 that happiness.

5 But the Artist Fellows Program is a
6 Governor initiative. This is a program that
7 has been deemed -- you know, has been
8 successful across the country and it puts
9 artists in different state agencies to bring
10 their new perspective, to be able to bridge
11 divides, and to bring some inspiration and
12 innovation to a particular problem or issue
13 or something that the agency wants to
14 accomplish.

15 ASSEMBLYMAN KIM: Thank you.

16 CHAIRWOMAN KRUEGER: Next, Chair of
17 Arts Serrano, Senator Serrano.

18 SENATOR SERRANO: Thank you so much,
19 Senator Krueger.

20 And I would like to direct my comments
21 to NYSCA. Executive Director Erika Mallin,
22 so good to see you. I've always enjoyed our
23 conversations about the importance of the
24 arts.

1 And I also want to say thank you to my
2 colleague Assemblymember Ron Kim for his
3 tremendous work. We recently held jointly an
4 Arts Day program a couple of weeks ago here
5 in Albany, and it was so wonderful to have so
6 many arts groups from across the state come
7 to Albany to talk about how impactful the
8 arts are in different sectors, different
9 regions, in all of their lives.

10 And one of the things I think is so
11 compelling about the arts and why indeed it
12 is so important when we think about the
13 budget and we think about all that's
14 important here in the State of New York is
15 what the arts bring.

16 We've heard -- Assemblymember Kim
17 talked a lot about -- a bit about the
18 economic impact. We all know that that is a
19 wise investment in the arts, creates a
20 tremendous economic impact across the state.
21 But from an emotional level as well, we have
22 seen how the arts are the good medicine that
23 we need right now in an increasingly anxious
24 world. The arts and culture are what we need

1 now more than ever before.

2 And these are the things that I've
3 been seeing as I visit arts groups and speak
4 with folks in the field. They really, truly
5 understand their role and how they can, you
6 know, sort of be of assistance in
7 communities. I think back to many, many
8 years ago in the 1980s, it was the arts and
9 culture and artists who were at the forefront
10 of discussions about social discourse. The
11 notion of HIV and AIDS was not something that
12 was being discussed by the politicians to the
13 extent that it should have been, yet indeed
14 it was the artists and the playwrights and
15 the authors who were bringing this discussion
16 to the public in a way that we could
17 understand it, and in a way that is
18 completely unique to the arts and culture.
19 It wouldn't stratify us further even on the
20 most difficult of issues. It brought us
21 together in ways that no other thing but the
22 arts can do.

23 With that in mind, I think it brings
24 about a sense of urgency that we support the

1 arts and that we fortify the arts in a way
2 that is meaningful, that is lasting. The
3 Assemblymember mentioned arts organizations
4 that are still suffering post-pandemic. The
5 ripples from that devastating time continue
6 to have a negative impact on the ability for
7 institutions and organizations both large and
8 small to sustain themselves.

9 So I look forward to working with my
10 colleagues to try to fortify and build upon
11 the Executive when it comes to funding for
12 the arts. My question for you, Executive
13 Director, is about grants. And have there
14 been any changes in the way that NYSCA awards
15 grants to make it a more efficient process so
16 that groups can get their funds in a timely
17 manner?

18 NYSCA EXECUTIVE DIRECTOR MALLIN: I
19 think before my time, in 2022 we did a --
20 NYSCA did a huge grant overhaul that I think
21 sometimes gets missed. And that's when we
22 went into developing general operating
23 support grants, which is like a golden ticket
24 for organizations because it allows them to

1 use it where they need it most, whether it's
2 for a production or whether it's to fix a
3 seat and keep your doors open.

4 So that was a huge overhaul that we're
5 seeing the benefits of, and in terms of, you
6 know, contracts out and getting the money
7 out, you know, we have been working closely
8 with SFS and others, you know, to ensure that
9 grantees are getting their money but also we
10 work very closely with grantees to make sure
11 that they're doing their work and signing
12 their contracts.

13 So if you know of any grantees who
14 need -- or haven't signed their contracts yet
15 for this year, please let us know. That's an
16 important step forward to ensuring that we
17 get their money -- to get their money.

18 And, you know, we also in that overall
19 increased the floor. So I think it was -- I
20 don't know, 2500 or 5,000? (Conferring.)

21 Great. So now the floor is 10,000 but
22 the ceiling is 49,500. So that means every
23 institution, whether you're the Met or
24 whether you're a tiny organization upstate,

1 gets, you know, depending on what you -- has
2 the ability to get 49.5. That is our top
3 amount.

4 SENATOR SERRANO: And have you found
5 in your discussions -- I know in your
6 testimony you said you'd been traveling
7 across the state talking with arts groups and
8 organizations.

9 Is the greater need on the
10 programmatic side or on the capital side?
11 Where do you see the largest need?

12 NYSICA EXECUTIVE DIRECTOR MALLIN: I
13 think both sides. Unfortunately, because of
14 the pandemic you have deferred maintenance,
15 you know, that is honestly killing so
16 many particularly -- killing upstate,
17 particularly, and the majority of our capital
18 funds do go upstate. But it's really as
19 simple as needing a ramp, you know, to comply
20 with ADA, or they need a new HVAC system. Or
21 sometimes the roof is not fixed and they
22 can't have engagements or they can't have
23 audiences in. And that -- I've seen that
24 over and over again. And that's, you know,

1 capital funding.

2 But they also can't retain, you know,
3 staff or hire staff, so that's on the
4 operating side. And so we must also provide
5 that. And it's a tall order, but I think,
6 you know, NYSCA again is at the forefront of
7 understanding and being proactive, you know,
8 right now, in realtime, as to what we can
9 help you do.

10 SENATOR SERRANO: Well, I know I'm
11 preaching to the choir. I do believe that we
12 need to increase overall funding. If you
13 look at what NYSCA funding was maybe 20 years
14 ago and you account for inflation, I don't
15 think we're hitting the mark that we should.

16 I'm grateful that over the last few
17 cycles, budget cycles, we've seen a marked
18 improvement in overall arts funding, and I
19 think that shows I think a deeper
20 understanding across the state from every
21 corner -- not a New York City-centric
22 thing -- that actually the arts are hugely
23 impactful in every corner of the State of
24 New York.

1 So again, I appreciate all of our
2 discussions and your work, and looking
3 forward to working with my colleagues in
4 government to ensure that we have robust arts
5 funding. Thank you.

6 CHAIRMAN PRETLOW: Assemblyman Friend,
7 five minutes.

8 ASSEMBLYMAN FRIEND: Thank you,
9 Chairs.

10 For Commissioner Moy, could you give
11 us an update on where we are with the Empire
12 State Plaza conversion?

13 OGS COMMISSIONER MOY: Thank you for
14 your question. It's about the Empire State
15 decarbonization?

16 ASSEMBLYMAN FRIEND: Yes.

17 OGS COMMISSIONER MOY: So we are
18 excited that in the past year the Governor
19 has fully funded the first phase of our
20 decarbonization program. That addresses
21 infrastructure needs in the Plaza. Much of
22 our infrastructure is past -- is showing its
23 age, so it's opportunity, as we look to
24 decarbonize, we are working in partnership

1 with NYPA to design new electric chillers
2 which will be implemented for our agency.
3 We're also looking to design for heat
4 recovery, which is excess heat that's
5 generated when we're talking about heating
6 and cooling. It will also give us an
7 opportunity to employ that excess heat in the
8 Concourse and other locations and better
9 understand those costs moving forward.

10 That's the first phase of work. NYPA
11 is our partner through this, so they're doing
12 the design activities and we'll do the
13 construction.

14 The second phase of activity will
15 happen after the Wadsworth Laboratory is
16 established at the Harriman Campus. At that
17 point in time it will allow us to retrofit
18 that site, which was not purpose-built
19 certainly for a laboratory. It's going to
20 reduce significantly between those first two
21 phases, 50 percent, the greenhouse gas
22 emissions that are produced locally here in
23 the Sheridan Hollow area in downtown Albany.

24 The third phase is also in design.

1 will be completed in the next five years.
2 The second phase will be after the Wadsworth
3 Laboratory is established by DASNY at the
4 Harriman Campus. And in terms of the third
5 phase, I can give some better timelines once
6 we have a better understanding of what is the
7 combination of sources that will need to be
8 used, whether it will be the wastewater
9 center and that partnership or if it will be
10 around geothermal.

11 ASSEMBLYMAN FRIEND: Okay. And is the
12 State Capitol part of the project, too, for
13 the Empire State Plaza, or is that going to
14 be a separate project?

15 OGS COMMISSIONER MOY: I'm sorry, if
16 you could repeat the question?

17 ASSEMBLYMAN FRIEND: The State
18 Capitol, is that part of the Empire State
19 Plaza project?

20 OGS COMMISSIONER MOY: Yes, it is part
21 of the Plaza, yes. And the infrastructure
22 that's supported by the existing
23 decarbonization plan supports all 90 acres of
24 space that's in downtown Albany. So a lot of

1 the infrastructure, whether you're the Alfred
2 E. Smith Building, you're right here in the
3 LOB, you're in the Capitol or any of the
4 sites that are in the Empire State Plaza,
5 they are all supported by the same
6 infrastructure.

7 ASSEMBLYMAN FRIEND: And will there be
8 extra digging done -- I notice that they were
9 talking in the plan about that tunnel for
10 some of that steam that's being transported
11 back and forth, isn't that very narrow? Are
12 you going to have to put in another tunnel or
13 something to do that?

14 OGS COMMISSIONER MOY: That's part of
15 the discussion right now.

16 I think from a design perspective we
17 are looking -- we are very much focused on
18 the electric chillers. We have just
19 implemented and installed an electric
20 chiller. It means that from a design
21 perspective we know what it takes, there's
22 lower risk associated with it. We feel very
23 confident in that delivery. Looking forward
24 to seeing what that heat recovery chiller

1 will look like and what it will mean for the
2 Plaza.

3 ASSEMBLYMAN FRIEND: Okay. And with
4 your Clean Fleet plan, you've installed a
5 number of charging stations now across the
6 state. Are those just all light-duty, or do
7 those also have the ability --

8 OGS COMMISSIONER MOY: The charging
9 stations can be used light, medium, heavy
10 duty. There's Level 2 and Level 3 chargers
11 that are being installed across the state.

12 As part of our work for the EV
13 transition, we've been focusing on
14 infrastructure. Certainly when it comes to
15 the fleet we want to make sure that charging
16 equipment is available. We've been very
17 successful in some of those installations.

18 Some of the data to share, we have
19 138 charging ports that are now active at
20 34 facilities. We have 600 charging ports at
21 60 sites that are currently in the pipeline.
22 By putting in that infrastructure, it will
23 allow for us to have a very smooth transition
24 as agencies ramp up their purchases for light

1 duty and heavy and medium duty fleet
2 vehicles.

3 ASSEMBLYMAN FRIEND: Okay. So would
4 our schools be able to use these stations
5 also?

6 OGS COMMISSIONER MOY: So the primary
7 focus of our charge -- that was not a pun --
8 but part of our work at OGS is intended on
9 focusing on the state fleet. So right now
10 that is my one responsibility, is to make
11 sure that we can support the fleet statewide.

12 ASSEMBLYMAN FRIEND: All right. And
13 it's great that you've done 24 percent
14 conversion already. Thanks.

15 OGS COMMISSIONER MOY: Yes, thank you.

16 CHAIRWOMAN KRUEGER: Thank you.

17 Senator Murray.

18 SENATOR MURRAY: Thank you,
19 Chairwoman.

20 Thank you all for being here today.

21 And Commissioner Moy, most of my
22 questions I think will be to you.

23 First let me start by saying thank
24 you, it has been I think almost a full two

1 months and neither escalator has broken down
2 yet.

3 (Laughter.)

4 SENATOR MURRAY: So thank you, and I
5 will now be blamed if they do, I'm sure,
6 because I just jinxed it.

7 But you mentioned in your testimony
8 here, "Deferred maintenance has accumulated,
9 adding complexity and cost to projects." And
10 that is the case. That's the case, I think,
11 with anything. With us, if we stay healthy,
12 we stay out of the ER, you know, and the
13 costs stay down.

14 But are you finding that, A, that that
15 was the case with over the years, that that
16 has been a problem, a lot of projects pushed
17 off? And how did COVID affect that as well?

18 OGS COMMISSIONER MOY: That's a great
19 question. And so, one, Senator Murray, I
20 wanted to thank you for that.

21 Anytime that you have deferred
22 maintenance, those challenges continue to
23 exacerbate longstanding issues. A great
24 example of that is as we look at the

1 infrastructure here in -- just here in
2 Albany. Costs rise when you ignore issues.
3 So you have continued expansion and
4 contraction when it comes to weather, you
5 have degradation, you have health and safety
6 issues.

7 Governor Hochul has funded, in my
8 first year here as commissioner, \$175 million
9 that were put towards critical infrastructure
10 issues like elevators and escalators and
11 conveyance systems. And you're starting to
12 see that work pay off. We went right to work
13 with ensuring that we were addressing some of
14 those core systems that allows us to fix
15 those problems and move on to the next set of
16 problems that may have been ignored over the
17 years.

18 SENATOR MURRAY: And a perfect example
19 of that is right here in Albany, and I'm
20 going to talk about the \$80 million staircase
21 at the Capitol.

22 So in 2014 Governor Cuomo's
23 administration released a study that said
24 that fixing those stairs and the whole

1 project would cost \$17 million. We're a
2 little over 10 years later, and it's gone up
3 exponentially. But in 2021, in fact,
4 Governor Hochul, her administration, when she
5 comes in, that cost went up to \$41 million.
6 Now the costs are at \$80 million.

7 Now, to put it in perspective, I did a
8 little research here. Eighty million
9 dollars, it's about \$1,038,961 per step.
10 According to Zillow, the average home value
11 in New York is \$477,333. Fixing that
12 staircase would put 168 families in brand-new
13 homes.

14 According to Car & Driver magazine,
15 the Ford F series is the most popular car in
16 the country. The Ford F150 average cost,
17 between 40,000 and 50,000. I averaged it at
18 \$45,000. That would put 1,778 Ford F150s on
19 the road.

20 I'm doing that just to show, from the
21 taxpayer perspective, \$80 million. Can you
22 tell us, was a lot of that from not doing the
23 necessary maintenance?

24 OGS COMMISSIONER MOY: That's a great

1 question.

2 So I want to start off, Senator, by
3 noting, first of all, that it's not a
4 staircase, it's the entire East Side of the
5 Capitol. That includes the entire Eastern
6 Approach, it includes the North and South
7 Promenades that surround the building. It
8 includes the drainage, which is all in poor
9 disrepair. It includes -- so to calculate
10 according to a staircase would be missing the
11 larger problems in the infrastructure itself.

12 We have doorways, stairways, and some
13 of the -- frankly, the rotting that is
14 happening is quite disconcerting. Over the
15 past two years the agency has been monitoring
16 the tilt of the staircase itself, and it is
17 beyond a place where we are going to have
18 gravity take over.

19 Now, when we first began this project
20 the standing number was \$41 million, which
21 was an estimate but wasn't involved with a
22 deep design. Once the project was actually
23 green-lit, we brought in engineers and an
24 architecture firm to review the continued

1 degradation of the site. A portion of that
2 comes from inflation and increased costs. A
3 portion of that comes from the additional
4 scope that had to happen in order to address
5 drainage issues.

6 We also, unfortunately -- and
7 fortunately -- this is a historic site by the
8 Department of the Interior as well as with
9 the state, which means that we have to be
10 very careful with regard to all the
11 materials. So when we're talking about the
12 granite, every single piece has to be
13 painstakingly numbered, categorized and then
14 laid out. That requires off-site storage.
15 That requires security to ensure that that
16 space is actually able to be restored in the
17 way that it needs to.

18 But this building and that East Side
19 of the Capitol has been a problem for almost
20 as long as it's been around, and has actually
21 been reported on for the past few decades.

22 SENATOR MURRAY: Commissioner, thank
23 you for that, because again I did that just
24 to point out the fact that the reporting is

1 making it seem like it's just a staircase.
2 And I know it was much more involved, and
3 part of the problem is that it was neglected
4 for so long. It wasn't taken care of
5 properly.

6 So thank you for clarifying that. I
7 appreciate it.

8 OGS COMMISSIONER MOY: Absolutely.
9 Thank you, Senator.

10 CHAIRMAN PRETLOW: Assemblywoman
11 Hooks.

12 ASSEMBLYWOMAN HOOKS: Hello. Good
13 evening. I have a question for Ms. Moy.

14 What infrastructure projects are
15 planned for District 35, and how will they
16 enhance local economic development?

17 OGS COMMISSIONER MOY: Assemblymember,
18 one, thank you for the question.

19 Can you clarify for me which
20 communities you're particularly focused on
21 for District --

22 ASSEMBLYWOMAN HOOKS: East Elmhurst,
23 Corona, LeFrak City.

24 OGS COMMISSIONER MOY: I would have to

1 review some of our construction projects in
2 order to get that information back to you.

3 ASSEMBLYWOMAN HOOKS: How is your
4 office increasing opportunities for Minority
5 and Women-Owned Business Enterprises in state
6 contracts within our district?

7 OGS COMMISSIONER MOY: One is I want
8 to thank you for that question. MWBE
9 utilization for our agency is actually -- is
10 something I'm incredibly proud of. Our
11 office of business diversity does a
12 significant amount of outreach. In fact our
13 utilization this year is 34.86 percent, or
14 \$170 million. That is a pretty significant
15 utilization.

16 We do a significant amount of matching
17 between our primes and our MWBE potential
18 subcontractors. We find success and believe
19 success is to see individuals and companies
20 grow out of the program so they can be
21 primes.

22 So there's a lot of work that happens
23 through our outreach teams. We attend
24 business events, we connect individuals.

1 Whether you are a business owner just looking
2 for opportunity or you are an individual that
3 is looking to be a prime, we make sure that
4 the utilization and the supports are right
5 there.

6 And if there's anything that you may
7 need, Assemblymember, we are happy to do
8 events within your district to ensure that
9 folks are aware of the contracts that we
10 provide.

11 I would also note that by moving
12 towards some of -- some of our work online,
13 it has actually lowered some of the barriers
14 in order to be able to access state
15 contracts. And so online discovery means
16 that smaller companies are able to quickly
17 find opportunities, they're able to be more
18 competitive. The amount of materials they
19 have to physically produce has reduced, which
20 also reduces their cost when it comes to
21 applications.

22 So there are a number of ways that
23 we've been involved with supporting the MWBE
24 community, and I think that outreach

1 hopefully speaks for itself. But if it isn't
2 sufficient within your district, we're more
3 than happy to do some outreach with them.

4 ASSEMBLYWOMAN HOOKS: Thank you very
5 much.

6 OGS COMMISSIONER MOY: Absolutely.

7 CHAIRWOMAN KRUEGER: (Mic off;
8 inaudible.) -- that was an Assemblymember,
9 so yes, I'm sorry.

10 I'm not taking my whole 10 minutes,
11 but I'm following up, Commissioner Moy, on
12 the description of the rebuild of the Plaza.
13 And you went through a number of answers to
14 that and how it's in multiple stages, it
15 would be fairly involved.

16 But I was walking outside, and there's
17 all these giant -- it looks like temporary
18 boilers set up with giant pipes going
19 everywhere. Is that part of this project, or
20 is that something different?

21 OGS COMMISSIONER MOY: No, it's
22 something different. And you will see them
23 removed in the very near future.

24 Unfortunately, we had about a 48-inch pipe

1 burst that took place underground.
2 Thankfully it was underneath -- this will
3 sound a little detailed, but it was actually
4 underneath the Plaza itself. So it wasn't
5 underneath the streetscape and we had a
6 significant amount of water that was
7 unleashed underground.

8 So in order to deal with our heating
9 and cooling, we brought in temporary units.
10 We completed the repairs. They are all
11 completed now, which is great, because it is
12 warming up in the Capital Region, and we
13 anticipate that as we start to become more
14 comfortable that we're ready to remove those
15 products, that they will be removed.

16 But it was an emergency, which is the
17 reason why you're seeing all that equipment
18 around.

19 CHAIRWOMAN KRUEGER: Got it. And does
20 this reinforce for you why it's important to
21 do this much larger project --

22 OGS COMMISSIONER MOY: Absolutely.

23 CHAIRWOMAN KRUEGER: -- or are the two
24 issues not really correlated at all?

1 OGS COMMISSIONER MOY: I will say it
2 did keep me up at night, and a lot of our
3 team members. It was -- it was a lot of
4 incredibly hard work and I really want to
5 compliment the team at the Office of General
6 Services. Our facilities groups, our
7 procurement teams, our design and
8 construction, it was all hands in order to
9 address those issues.

10 As commissioner, walking through this
11 Plaza, one of the worst things which I would
12 see fairly frequently is, you know, water
13 drippage. And this is part of the problems
14 that we have in Albany; Albany has a very
15 high water table. But the challenges are
16 incredibly complex, and they have certainly
17 been neglected.

18 So I'm very proud that the Governor
19 has been investing these funds, and it will
20 allow all of us I think to sleep a little bit
21 easier and hopefully retain more of our
22 staff, who have been working overtime in
23 order to ensure that the property is well --
24 keeps the seat of government functioning in

1 the state.

2 CHAIRWOMAN KRUEGER: And while I'm not
3 personally an ice skater, I enjoy looking at
4 people ice skating out there. And I was told
5 that that ice skating rink is scheduled to
6 close soon. Is that correlated somehow to
7 the cooling problems, or is that just the
8 weather?

9 OGS COMMISSIONER MOY: It is
10 correlated to the weather. So we like to
11 keep it open as long as possible, but, you
12 know, it does start to warm up and it is very
13 difficult for us to keep that chiller going
14 that supports the ice skating rink.

15 But I'm glad you enjoy it; I enjoy it
16 myself. And now that I do not have a torn
17 MCL, I try to get out there. So hopefully
18 we'll see some of you as well.

19 CHAIRWOMAN KRUEGER: Well, I have a
20 couple of fabulous ice skating rinks in my
21 district. One is at Rockefeller Center. If
22 anybody ever wants to go down there and
23 watch -- and Bryant Park and Central Park.
24 So I'm big on watching ice skating.

1 So thank you very much.

2 OGS COMMISSIONER MOY: Thank you very
3 much, Senator.

4 CHAIRWOMAN KRUEGER: Assembly.

5 CHAIRMAN PRETLOW: Assemblyman Otis.

6 ASSEMBLYMAN OTIS: Thank you,
7 Commissioner and Executive Director.

8 Commissioner Moy -- I'm over here.
9 Hi.

10 OGS COMMISSIONER MOY: Hi.

11 ASSEMBLYMAN OTIS: So a question for
12 you first, which is related to all the great
13 work you do for state agencies on
14 electrification and EV charging, that whole
15 world.

16 Currently to what extent are you also
17 providing some guidance and assistance to --
18 either through NYSERDA or to local
19 governments and school districts trying to do
20 those kinds of projects?

21 OGS COMMISSIONER MOY: Thank you very
22 much for your question, Assemblymember Otis.

23 We do provide a significant amount of
24 services for municipalities and authorized

1 users through our centralized contracts. You
2 have the ability to be able to purchase
3 vehicles through the centralized contracts,
4 you have the ability to be able to purchase
5 EVSE or the charging equipment itself.

6 We also have an annual EV car show
7 that we do here in Albany that we've opened
8 up for anyone who's interested. It's an
9 opportunity for us to destigmatize an EV car,
10 allow individuals to get to know the
11 equipment.

12 And this year we'll be expanding to
13 also do some workforce training as well.

14 So we're very excited about how that
15 partnership has progressed. But as agencies
16 go through their work -- or any other
17 municipality or local district -- if they
18 have questions, our contracts team is ready
19 and willing to support them.

20 ASSEMBLYMAN OTIS: That's great.

21 Thank you so much.

22 And Director Mallin, a question just
23 about -- if you could just share for a moment
24 the importance of NYSCA funding to especially

1 arts organizations and what you've seen in
2 terms of your work. I know just from what I
3 see at the local level how important those
4 funds are.

5 NYS CA EXECUTIVE DIRECTOR MALLIN:

6 Yeah, I think often it's the case with small
7 organizations around the state that we may be
8 the only major funder in the area, so that's
9 number one.

10 Number two is we give -- you know,
11 through a competitive process we grant
12 general operating funds. So not -- before
13 the overhaul we were giving to specific
14 projects, and that's often very hard for
15 small organizations to, you know, fit into a
16 project. Here we're giving general operating
17 support and saying we believe in you, you do
18 what you need to do -- is that to pay staff,
19 is that to put a production, is that to serve
20 your community.

21 And that is the importance of both the
22 funding and our ability to, you know, get out
23 there and ensure that people know that we're
24 here so that they can apply and be

1 competitive to get their grants.

2 ASSEMBLYMAN OTIS: Great. Thank you
3 both for the great work you do and your teams
4 at your agencies.

5 NYSCA EXECUTIVE DIRECTOR MALLIN:
6 Thank you.

7 OGS COMMISSIONER MOY: Appreciate it.

8 CHAIRMAN PRETLOW: Assemblywoman
9 Shimsky.

10 ASSEMBLYWOMAN SHIMSKY: Okay, thank
11 you very much, Mr. Chairman.

12 And thank you to both departments and
13 the leadership for your testimony.

14 I'd like to focus in with
15 Director Mallin. I'd like to talk to you a
16 little bit about the Statewide Community
17 Regrant Program. Obviously that's a very
18 important model for getting grants out the
19 door to the largest number of entities
20 possible. What is the coverage throughout
21 the state? How many such participants do we
22 have actually participating in the regranting
23 of funds? I think they're called the
24 Community Regrant Partners.

1 NYSICA EXECUTIVE DIRECTOR MALLIN:

2 Yeah, this is our SCR program. It's been
3 around for 40 years, and it is a way for us
4 to, you know, have organizations on the local
5 level regrant out our money to small
6 organizations through a competitive process.
7 They do the same process that we do.

8 And in that way we serve about
9 1300 organizations and artists. And we do
10 have oversight over what they do. We have
11 retreats every year. We've been surveying
12 them. So that's one way that we reach, you
13 know, a particular population.

14 The majority of our grants go to --
15 directly to organizations and support for
16 artists. But this is a hugely successful
17 program that is throughout almost all
18 10 regions. And, you know, we look forward
19 to putting out more data and information
20 about the program because it's very important
21 that we mine that.

22 ASSEMBLYWOMAN SHIMSKY: Absolutely.
23 For years, and back when I was a county
24 legislator in Westchester, ArtsWestchester

1 did a regrant program as well for our local
2 area.

3 I understand that they may -- their
4 eligibility may be running out this year. So
5 do we have plans for either of them to
6 continue or someone else to do this important
7 work in the Hudson Valley?

8 NYS CA EXECUTIVE DIRECTOR MALLIN: I'm
9 not sure what you mean about their
10 eligibility running out. They're primarily
11 funded by the Senate through their finance
12 grants.

13 They were also this year allowed to
14 apply for general operating support through
15 us, and I believe ArtsWestchester did receive
16 general operating support from us.

17 So I would have to get back to you
18 about what you mean.

19 ASSEMBLYWOMAN SHIMSKY: Yeah, well
20 basically I'm talking about -- I'm trying to
21 figure out who is going to be doing the
22 statewide committee -- community regranting
23 in the Lower Hudson Valley.

24 NYS CA EXECUTIVE DIRECTOR MALLIN:

1 Happy to discuss.

2 ASSEMBLYWOMAN SHIMSKY: Thank you.

3 CHAIRMAN PRETLOW: Assemblywoman
4 Lucas.

5 ASSEMBLYWOMAN LUCAS: Okay, good
6 afternoon. First I just want to first thank
7 you, Commissioner, and actually the Governor
8 as well for just initially initiating a
9 proposal designed to increase the MWBE
10 discretionary purchasing threshold to
11 1.5 million, in line with New York City's.

12 What are the current numbers for MWBE?
13 And what creative methods have been put in
14 place to expand opportunities for state
15 agencies to work directly with MWBE vendors?

16 OGS COMMISSIONER MOY: Assemblymember,
17 thank you for your question.

18 And we were -- we were happy to see
19 the proposed raise for the discretionary
20 purchasing from 750 to 1.5. I know the
21 Governor has raised the threshold just
22 recently. That 1.5 million is something that
23 allows vendors to have greater consistency
24 and understanding when they're applying or

1 trying to be competitive on some of these
2 contracts.

3 We know that from a vendor perspective
4 it can be very confusing when you're applying
5 for different government grants. So when the
6 thresholds are consistent, it allows them to
7 know when they should be competitive.

8 But of course in partnership with that
9 activity, knowing that you can -- that we are
10 also streamlining processes to ensure the
11 state agencies are working in partnership and
12 identifying MWBE entities is important. Our
13 agency does have a pretty robust number
14 relative to MWBEs, as I had shared. It's
15 34.86 percent, which is about \$170 million.

16 We do matching activities, so we work
17 very closely with MWBE vendors, and we also
18 connect them with primes. We had done
19 Build NY, which was launched about a year and
20 a half ago. It allowed for us to give
21 greater transparency into the activities of
22 our project portfolio. It gave a better
23 sense of what things are in design and
24 construction, what our anticipated bid dates

1 issue.) Thank you for your question,
2 Assemblywoman.

3 (Time clock sounds.)

4 ASSEMBLYWOMAN LUCAS: It took her
5 7 seconds to get the mic on.

6 (Laughter.)

7 NYSICA EXECUTIVE DIRECTOR MALLIN:
8 We'll have a discussion about that. I'd be
9 happy to.

10 CHAIRMAN PRETLOW: Assemblywoman
11 Kassay.

12 ASSEMBLYWOMAN KASSAY: Good evening.
13 Thank you, Chair. Thank you for being here.

14 Just a -- hopefully a quick question
15 for Executive Director Mallin.

16 We have the country's 250th
17 anniversary coming up next year. Can you
18 speak a little bit to the funds that might be
19 appropriated currently or you're hoping are
20 appropriated for artistic celebrations of our
21 country's anniversary?

22 NYSICA EXECUTIVE DIRECTOR MALLIN: I'm
23 not aware yet of the funds, but I know that
24 we have been talking with our sister agencies

1 about what they're doing, and there's some
2 incredible projects coming up. And look
3 forward to relaying them to you.

4 ASSEMBLYWOMAN KASSAY: Very good.
5 Yeah, there's a lot of wonderful groups that
6 are out in Suffolk County. And we have the
7 Culper Spy Ring, which we're very proud of.
8 And so if funds are made available to those
9 groups, you know, my office would be very
10 glad to know about it so that I can connect
11 them and make sure that we're celebrating.
12 And that goes hand in hand with tourism and
13 commerce as well.

14 NYSCA EXECUTIVE DIRECTOR MALLIN: I'm
15 happy to have a conversation about it.

16 ASSEMBLYWOMAN KASSAY: Looking forward
17 to it. Thank you so much.

18 NYSCA EXECUTIVE DIRECTOR MALLIN: Same
19 here.

20 CHAIRMAN PRETLOW: Assemblywoman
21 Jackson.

22 ASSEMBLYWOMAN JACKSON: All right.
23 Thank you, Chair.

24 Commissioner, I'm going to stay

1 focused on this building that we happen to be
2 in, and I know that we usually have heating
3 and cooling issues in this building. I was
4 told it's because of how we divide up some of
5 the rooms -- you know, in offices and things
6 like that.

7 So I'm just wondering if any of this
8 money that we're using to, you know, upgrade
9 our systems, is any of that going to be used
10 towards our heating, cooling, the changing of
11 the thermostats?

12 OGS COMMISSIONER MOY: Thank you for
13 that question, Assemblymember Jackson.

14 When it comes to the Legislative
15 Office Building in particular, we work in
16 very close partnership with the Legislature,
17 both on the Senate and the Assembly side, to
18 prioritize projects.

19 As we get to the third phase of
20 activities for the decarbonization, all
21 aspects of building systems will be touched,
22 which includes, you know, the heating and
23 cooling. Certainly as we transition from
24 steam to hot water or other types of heating

1 and cooling opportunities, it will change how
2 the building is laid out and will also
3 necessitate changes to the infrastructure as
4 well.

5 ASSEMBLYWOMAN JACKSON: So you said in
6 Phase 3. What phase are we in?

7 OGS COMMISSIONER MOY: We are in the
8 first phase.

9 ASSEMBLYWOMAN JACKSON: First phase.
10 Thank you for that.

11 And then as far as electric vehicles,
12 is the -- are all the vehicles electric at
13 this point?

14 OGS COMMISSIONER MOY: No, they are
15 not all electric.

16 ASSEMBLYWOMAN JACKSON: So what
17 percentage would you say we're at?

18 OGS COMMISSIONER MOY: So if you take
19 a look at our website, we've actually made
20 public our EV transition plans for light-duty
21 fleets. As of the last reporting period, I
22 believe the baseline was 6 percent -- so I'm
23 going to double-check my notes.

24 ASSEMBLYWOMAN JACKSON: So you can get

1 back to me on that one, because I want to ask
2 something else.

3 OGS COMMISSIONER MOY: Sure --
4 6.3 percent.

5 ASSEMBLYWOMAN JACKSON: 6.3 percent.
6 Got it.

7 As far as the diversion efforts for --
8 I guess dealing with waste, you have here
9 "pre-consumer food waste collection." Is
10 that composting?

11 OGS COMMISSIONER MOY: Yes, that is.

12 ASSEMBLYWOMAN JACKSON: Okay.

13 OGS COMMISSIONER MOY: So that is
14 looking at particularly the food vendors that
15 are in the Plaza. They're all small Albany
16 businesses located in the area. It will
17 allow for them to identify food scraps in
18 pre-consumer waste as opposed to
19 post-consumer, which is whatever might be
20 generated after you eat your meal.

21 ASSEMBLYWOMAN JACKSON: Okay. And
22 then if someone has a contract with OGS, when
23 do we cycle out and get a new person to I
24 guess have that contract? I'm thinking about

1 like the vending machines. Do we have the
2 same contractor? I might be getting in
3 trouble saying this.

4 (Laughter.)

5 ASSEMBLYWOMAN JACKSON: But is it the
6 same contractor since, you know, the
7 beginning of time? Is there a new process?
8 How does that work?

9 OGS COMMISSIONER MOY: We -- most of
10 our contracts have an expiration period for
11 our centralized contracts. It's about five
12 years. Agencies or entities may choose to
13 extend that contract.

14 All decisions, particularly with
15 regard to this building, we work in very
16 close consultation with central staff. It is
17 something where it is a very joint
18 partnership to make sure that we're balancing
19 the needs of the Legislature as well as our
20 priorities.

21 ASSEMBLYWOMAN JACKSON: Thank you.

22 And then the P3 automated doors, we
23 need help with those. I have a stroller, I
24 don't like pushing the door open. It's

1 really hard. So thank you. P3.

2 OGS COMMISSIONER MOY: We'll follow up
3 with you. Thank you very much.

4 ASSEMBLYWOMAN JACKSON: Thank you.

5 CHAIRMAN PRETLOW: Assemblyman Dais.

6 ASSEMBLYMAN DAIS: Thank you, Chair.

7 So Commissioner Moy, how many -- how
8 much staff is currently under your purview?

9 OGS COMMISSIONER MOY: Assemblymember,
10 we have 1900 staff.

11 ASSEMBLYMAN DAIS: 1900. And how many
12 vacancies do you have?

13 OGS COMMISSIONER MOY: I would have to
14 double-check. I apologize, I do not recall
15 offhand.

16 ASSEMBLYMAN DAIS: No, I'm just --
17 because, you know, today the Governor made a
18 comment that we have 7,000 New York State
19 jobs. I know all those aren't under your
20 umbrella.

21 OGS COMMISSIONER MOY: No. No.

22 ASSEMBLYMAN DAIS: But when I do look
23 at it, when I specifically look at it around
24 Albany and we see the economic situation

1 here, I'm wondering what are we doing from a
2 recruitment standpoint to make sure we're
3 hiring local and getting people from our
4 socially and economically depressed areas
5 into these good-paying jobs?

6 OGS COMMISSIONER MOY: So I want to
7 start off with saying that one of our top
8 priorities is hiring. And, you know, we
9 certainly have vacancies, particularly when
10 I'm thinking about the work that happens
11 within our real estate team in particular,
12 our utilities team and other areas, we've
13 been having a lot of conversations that are
14 successful and fruitful, with the Department
15 of Budget as well as the Governor's office,
16 to look at increasing wages, particularly for
17 some of our hard-to-recruit positions.

18 We've been working very aggressively
19 with the Department of Civil Service in order
20 to push out positions through HELPS. Our
21 shared services entity, when it comes to the
22 business services center, those are all
23 positions that are really wonderful
24 opportunities to enter into the state, and

1 I'd like to say a great training ground for
2 individuals to be promoted or go into other
3 agencies.

4 But we are doing a number of outreach
5 events -- in fact, there's just one I was
6 talking about that's taking place tomorrow.
7 So we are speaking very much about
8 opportunities here with the state. And we do
9 outreach events significantly.

10 I will say on a monthly basis I join
11 our foundations, our -- which is our new hire
12 orientation, and the numbers have been
13 ticking up over time, which I'm very proud
14 of. We've been able to reduce the number of
15 vacancies, which has been important for our
16 agency to maintain our facilities.

17 ASSEMBLYMAN DAIS: Thank you.

18 Ms. Mallin, in reference to the
19 New York State Council on the Arts, what are
20 we doing in the Bronx? Do you know how many
21 grants are going into the Borough of the
22 Bronx? I really want to expand arts in my
23 district, I think it's important. Music,
24 theater, singing -- I want my kids in my

1 community to have more access to things that
2 will allow them to explore.

3 So what are we doing in the Bronx?

4 NYS CA EXECUTIVE DIRECTOR MALLIN: I
5 think we'll have to get back to you with that
6 number. But I remember thinking that it was
7 a very good number this year, a number of
8 grants going to the Bronx. But I will get
9 back to you directly, the number and the
10 amount of money going into your district and
11 the entire borough.

12 ASSEMBLYMAN DAIS: Okay, thank you.

13 And second, the Metropolitan Opera,
14 they're having some funding issues.

15 NYS CA EXECUTIVE DIRECTOR MALLIN:

16 Yeah.

17 ASSEMBLYMAN DAIS: They do hire a lot
18 of people within the Lincoln Center area.
19 What are we -- what's your thoughts on what
20 are we doing to help them?

21 NYS CA EXECUTIVE DIRECTOR MALLIN:

22 Well, we -- you know, the most we can give
23 them on a general operating support side is
24 \$49,500.

1 ASSEMBLYMAN DAIS: Oh, wow.

2 NYS CA EXECUTIVE DIRECTOR MALLIN: So
3 that's on the nonprofit.

4 And then capital money, they can apply
5 for capital. But I think their biggest
6 issues are operating monies.

7 ASSEMBLYMAN DAIS: Thank you.

8 CHAIRMAN PRETLOW: Assemblywoman
9 Griffin.

10 ASSEMBLYWOMAN GRIFFIN: Thank you,
11 Chair. Thank you to all of you for being
12 here.

13 Commissioner Moy, I just have a couple
14 of questions for you. One is -- the first,
15 this is pretty easy -- can you describe the
16 restoration at the Jones Beach East
17 Bathhouse? What the project is and, you
18 know, where -- what the completion date might
19 be.

20 OGS COMMISSIONER MOY: Thank you for
21 that question, Assemblymember.

22 The Jones Beach East Bathhouse is
23 actually one of my favorite projects. It is
24 one in which we are actively in -- we are

1 going to be awarding if we have not already
2 awarded the construction activities.

3 The design work began with the
4 Department of Parks, Recreation and Historic
5 Preservation. We picked up those activities
6 in partnership then because the scope of the
7 project was actually quite large, and it's
8 been a great and symbiotic partnership with
9 the commissioner pro tempore and Randy
10 Simons.

11 So we look forward to having a
12 ground-breaking. It will allow for us to
13 fully restore the bathhouse. We'll be
14 looking at a splash pool, new changing
15 facilities, ADA-compliant bathrooms. It's
16 going to be a really wonderful restoration
17 for the Jones Beach and the broader Long
18 Island community.

19 ASSEMBLYWOMAN GRIFFIN: That sounds
20 great. A lot of people in my district use
21 Jones Beach, it's beautiful, and a lot of
22 people from the city come out as well. So
23 I'm really happy to hear that.

24 And then the -- it says the Adirondack

1 Rail Trail finished two phases and you're
2 beginning the third and the final. I don't
3 know where the -- there's like the Green
4 Trail that's going to go on Long Island. Is
5 the Green Trail part of the Appalachian
6 Trail, or is that totally something else, the
7 Green Trail?

8 OGS COMMISSIONER MOY: So the
9 Adirondack Rail Trail is located further up
10 north; it's Tupper Lake to -- I'm going to --
11 I believe Lake Placid.

12 There were three phases. The first
13 two are completed already; the third phase is
14 beginning. It is a former railroad trail
15 that is now being turned into a gorgeous
16 facility in which you can do, what is it, you
17 can walk, you can promenade, you can bike on
18 it, and also snowmobiling.

19 ASSEMBLYWOMAN GRIFFIN: Right. Not to
20 interrupt, but I know that. I just wanted to
21 find out, like -- years ago there was all
22 that trail work going on in upstate New York,
23 but the end goal was to bring it out to
24 Long Island. And I just wondered, is that

1 part of OGS or is that another department?

2 OGS COMMISSIONER MOY: That would be
3 another entity. So we're doing this
4 construction in partnership with DEC and with
5 DOT. So a number of state agencies. But
6 that's not our property directly. We're
7 doing the construction and design on behalf
8 of another agency.

9 ASSEMBLYWOMAN GRIFFIN: Okay, thanks.

10 And then the last question is, I know
11 a lot of constituents and people located in
12 Nassau County have expressed challenges with
13 minority and women-owned businesses. Is
14 there some contact in Nassau County of
15 someone from the state that covers
16 Nassau County that I could send them to or I
17 could talk to about their issues?

18 OGS COMMISSIONER MOY: Absolutely.

19 You can connect to us, we'll connect
20 you with our IGA team and also, in
21 partnership with ESD, get you the support you
22 need.

23 ASSEMBLYWOMAN GRIFFIN: Okay, thank
24 you very much.

1 OGS COMMISSIONER MOY: Absolutely,
2 Assemblymember. Thank you.

3 CHAIRMAN PRETLOW: Thank you,
4 Assemblymember. Thank you, Commissioner.

5 Now, before we let you go, I just have
6 one question for you. It's not really
7 budget-related. But what are those tracks
8 that you're installing throughout the
9 Legislative Office Building in the hallways
10 and in the offices?

11 OGS COMMISSIONER MOY: You have me
12 stumped, I'm sorry. Can you be a little bit
13 more --

14 CHAIRMAN PRETLOW: (Mic off;
15 inaudible.)

16 OGS COMMISSIONER MOY: Oh, yes. There
17 is a new alarm system that we're building out
18 on behalf of -- for this building. So it's
19 an upgrade --

20 CHAIRMAN PRETLOW: It's an alarm
21 system.

22 OGS COMMISSIONER MOY: Yes.

23 CHAIRMAN PRETLOW: How long will it
24 take before it's completed, do you know?

1 OGS COMMISSIONER MOY: If you give me
2 a moment, I can look it up. But I can
3 certainly get you that information around
4 that project.

5 CHAIRMAN PRETLOW: I have 10 minutes,
6 so you can look it up --

7 (Laughter.)

8 OGS COMMISSIONER MOY: All right, here
9 we go. That's pretty funny.

10 You know what, honestly, I think I'm
11 going to have to double-check and confirm for
12 you. I don't want to say anything incorrect.

13 CHAIRMAN PRETLOW: You can get back to
14 me.

15 OGS COMMISSIONER MOY: I will
16 absolutely get back to you on it.

17 CHAIRMAN PRETLOW: I should have asked
18 you when I spoke to you --

19 OGS COMMISSIONER MOY: I should have
20 been prepared walking in. I was only looking
21 at the elevators and the escalators. But
22 next time I'll be prepared.

23 CHAIRMAN PRETLOW: Okay. Because they
24 really clash with the paint job in my office,

1 and --

2 (Laughter.)

3 OGS COMMISSIONER MOY: I will
4 absolutely confirm. Thank you very much.

5 CHAIRMAN PRETLOW: Thank you very
6 much.

7 Senator.

8 CHAIRWOMAN KRUEGER: I believe the
9 Senate is done, so I want to thank you all
10 for your participation this evening, and ask
11 you to excuse yourselves and either go back
12 to work or escape for the day, whatever works
13 best for you.

14 We, however, are not escaping. We are
15 continuing with Panel C.

16 From now on these are the
17 nongovernment panels, so everyone gets three
18 minutes -- three minutes to present, three
19 minutes to ask questions. We don't care if
20 you're a chair or a ranker, we're just all
21 citizens.

22 Panel C: Community Service Society of
23 New York; Business Incubator Association of
24 New York State; Lake Erie College of

1 Osteopathic Medicine. And that's Panel C.

2 (Pause; off the record.)

3 CHAIRWOMAN KRUEGER: Now, you've all
4 been waiting very patiently all day, thank
5 you very much. And we're going to start by
6 you just introducing yourselves, starting
7 from the left, so that the people in the
8 booth know who is whom. Okay.

9 MS. RODRIGUEZ: Good evening. Thank
10 you for having me here. Carolina Rodriguez,
11 from the Community Service Society of
12 New York.

13 CHAIRWOMAN KRUEGER: Great. Marc?

14 MR. ALESSI: Good evening. Marc
15 Alessi, the executive director for the
16 Business Incubator Association for New York
17 State.

18 DR. TERRY: Richard Terry, LECOM
19 Elmira.

20 CHAIRWOMAN KRUEGER: Great, thank you.
21 Shall we go in that order again and
22 start with Carolina Rodriguez? Thank you.

23 MS. RODRIGUEZ: Thank you. Thank you
24 for the opportunity to provide testimony

1 today. My name is Carolina Rodriguez, and I
2 serve as the director of the Education Debt
3 Consumer Assistance Program, EDCAP, at the
4 Community Service Society of New York.

5 For over 180 years, CSS has been at
6 the forefront of advocating for low- and
7 moderate-income New Yorkers, and EDCAP
8 continues that legacy by ensuring student
9 loan borrowers receive the guidance they need
10 to achieve financial stability.

11 Since its inception in 2019, EDCAP has
12 assisted thousands of New Yorkers, addressing
13 over 328 million in student debt and saving
14 borrowers, as of this morning, over
15 38 million. Through personalized counseling
16 and our statewide network, we help New
17 Yorkers stay in their homes, remain in the
18 workforce, and avoid the devastating
19 consequences of student debt. By enabling
20 borrowers to manage repayment, access
21 forgiveness and avoid default, we directly
22 contribute to New York's economy, ensuring
23 that professionals in healthcare, education
24 and public service can continue to do their

1 essential work.

2 Now, with federal uncertainty looming
3 and proposals to dismantle the U.S.
4 Department of Education, strip borrower
5 protections and eliminate key financial aid
6 programs, New York must act. The risks are
7 clear: Fewer safeguards, mismanaged loans,
8 and millions of borrowers left vulnerable to
9 confusion, errors and financial distress.

10 Without programs like EDCAP,
11 New Yorkers will be forced to navigate this
12 crisis alone. That's why our work has
13 expanded, and in the fall of 2024 EDCAP began
14 offering comprehensive financial aid
15 application assistance, helping people apply
16 for FAFSA, TAP, Excelsior, and get guidance
17 on the DREAM Act.

18 New York's Universal FAFSA policy is a
19 bold step towards college access, but we must
20 ensure families can complete the process,
21 minimize borrowing and avoid financial
22 pitfalls. EDCAP bridges the gap.

23 The demand for our services is
24 growing. Eighty-eight percent of our clients

1 carry federal student loans, with an average
2 balance of \$80,000 -- nearly double the
3 national average. More than half earn under
4 60,000, and that is household earnings. And
5 71 percent of our clients are women, with
6 Black women bearing the heaviest burden.

7 These numbers tell a story. Student
8 debt isn't just a financial issue, it is an
9 economic development issue, a workforce
10 issue, and a racial and gender equity issue.

11 New York has led the way in protecting
12 student loan borrowers, but cannot afford to
13 step back now. That is why we urge the
14 Legislature to fully fund EDCAP at
15 3.5 million in this budget year. The
16 investment is not just about debt relief but
17 is about economic mobility, workforce
18 retention, and financial security for
19 millions of New Yorkers.

20 Thank you.

21 MR. ALESSI: Chairpersons and members
22 of the committee, thank you for the
23 opportunity to testify today.

24 My name is Marc Alessi, and I serve as

1 executive director of the business incubator
2 association for New York State, which
3 represents 120 business incubators and
4 accelerators from across the state, which
5 collectively house and mentor over
6 3,000 startups every year -- these companies
7 that create jobs, drive innovation and fuel
8 New York's economic growth.

9 Today I'm here to emphasize the
10 critical role that incubators play in
11 New York's economy and to urge support for
12 funding our statewide incubator ecosystem and
13 preserving the successful elements of the
14 now-sunsetting START-UP NY program and
15 getting rid of the parts of that program that
16 did not work well as the state transitions to
17 newer programs.

18 New York is now a national leader in
19 innovation, on par with Boston and
20 Silicon Valley, thanks in part to the strong
21 network of incubators and accelerators that
22 the state helped to foster over the past
23 10 years. These incubators and accelerators
24 support high-growth startups. These

1 companies are the engines of job creation,
2 responsible for thousands of new jobs every
3 year in fields like AI, biotech, clean tech,
4 and advanced manufacturing.

5 Business incubators provide essential
6 early-stage support -- access to lab space,
7 mentorship, funding opportunities, university
8 partnerships. All these things enable
9 startups to scale and remain in New York.
10 Without this infrastructure, many of these
11 companies would launch elsewhere, taking jobs
12 and economic growth with them.

13 To continue this momentum, we are
14 requesting increased funding for the
15 10 regional hotspot incubators that the state
16 launched 10 years ago, and an expansion of
17 the State Certified Incubator program to
18 better reflect the rising costs of supporting
19 New York startups.

20 We are requesting \$300,000 in annual
21 funding for statewide support to help
22 coordinate the 10 regional hotspots, and
23 we're looking to increase the amount of
24 certified incubators from 20 to 30 throughout

1 the state. There are many communities
2 without state-certified incubators, and the
3 need is growing every year.

4 This investment will not only sustain
5 but expand New York's leadership in
6 innovation and entrepreneurship, ensuring
7 that our state remains competitive with other
8 top startup ecosystems across the country.

9 One of the most effective startup
10 recruitment tools -- I'm going to say
11 something controversial here -- has been the
12 START-UP NY program. The program has
13 supported hundreds of companies, leading to
14 the creation and retention of nearly 2800
15 jobs and \$1.3 billion in wages and capital
16 investments in this state.

17 A 2023 PFM Group report commissioned
18 by the New York State Department of Taxation
19 and Finance confirmed that START-UP NY
20 generates \$1.58 in economic activity for
21 every dollar spent.

22 I'll end it there and submit my
23 written comments. Thank you.

24 CHAIRWOMAN KRUEGER: Sorry, I have to

1 cut you off. Next? Thank you.

2 DR. TERRY: Good evening,
3 Chairpersons Krueger and Pretlow,
4 Rankers Senator O'Mara, Assemblyman Ra.

5 I'm Dr. Richard Terry. I'm the lead
6 of the LECOM at Elmira Medical School. We
7 have a medical school in Elmira, the first
8 and only school in the Southern Tier region
9 of New York.

10 And I'm here to ask you for support to
11 create a Center of Excellence in rural health
12 for underserved areas that we serve in LECOM.

13 LECOM, as you may know, is the largest
14 medical school in the country. We have four
15 campuses, two in Pennsylvania, one in
16 Florida, and now one in underserved upstate
17 New York. Our purpose, our mission is to
18 invest in underserved areas to create
19 healthcare professionals to meet the needs of
20 rural and underserved New York. And any of
21 you who have tried to get a primary care doc,
22 there aren't any. We need them, and that's
23 what we're doing.

24 So our approach includes this. Early

1 acceptance programs from high school to
2 medical school. We also have affiliations
3 with 35 colleges to recruit students without
4 an MCAT, just to have students from various
5 backgrounds have the opportunity to come back
6 and potentially practice. So we have lots of
7 pathways to get to address this healthcare.

8 In addition, we make primary care
9 doctors, 70 percent. It's unique among
10 osteopathic schools. In fact, LECOM
11 graduates -- is the number-one school that
12 graduates more primary care docs, family
13 medicine, peds, OB, than any school in the
14 country. Last year 70 percent of the
15 Elmira grads went into primary care, many to
16 pediatrics, family medicine and OB.

17 So there's a problem in New York:
18 There aren't enough doctors. Once you get
19 outside of downstate, there aren't enough
20 doctors. There aren't enough primary care,
21 OBs, emergency room doctors, surgeons. We
22 aim to fix that.

23 So we can do this by creating a
24 Center of Excellence. LECOM would leverage

1 our experience, our expertise -- we've done
2 this -- create this pipeline, take
3 nontraditional students and prepare them for
4 practice in the state where we most need
5 them.

6 So by getting this pipeline we can
7 focus on the unique needs of underserved
8 New York, rural and urban, I might add -- we
9 have the largest clinical footprint of any
10 medical school in upstate New York, 15
11 different sites, many in rural areas.

12 So for these reasons, I ask for
13 \$250,000 to create this Center of Excellence.
14 What will it do? Further the curriculum
15 development, staff it, and ramp up our
16 student recruitment efforts, our ability to
17 also develop residencies in underserved
18 Federally Qualified Health Centers, rural
19 health centers throughout the state.

20 We need your support. We've got to
21 address this issue, and this is a leverage
22 point where LECOM and Elmira is prepared to
23 make a difference.

24 Thank you.

1 CHAIRWOMAN KRUEGER: Thank you.

2 Any Senators? Ah, Senator Murray.

3 SENATOR MURRAY: Thank you. Thank
4 you, Chairwoman. And thank you all for being
5 here.

6 Marc, this is for you. So you were
7 saying about START-UP NY -- and we have other
8 incentive programs and all that, yet with
9 that we are still at the bottom of the barrel
10 when it comes to a business-friendly
11 environment throughout the country. And we
12 have problems here. It's not
13 business-friendly.

14 A, does that make your job more
15 difficult? But what is it you're hearing?
16 What is the biggest impediment that prevents
17 people -- more entrepreneurs?

18 MR. ALESSI: So the remarkable fit for
19 the START-UP innovation ecosystem is it is a
20 good fit for New York.

21 If you study or hold hearings on
22 what's going to recruit the high-tech growth
23 startups, they need to be near innovation
24 centers. They need to be in -- you know,

1 Silicon Valley is a very expensive place to
2 do business, Boston is a very expensive place
3 to do business. It's -- we've made the
4 investments as a state in education, in
5 higher education and research.

6 So we're not competing with
7 South Carolina on a plastics company, we're
8 competing with Silicon Valley on how to, you
9 know, grow an innovation company.

10 So there's two different economic
11 development models. There is a traditional
12 company that could go and get an SBA loan and
13 will have products within a month or so, and
14 revenue very quickly. And then there's the
15 companies that are fostered in incubators
16 that take five to 10 years.

17 And that's any programs like
18 START-UP NY or even incubation programs,
19 they're essential because those companies are
20 so risky -- but they pay huge rewards when
21 they hit it. And 80 percent of incubator
22 companies stay in the community they're
23 incubated in.

24 SENATOR MURRAY: So yesterday was the

1 Higher Education hearing when we had the
2 chancellors in, and one of the big things
3 that we were talking about was investment in
4 research. And do we do enough as far as
5 using them as a way to recruit businesses?

6 MR. ALESSI: So New York State is the
7 financial capital of the world and the patent
8 capital of the world. So we are investing in
9 research and we're creating technologies.
10 What we weren't doing 10, 15 years ago is
11 commercializing them. We're finally at the
12 point where that is happening. And as we
13 fine-tune some of our programs, we have an
14 opportunity to surpass the Silicon Valley.

15 SENATOR MURRAY: Okay. Thanks, Marc.

16 MR. ALESSI: Thank you.

17 CHAIRMAN PRETLOW: Assemblyman Stirpe.

18 ASSEMBLYMAN STIRPE: Thank you, Chair.

19 Marc, you know, there has been a lot
20 of discussion about the START-UP NY program,
21 some good, some bad. It's got a lot of
22 warts. If you were going to create a program
23 to help the startup businesses right now, do
24 you have any idea what it would look like?

1 You know, how people would be able to access
2 funding from it?

3 MR. ALESSI: So, one, there were a lot
4 of warts with START-UP NY. It was a very
5 bureaucratic program. So you started on
6 20 college campuses, and there's a list of
7 five companies here, three companies there.
8 There are two universities that did really
9 well all the way up until this year, and that
10 was -- NYU has close to a hundred companies
11 in the program, and Buffalo has close to 200
12 companies in the program.

13 It took dedicated staff to navigate
14 through that program. So simplifying the
15 bureaucracy of that, not making the companies
16 move to a college campus, is an important
17 part of the program. But when, you know, NYU
18 felt it was such an important part of their
19 economic development tools because they're in
20 combat every day with New Jersey and
21 Connecticut for some of these biotech
22 companies, for example. And one of the
23 deciding factors oftentimes is those tax
24 benefits for the employees. It's easier to

1 recruit talent with some of those benefits.

2 And so entrepreneurs look for anything
3 that will help de-risk their company, any
4 kind of edge that they can get, whether it's
5 investment -- so we have investment programs
6 here in New York. The more accessible they
7 can be for startup companies will help
8 recruit more companies.

9 The ability to ramp up and have, you
10 know, a sense of place and a sense of being
11 able to get through the obstacles in those
12 early stages is really important for these
13 startups.

14 I would love to see this economic
15 development tool in some form in the future,
16 but without, you know, some of the problems
17 that we had with the program.

18 ASSEMBLYMAN STIRPE: We've talked
19 about something like, you know, large
20 corporations being able to purchase losses
21 from startups --

22 MR. ALESSI: So right now in
23 New Jersey corporations that are, you know,
24 well funded and have revenue and are

1 profitable, are able to buy losses from some
2 of the startups in New Jersey, and that's a
3 benefit to existing corporations but it's
4 also a benefit to the startups that, again,
5 they might not have revenue and profitability
6 for five, 10 years, they get a million
7 dollars in investment, it's all going to R&D
8 and employee salaries and being able to sell
9 their losses would, again, de-risk them.

10 ASSEMBLYMAN STIRPE: Okay, thank you.

11 MR. ALESSI: Thank you.

12 CHAIRWOMAN KRUEGER: Senator Brisport.

13 SENATOR BRISPORT: Thank you. And
14 thank you all for testifying.

15 My questions are for Mr. Alessi.

16 I represent a district in Central
17 Brooklyn. A lot of the hurdles for small
18 businesses in my district is the cost of
19 rent, with rents spiking for commercial
20 properties in my district. Places that were
21 maybe asking for a couple of thousand a
22 decade ago are now asking for five, eight,
23 10,000 a month.

24 I was curious, are you hearing similar

1 things? And if so, what do you think can be
2 done?

3 MR. ALESSI: In certain parts of the
4 state there are definitely some real estate
5 issues in terms of being able to set up shop.

6 But all in all, the cost of getting
7 the office space hasn't been as much of an
8 issue for some of these companies. It's the
9 cost of getting talent. And really trying to
10 preserve their capital as long as they can
11 until they get to the profitability.

12 But New York is one of the few places
13 that you can commercialize a product and the
14 density of business development opportunities
15 in New York is a pretty unique place. San
16 Francisco has a similar capability for
17 startups. There's only a few places where
18 these startups can succeed. They will pay a
19 premium for real estate to be close to that
20 density.

21 SENATOR BRISPORT: Thank you.

22 CHAIRWOMAN KRUEGER: Thank you.

23 Assembly.

24 CHAIRMAN PRETLOW: Assemblywoman

1 Jackson.

2 ASSEMBLYWOMAN JACKSON: Thank you,
3 Chair.

4 I just want to say to Dr. Terry I
5 would like to work with whoever your
6 Assemblymember is to make sure that that
7 programming happens. So thank you for coming
8 to testify.

9 DR. TERRY: Thank you.

10 ASSEMBLYWOMAN JACKSON: For
11 Ms. Rodriguez, EDCAP, the request is what
12 again?

13 MS. RODRIGUEZ: Three-point-five
14 million. Three million should be in the --
15 it's in the Executive, and then we're asking
16 the Legislature for 500,000.

17 And we operate with a statewide
18 network. We have partners out on Long Island
19 and throughout the state that provide the
20 in-person direct counseling services. And as
21 I mentioned, we've expanded not only to help
22 student loan borrowers but also those
23 individuals that are getting into college and
24 needing to apply for financial aid. Because

1 oftentimes I was asked, What are you doing to
2 prevent the debt from happening in the first
3 place?

4 ASSEMBLYWOMAN JACKSON: And this is
5 free to anyone who seeks services?

6 MS. RODRIGUEZ: Absolutely, statewide.
7 anyone can go on our website, EDCAPNY.org,
8 and they can schedule a virtual session at
9 any point.

10 And again, through our network they
11 can schedule in-person.

12 ASSEMBLYWOMAN JACKSON: And are you
13 assisting people right now who are like --
14 they're in the repayment phase but, you know,
15 a lot of the federal stuff is happening --

16 MS. RODRIGUEZ: Yes. My phone is
17 filled with client messages.

18 ASSEMBLYWOMAN JACKSON: Okay. I'm
19 going to call you.

20 (Laughter.)

21 MS. RODRIGUEZ: Please do.

22 ASSEMBLYWOMAN JACKSON: I have my own
23 questions.

24 Okay, and to Mr. Alessi, the 10 extra

1 programs you're looking to increase to, where
2 are you looking to have those be located?

3 MR. ALESSI: So it's typically done
4 through an RFP process. So --

5 ASSEMBLYWOMAN JACKSON: No, but where?
6 Like geographically.

7 MR. ALESSI: Anywhere in the state.
8 So right now as communities are looking to
9 launch incubators and hopefully get some kind
10 of state investment in it, there's only
11 20 opportunities in the state. And a number
12 of communities are getting shut out from
13 that. So increasing it by 10 and letting
14 newer communities participate in that process
15 will enable us to reach entrepreneurs that
16 are not being reached right now.

17 But I would just -- from a geographic
18 standpoint there's in almost every region of
19 the state.

20 ASSEMBLYWOMAN JACKSON: Right. So how
21 do you decide, though? You said through
22 RFPs?

23 MR. ALESSI: So -- yeah, it will be --
24 ESD would decide, through the RFP process. I

1 just -- I could just see it's a little bit
2 like of a Hunger Games. You know, one area
3 of the state loses an incubator for
4 another --

5 ASSEMBLYWOMAN JACKSON: So why 10 and
6 not 20?

7 MR. ALESSI: Incrementally, just
8 trying to add to the ecosystem. So they
9 didn't want to advocate for too much and
10 scare folks. I think 10 would be a good
11 place to start. It would be, you know, a
12 third increase.

13 ASSEMBLYWOMAN JACKSON: And what did
14 you say was the return on the investment?

15 MR. ALESSI: The -- all right, so the
16 return on investment that I mentioned in
17 terms of the START-UP NY program was \$1.58
18 for every dollar in lost tax revenue. That
19 was from the PFM report that was commissioned
20 by Tax and Finance.

21 When you're investing in incubation in
22 general, there is about \$37 return for every
23 dollar invested in incubation.

24 ASSEMBLYWOMAN JACKSON: Thank you for

1 that.

2 MR. ALESSI: Thank you.

3 CHAIRWOMAN KRUEGER: Senator Tom
4 O'Mara.

5 SENATOR O'MARA: Thank you.

6 Good evening. Thank you all for your
7 testimony and sticking it out here today.

8 Dr. Terry, I want to welcome you,
9 being the representative of Elmira being
10 here, I want to thank you and LECOM for your
11 strong commitment to the Southern Tier of
12 New York, particularly in Elmira. And I can
13 personally attest to everybody here the great
14 work that you've done at the college and
15 helping with providing healthcare and
16 physicians in particular for rural
17 healthcare, and your commitment to that and
18 to serve underserved areas in the state.

19 Now, your ask here for \$250,000 is
20 very modest, in my opinion. And I thank you
21 for that, because I think that certainly
22 makes an easier lift.

23 DR. TERRY: You can do more if you
24 want to.

1 SENATOR O'MARA: I would love to do
2 more, you know. I've tried.

3 (Laughter.)

4 SENATOR O'MARA: But, you know, LECOM
5 is based in Erie, Pennsylvania, and you say
6 you have a school in Florida as well --
7 \$250,000 in the grant scheme of things here
8 is very modest.

9 But what are you going to do with
10 that, and how's it going to help you prepare
11 physicians for underserved areas? And can
12 you compare what other type of assistance
13 you've gotten or you get in Pennsylvania and
14 Florida at your other institutions?

15 DR. TERRY: Twenty million from
16 Pennsylvania, \$5 million from Florida.

17 What will we do with that money?
18 We're going to focus on underserved areas of
19 the state, identify them and recruit students
20 from there.

21 The difference about LECOM, it's
22 workforce development for physicians. It's a
23 very different admission process. I'm trying
24 to create doctors so we have them out there,

1 because we don't have them. I'm not trying
2 to create academicians or researchers. Yes,
3 I want some of them, but we need more boots
4 on the ground right now.

5 As every doctor in their sixties
6 retires, we need two to three to replace
7 them. Because they don't do calls like they
8 used to, they don't go to the hospital, they
9 don't deliver babies. I'm a family doc.
10 I've done all of that. The family doc today,
11 most of the time they're just in the office.
12 And good luck trying to get an appointment
13 with them.

14 That's what we're trying to do. So
15 it's a very different process holistically.
16 We're recruiting that kid from an underserved
17 area so she comes to medical school and goes
18 back and practices there. Her MCAT could be
19 a little lower, her GPA may not quite be what
20 other schools might accept, but we'll get her
21 there, and she'll be a great doctor. And
22 that's what we're doing.

23 And that's why this model works. And
24 that's why a good number of the doctors now

1 in the Southern Tier and upstate New York are
2 LECOM graduates. If you look at the stats,
3 it's almost 20 percent -- and we have only
4 graduated our first class. These are from
5 our other campuses.

6 SENATOR O'MARA: Well, I've seen it
7 firsthand, and I thank you for that
8 commitment and it certainly seems to work.
9 So --

10 DR. TERRY: It does.

11 SENATOR O'MARA: -- I'm hopeful we can
12 get you some assistance for this.

13 DR. TERRY: Thank you.

14 CHAIRMAN PRETLOW: Assemblywoman
15 Kassay.

16 ASSEMBLYWOMAN KASSAY: Good evening.
17 Thank you.

18 Ms. Carolina, please do reach out to
19 my office; I'd like to share these resources
20 for student loan prevention and assistance
21 with my constituents as well.

22 So thank you for being here and
23 presenting and spreading the knowledge about
24 that.

1 Dr. Terry, I'll plus-one on what my
2 colleagues are saying. I'm really glad that
3 we stuck it out. We're definitely going to
4 spread -- I can speak for myself, I'll spread
5 the word to colleagues, even though I'm on
6 the other end of the state.

7 You know, we hear about the shortage
8 of medical professionals all throughout the
9 state and -- you know, from unions and
10 constituents. So thank you for doing the
11 work, and hopefully you could expand the
12 program in the future.

13 DR. TERRY: Thank you.

14 ASSEMBLYWOMAN KASSAY: Mr. Alessi, I'm
15 always looking to understand better how our
16 state spending in turn serves the state, how
17 it's an investment, so I really appreciate
18 the statistic that for every dollar the state
19 puts into these programs, it gets \$1.58 back
20 in economic activity. So thank you for that.

21 You know, I'll speak to where you and
22 I both come from, Suffolk County. With the
23 cost of living -- it's high across the state,
24 but, you know, in Suffolk County we really

1 feel this. And so we invest so much money
2 there in students K-12 education and then, if
3 they go off to college, it's really hard to
4 attract them back because they are not -- we
5 don't have the jobs readily available, there
6 isn't this opportunity.

7 So with having Stony Brook University
8 as well as Brookhaven National Labs, can you
9 speak specifically to Suffolk County and how
10 this START-UP program in the past has helped
11 and the vision for the future?

12 MR. ALESSI: Sure. Well, this kind of
13 economic development works best close to that
14 type of entity, like a Brookhaven National
15 Lab or a SUNY Stony Brook or higher education
16 institutions that are creating research that
17 turns into IP and potentially new products.

18 And, you know, on Long Island you had
19 a number of companies that came out of
20 Cold Spring Harbor Labs or SUNY Stony Brook
21 that ended up not only at Stony Brook but
22 Broad Hollow Science Center, and they were in
23 the -- you know, there was about 20 companies
24 that were in the START-UP NY program to start

1 with.

2 It was a very bureaucratic program, so
3 there's only five companies that remain in
4 the program on Long Island that I'm aware of.
5 But they're in there because it is a tool for
6 those companies to recruit employees from
7 other ecosystems as well.

8 In terms of incubation on Long Island,
9 you have about eight incubators on
10 Long Island that house upwards of probably
11 about 120 companies. And especially in
12 high-cost-of-living areas, the need to create
13 high-paying jobs, which these innovation
14 startups do, is important. One out of 10 --
15 actually, five out of 10, if it's incubated,
16 of these companies will succeed.

17 ASSEMBLYWOMAN KASSAY: Excellent,
18 thank you. Look forward to discussing
19 further.

20 CHAIRWOMAN KRUEGER: We have no more
21 Senators. Any other Assemblymembers?

22 CHAIRMAN PRETLOW: Yes,
23 Assemblywoman Griffin.

24 ASSEMBLYWOMAN GRIFFIN: Thank you,

1 Chair, and thank you for being here this
2 evening and sticking it out all day.

3 Dr. Terry, I agree with my colleagues,
4 it doesn't seem like a whole lot to ask for
5 to really be able to serve the medical needs
6 of underserved areas and rural areas.

7 And Director Rodriguez, I'd love to
8 hear more about your programs.

9 And Marc, I was particularly
10 interested -- you hear so many complaints
11 about companies leaving New York. And, you
12 know, there's a never-ending list of
13 complaints even by some of my colleagues.
14 And it's so nice to hear someone with an
15 outlook of how we can turn it around, and how
16 you can create high-paying jobs and keep
17 people here in New York. And keep people
18 here in expensive areas like Long Island, or
19 in the city, or in Brooklyn or in the Bronx.

20 So I really appreciate that. And I
21 also think -- I fully support the funding
22 that you need to build this up and make this
23 even more successful.

24 But one thing I wanted to raise. What

1 is your role -- do you have the role of doing
2 the outreach to bring people here or find the
3 people here that might be interested in this
4 innovative, in this high-tech arena? Is that
5 what your role is in like finding them,
6 bringing them or developing that?

7 MR. ALESSI: So as an association, the
8 first thing we do is we bring our members
9 together and let them share their
10 commonality.

11 Prior to BIANYS existing -- we started
12 in 2006 -- 15 incubators from around the
13 state were brought together because they
14 weren't talking to each other. And when they
15 find that commonality then you can start
16 seeing themes that you -- we could come back
17 to the Legislature, for example, and saying
18 this is what we're seeing statewide. So
19 that's why the organization was created.

20 When it comes to recruiting other
21 entities to New York, we actually do take an
22 active role as an association to -- we offer
23 the Soft Landings Program where we advertise
24 in the international arena that if you're

1 going to come to the U.S. to sell a
2 high-technology product or an advanced
3 manufacturing product, New York is one of the
4 unique places that you could do this because
5 of the investments that you've all made in
6 things like, you know, COEs and CATs and
7 higher education and incubators.

8 And from that standpoint, we try to
9 advertise the state's assets and introduce
10 those entities to the appropriate assets. We
11 try to find them the right incubator to work
12 with so they can start selling products here.
13 We don't try to steal the entire company from
14 a foreign -- you know, but we try to have
15 them set up a footprint here in New York
16 which grows jobs.

17 ASSEMBLYWOMAN GRIFFIN: Okay. Well,
18 it seems like great work, and I appreciate
19 that that's been done and you're attracting
20 such a higher level of business here in our
21 state.

22 MR. ALESSI: Thank you.

23 CHAIRMAN PRETLOW: Assemblyman Friend.

24 ASSEMBLYMAN FRIEND: Thank you,

1 Chairman.

2 Dr. Terry, thank you for taking the
3 time to come up here and talk a little more
4 about LECOM. That has definitely been a
5 great addition to the Southern Tier. We
6 constantly see a loss of primary care in our
7 region and all across rural upstate New York.

8 I know that LECOM prides itself on its
9 student-centered curriculum, and it's great
10 to know that LECOM leads the nation in the
11 number of graduates that continue to go on
12 and practice in primary care and in rural
13 areas.

14 So maybe you could touch on -- you
15 mentioned that there are 15 sites that the
16 residents train at. If you could maybe talk
17 a little bit about that or -- you just had a
18 recent graduating class, and where did they
19 end up? How many of them stayed in the
20 state?

21 DR. TERRY: Well, about 55 percent
22 stayed in New York. And actually about 13
23 stayed right in the Southern Tier, which is
24 an amazing number.

1 So we're in places like Dunkirk,
2 New York, at a federally qualified health
3 center. We're in places in Yonkers and --
4 St. John's Riverside in Yonkers and
5 St. John's Episcopal actually down by the
6 city, another underserved urban area.

7 Predominantly, as an upstate medical
8 school, we're in Western New York, the
9 Finger Lakes Region, and the Southern Tier.
10 Our primary affiliates are Rochester
11 Regional, the largest health system in
12 upstate New York; Mohawk Valley, in Utica;
13 and then Arnot Ogden Medical Center right in
14 Elmira.

15 So those are the primary, but we have
16 a lot of smaller places like Olean, New York.
17 We rotate students through there as well. So
18 we have a lot of rural exposure that they're
19 able to get.

20 ASSEMBLYMAN FRIEND: That's great to
21 hear.

22 And then on your student-centered
23 curriculum, that's a little bit different
24 than other medical schools where you give

1 some different pathways for students to
2 graduate. How do you set that up?

3 DR. TERRY: We have a problem-based
4 learning, so it would be a small group, eight
5 students small and one-to-eight faculty to
6 student ratio, where they learn the basic
7 sciences in the context of a case discussion,
8 as a doctor thinks, with a differential
9 diagnosis.

10 It's a very unique approach, but it
11 better prepares them for the clinical setting
12 but moreover prepares them very well for
13 their boards. Our pass rate was 96 percent,
14 which is excellent for a new school,
15 actually well above the national average. So
16 it's a very well vetted and well proven
17 curriculum that we've used for about 25 years
18 at LECOM.

19 ASSEMBLYMAN FRIEND: Well, again,
20 thank you. You've done wonders for the
21 Southern Tier, and I hope that the model
22 continues to grow throughout New York.

23 DR. TERRY: Thank you.

24 CHAIRWOMAN KRUEGER: Thank you.

1 And I believe that comes to the end of
2 questioning for the three of you. Thank you
3 very much --

4 PANELISTS: Thank you.

5 CHAIRWOMAN KRUEGER: -- for being with
6 us this evening and for staying this late
7 with us.

8 I'm going to call up Panel D, and
9 we're going to ask people on Panel E to also
10 head down.

11 Panel D has lost No. 8, Popular
12 Democracy; they had to rush to something
13 else. So I am just calling up ACE!-Upstate
14 Alliance for the Creative Economy, and the
15 New York Film and Television Production
16 Industry Council.

17 (Pause.)

18 CHAIRWOMAN KRUEGER: Okay, if you
19 would just first introduce yourselves so the
20 people in the booth behind know who is who
21 when you go up on screen.

22 Hi. There's a sweet spot just above
23 the "PUSH." It's a real challenge to master
24 these.

1 MR. QUIÑONES: I've got mine up. I've
2 got mine on.

3 CHAIRMAN PRETLOW: You can't tap it,
4 just hold it down.

5 MR. QUIÑONES: My name is Santiago
6 Quiñones. It does say that I am with the
7 industry council, but I'm not here
8 representing the Production Council today,
9 I'm just here on my own volition. I'm a line
10 producer in New York, executive producer of
11 television and film.

12 CHAIRWOMAN KRUEGER: Thank you.

13 MR. QUIÑONES: And thank you.

14 CHAIRWOMAN KRUEGER: And you are?

15 MR. ALDRICH: I'll use this one. So
16 sorry about that. It's my first time, I'm
17 nervous.

18 My name is Corey Aldrich. I'm the
19 current executive director of ACE!-Upstate
20 Alliance for the Creative Economy, which is
21 based out of Saratoga Springs, New York, and
22 represents for- and not-for-profit
23 stakeholders across the Capital Region.

24 CHAIRWOMAN KRUEGER: Thank you.

1 And why don't you please start. Thank
2 you.

3 MR. QUIÑONES: Thank you.

4 So I'll just -- I'll tell you briefly
5 what a line producer does. I'm sort of the
6 guy or the person that hires folks and also
7 does the budgeting and that sort of thing.

8 And I've been doing producing in
9 New York for a long time. I've been in the
10 film industry for a very long time at this
11 point. And I have never seen the level or
12 the lack of production coming to New York as
13 I've seen in the last -- I would say in the
14 last year or so, in the last few months.

15 The last project I did was
16 Blue Bloods. We worked -- it was 15 years of
17 employment for a lot of folks. We -- I think
18 about 90 percent of my crew is still calling
19 me looking for work, about a thousand people
20 that we hire.

21 And I feel, you know, one of -- first
22 of all, I should have started by thanking you
23 for this opportunity. It feels like this is
24 a great privilege to be able to express this

1 situation that I'm not sure everybody's aware
2 of.

3 And I want to leave you with a example
4 of something we did with a young man named
5 Martin P -- I'm not going to say his last
6 name. His name is Martin. He was a
7 stock boy at a supermarket. We were filming
8 about 10 years ago in a supermarket in
9 Brooklyn, and Martin worked so hard that we
10 hired him as a PA. And then he worked up the
11 ranks into the camera department and he
12 became -- he got into the union, the
13 Local 600 union, and he's today a
14 gainfully -- I'm not sure he's gainfully
15 employed because he's looking for work, but
16 he's got a pension, he's got retirement, he's
17 got a high-paying job when he gets the job.
18 He's got three kids.

19 And we're very -- that's just one
20 example of the kind of jobs that these
21 incentives have brought. So I have to thank
22 you for even having an incentive in New York
23 State.

24 And with that, I can open up to some

1 questions.

2 CHAIRWOMAN KRUEGER: -- use your last
3 minute? Oh, no, you've lost it now.

4 MR. QUIÑONES: I'm okay. You've been
5 here long enough, and I want to thank you for
6 that, so --

7 CHAIRWOMAN KRUEGER: That's okay.

8 Thank you.

9 Sir?

10 MR. ALDRICH: Okay. Well, basically,
11 thank you again for allowing me to be here as
12 well. I'm going to leap right into it.

13 Creative workers are force
14 multipliers. Where arts thrive, economic
15 growth occurs. There is a reason why real
16 estate developers chase the hotspot locations
17 of creative economy workers: We are where
18 everyone else wants to be.

19 Arts and culture add value that is
20 extended beyond the individual to the
21 community, and is in fact a sustaining
22 lifeblood of our economy, mental health and
23 soul.

24 I am here to help make the case that

1 New York needs a statewide creative economy
2 plan. And to urge you to allocate resources
3 to that end, I'll explore three key areas for
4 consideration.

5 One, art is work. In the
6 Capital Region we have seen explosive growth
7 in that job sector. From 2013 to 2023, there
8 was a 137 percent job growth in the
9 independent artists, writers and performers
10 categories. The nearest comparative
11 non-creative economy industry analyzed was
12 manufacturing coming in at only 11.4 percent.

13 New York State is a creative economy
14 leader and needs to have the proper
15 investment to support this kind of dynamic
16 growth. Yet less than 5 percent of the
17 state's major economic development grants
18 flow to arts-related projects. This needs to
19 change.

20 Art is also economic development.
21 Artists and arts-based organizations know how
22 to leverage resources into real value,
23 included but not limited to economic value
24 that impacts beyond themselves. And I

1 encourage you to look, in the documents I
2 provided, to the Saratoga County IDA study
3 that showed how SPAC as a single organization
4 was creating over \$110 million in positive
5 economic impact in a single calendar year.

6 Arts and artists and the entrepreneurs
7 that create them are economic development.
8 We need strategic and consistent allocation
9 of resources to invest in this important part
10 of New York's economy and, importantly,
11 New York's identity as a world-class arts and
12 cultural hub.

13 Art is also health. Countries across
14 the world are moving to activate use of the
15 arts to support health and well-being, saving
16 on runaway healthcare costs and creating
17 better quality of life, according to a recent
18 study by the World Bank.

19 In conclusion, the creative economy
20 thrives in places with strong arts
21 infrastructure. That takes investment.
22 Analysis shows that the creative economy is a
23 prudent investment for New York and that we
24 would be irresponsible not to consider that

1 with a more robust funding and strategic plan
2 approach.

3 New York needs a statewide creative
4 economy plan. I urge you to allocate
5 resources for an intergovernmental effort to
6 advance that initiative, and I thank you so
7 much.

8 CHAIRWOMAN KRUEGER: (Mic off;
9 inaudible.) Oh, okay. Assembly?

10 CHAIRMAN PRETLOW: Yes,
11 Assemblyman Stirpe.

12 ASSEMBLYMAN STIRPE: Thank you, Chair.

13 Santiago, can you talk a little bit --
14 I mean, you said you haven't seen I guess a
15 slowdown like this in a while. And can you
16 tell us why you think that's happening?

17 MR. QUIÑONES: Sure. Yes, I'd love
18 to. I think the fundamentals of the --

19 ASSEMBLYMAN STIRPE: Can you bring
20 that a little closer to you? There you go.

21 MR. QUIÑONES: So I think the -- so
22 the first thing is we have currently a very
23 good tax incentive, but it's not competitive.

24 There are states like Georgia that,

1 you know, are sort of the model of what a
2 competitive is. So for a long time we've got
3 a -- New York became a television town, and
4 Georgia became the movie town, because
5 Georgia had the above-the-line, the actors,
6 the writers and that sort of thing.

7 The business has changed
8 fundamentally. We now have streamers that
9 want to have above-the-line -- you know, like
10 Sylvester Stallone and big, big names. And
11 so in order to afford that, they can't afford
12 coming to a place like New York which already
13 has higher -- already has higher rates.

14 New York's also part of the -- we are
15 in the majors contract, the union contracts,
16 where outside of New York places like
17 Georgia, they're under the area standards
18 contract. Those are always 30 percent less
19 on the wages, so we've got to compete. So
20 it's just an urgent -- urgency to get us to a
21 competitive level.

22 ASSEMBLYMAN STIRPE: Let me ask you,
23 all things being equal, would somebody pick
24 New York to come and do their project other

1 than Georgia or New Jersey or Connecticut?

2 MR. QUIÑONES: I'm pretty confident.

3 There are many reasons that New York, if all
4 things are equal, New York's more efficient
5 to shoot in. We have the best crews in
6 New York, we've trained up those crews, we
7 have the best locations in New York upstate,
8 downstate. There's no matching New York for
9 beauty.

10 As far as I'm concerned -- I did
11 locations in New York for many, many years
12 and I've traveled all over the world, and I
13 can tell you with full certainty that
14 New York is a great place to shoot.

15 ASSEMBLYMAN STIRPE: Okay.

16 Corey, you say we need a statewide
17 creative plan. It's hard for us up here,
18 unless somebody tells us how much is that
19 gonna cost, that we can, you know, try to put
20 something together. And what are the
21 components of coming up with this plan?

22 MR. ALDRICH: Well, I think, you know,
23 this is a discussion that probably doesn't
24 get resolved in an immediate conversation as

1 simple as some of these other conversations.

2 But I think it's more of a methodology
3 that we need to begin to consider on how do
4 we wrap our hands around this \$1 invested
5 yields back \$7 to \$9, and how can we
6 distribute that kind of resource allocation
7 equitably across the state? That needs a
8 plan.

9 There are several plans that have come
10 out recently that give us some metrics, but
11 do not compile them on a statewide level.

12 ASSEMBLYMAN STIRPE: Okay, thank you.

13 CHAIRMAN PRETLOW: Assemblywoman
14 Hooks.

15 ASSEMBLYWOMAN HOOKS: Good evening.
16 And it really is evening.

17 Okay, I just have a couple of
18 questions for Santiago.

19 MR. QUIÑONES: Yes.

20 ASSEMBLYWOMAN HOOKS: How effective
21 have film tax credits been in keeping
22 productions in New York?

23 MR. QUIÑONES: In the past they've
24 been very, very effective. But predominantly

1 for television, not films. We get bits and
2 pieces of films here in New York.

3 I think when the upstate tax
4 enhancement came in, I think we started to
5 get a few more films and a few more
6 television shows.

7 ASSEMBLYWOMAN HOOKS: What can the
8 state do to better compete with other states
9 trying to lure away film production?

10 MR. QUIÑONES: I think the core
11 proposals that Governor Hochul has put
12 forward would satisfy that requirement.

13 ASSEMBLYWOMAN HOOKS: And my last
14 question is, what workforce development
15 programs are needed to ensure more local
16 hiring in the industry?

17 MR. QUIÑONES: That's a great
18 question. I'm actually involved in a panel
19 tomorrow with Reel Works. I think -- I think
20 the unions in the last couple of years have
21 been bringing folks in and they have been
22 cooperating with Reel Works.

23 And I think it's a matter of
24 sustaining the work here. That I think

1 eventually will then bring people up. Sort
2 of like Martin. You know, Martin -- Martin's
3 a great example of that, and that's why I
4 bring him up.

5 I feel like I'm a great example of
6 that. I'm a New Yorker through and through,
7 born and raised on the Lower East Side. I
8 went to Syracuse, my daughter's at Syracuse.
9 I love New York. And I think I don't want to
10 go to Los Angeles to work.

11 ASSEMBLYWOMAN HOOKS: Thank you.

12 MR. QUIÑONES: Thank you.

13 CHAIRMAN PRETLOW: Assemblywoman
14 Jackson.

15 ASSEMBLYWOMAN JACKSON: Thank you,
16 Chair.

17 I'm a mom of an artist, so art is
18 actually work. And she's on Broadway, so I'm
19 very happy for that.

20 I actually came from a CTE school in
21 the city before I became a legislator, a
22 social worker for a CTE school, and we
23 taught all the behind the scenes to creating
24 film. So I get your work. I really

1 appreciate it. And I know how well the
2 industry needs good staffing.

3 My question is why -- similar to my
4 colleague, why -- why are we saying that film
5 is not growing here? Is it because of taxes?
6 What's happening?

7 MR. QUIÑONES: I think like -- look, I
8 haven't done a study, I just want to be clear
9 about that. I'm a producer in New York.

10 But what I've seen, in the 20-some-odd
11 years that I've been doing this, is that the
12 fundamentals of our business have changed
13 dramatically, right?

14 So streaming, when it was -- when we
15 were doing television shows here that were on
16 the air that didn't have stars, that was
17 cheaper, and below-the-line was covered with
18 the incentive and all the reasons I brought
19 up why shooting in New York is great was also
20 in the equation.

21 But now that the above-the-line has
22 gone up in terms of studio spend, they're not
23 considering New York.

24 So I think that that's why this

1 above-the-line enhancement is going to make
2 us -- it's going to level the playing field
3 with anybody else out there.

4 I also think there's a chance with the
5 Production Plus to be a leader in the country
6 in terms of that sort of thing.

7 I hope I answered your question.

8 ASSEMBLYWOMAN JACKSON: Well, the
9 streaming part, are we talking about like a
10 Netflix-type streaming?

11 MR. QUIÑONES: Yeah, Netflix and
12 Amazon, Apple -- but even Paramount. They're
13 all bringing in big names and big talent.
14 And unfortunately, we need them to have the
15 jobs. Otherwise they won't be in New York.

16 I'm very clear on that, because
17 normally this time of year I'm doing multiple
18 budgets and talking to multiple people about
19 certain deals, and that's not happening. And
20 it's disconcerting.

21 ASSEMBLYWOMAN JACKSON: Got it. Thank
22 you. Thank you, Chair.

23 CHAIRMAN PRETLOW: Assemblywoman
24 Griffin.

1 ASSEMBLYWOMAN GRIFFIN: Thank you,
2 Chair.

3 For Santiago, I find this very
4 interesting. What -- with companies do you
5 have -- are there companies that they are --
6 you're doing the work and then they leave?
7 Or is it just like a show gets canceled and
8 then a new show doesn't crop up?

9 MR. QUIÑONES: It's a tricky question.
10 I think there's a variation of that. It's
11 hard to retain some of the companies here.

12 ASSEMBLYWOMAN GRIFFIN: Right.

13 MR. QUIÑONES: But when the company
14 goes so it does the work -- I've never been
15 in a business where -- I used to be in sales,
16 you know? And I've never been in a business
17 where I'm actually in charge of spending and
18 in charge of writing that check. Which is a
19 great privilege, but which is also scary at
20 times.

21 But the fact is that that money is
22 spent. You know, we spend it at the
23 steakhouse. I've said that when Blue Bloods
24 gets canceled, there's going to be a

1 recession in Greenpoint. You know? The
2 grocery stores, the hair cutting place, the
3 dry cleaners. The steakhouse that we have
4 meetings every week at. So those kinds of
5 things.

6 ASSEMBLYWOMAN GRIFFIN: Was
7 Blue Bloods the last big show that you were
8 involved with?

9 MR. QUIÑONES: Yes.

10 ASSEMBLYWOMAN GRIFFIN: And that had a
11 long run, actually. I actually liked
12 Blue Bloods myself.

13 MR. QUIÑONES: Mm-hmm. Thank you.

14 ASSEMBLYWOMAN GRIFFIN: So but with
15 the streaming, it's amazing that with all the
16 streaming, wouldn't there be some shows that
17 would not be focused on big-name stars,
18 just -- there just isn't, like they're not
19 making those types of streaming shows.

20 MR. QUIÑONES: Probably in -- I'm
21 sorry to interrupt. But, you know, like I
22 said, I'm not the expert on what the
23 programming is and also what's in the
24 development chain.

1 I think that -- yes, you're absolutely
2 right, there can be some shows that don't
3 require those things, and hopefully we'll get
4 back to that because then we'll have more
5 shows and it's cheaper, you know.

6 But the thing I'm afraid of is that
7 when the work goes away, that crew base also
8 gets trained somewhere else.

9 ASSEMBLYWOMAN GRIFFIN: Right.

10 MR. QUIÑONES: I also know that for
11 many years -- I worked abroad for seven
12 years. I didn't want to work abroad. It
13 sounds very glamorous but there used to be a
14 reason why I would get hired. It was an
15 American representing an American company
16 abroad. These days they're very comfortable
17 with the -- whoever they're hiring abroad.
18 Plus their incentives incentivize them to
19 hire their -- whoever it is, in Canada or
20 wherever it is.

21 So I think that's the real danger
22 here, is that we're going to lose that crew
23 base --

24 ASSEMBLYWOMAN GRIFFIN: Right. Right.

1 Which is such a real professional skill base
2 here.

3 Now, Georgia is a big competitor or
4 has taken business away. What other states
5 are --

6 MR. QUIÑONES: New Jersey,
7 Massachusetts. There used to be some in the
8 South. I think Texas has got a new tax
9 incentive that's coming -- that's been
10 enhanced as well.

11 But those are the big ones. Georgia
12 is the model, if I were to model that, yeah.

13 ASSEMBLYWOMAN GRIFFIN: Right. And do
14 you think the proposals that Governor Hochul
15 has made will change things in a positive
16 direction?

17 MR. QUIÑONES: Absolutely. I'm pretty
18 impressed by the fact that a Governor has put
19 that forward, yeah.

20 ASSEMBLYWOMAN GRIFFIN: Well, thank
21 you very much.

22 MR. QUIÑONES: Thank you.

23 CHAIRMAN PRETLOW: A quick -- just a
24 quick question. I'm a little -- I'm a little

1 confused about this above-the-line and
2 below-the-line. You say that above-the-line
3 is making it more expensive. Is that because
4 the stars are also producers and, you know,
5 it's always your executive producers as well
6 as stars so they're getting paid twice and
7 one gets the subsidy and one doesn't and
8 it --

9 MR. QUIÑONES: I'm not so sure that
10 that is the game that's being played here,
11 that somebody's trying to game it that way.
12 I'm not implying that you're saying that.

13 CHAIRMAN PRETLOW: No, because I've
14 noticed, every show I've watched -- you
15 brought up Blue Bloods. You know, Tom
16 Selleck was the executive producer as well as
17 the star and that's --

18 MR. QUIÑONES: Yes, there's a good
19 reason for that. What they want is control
20 over the creative. They want control over
21 the writing and over their own image, you
22 know, with what's being put forward, they
23 want control of editing.

24 So it's not so much about the money,

1 it's about what kind of control that gives
2 you. And so that's the nature of that piece.
3 I can't speak for every show, obviously.

4 But when I say "above the line," I
5 mean the writers -- we had all our writers
6 that lived here in New York and spent their
7 money here and had their kids here and go to
8 school here. Our editors, you know, they
9 were all here, post-production, those kinds
10 of things.

11 CHAIRMAN PRETLOW: Okay. Because I
12 know that they are filming in New York. I
13 mean, the filming of Raising Kane or Raising
14 Kanan or, right outside my office all the
15 time in Mount Vernon, some serious -- you
16 know.

17 But they really don't do much shopping
18 in the neighborhood, they bring their own
19 food truck and they've got a lot of people
20 cued up in the parking lot, they do their
21 thing, get in their cars and they leave.

22 MR. QUIÑONES: Yeah. But they
23 probably spent money at the local church. I
24 hope they did a donation, because they should

1 have given a donation --

2 CHAIRMAN PRETLOW: Well, the city
3 charges them to close the streets, that's
4 about it.

5 MR. QUIÑONES: Yeah, but they should
6 do a donation. And if they don't, I'd like
7 to call them up.

8 (Overtalk.)

9 MR. QUIÑONES: There's police that's
10 hired. You know, the local police is hired,
11 the police chief. And there's money spread
12 around. I'm sure the food -- I'm sure you
13 hear from the retailers and that sort of
14 thing and they're complaining, but there's
15 also loss of business that we'd pay out
16 whenever we impact a business.

17 Those things that only get calculated
18 when anybody considers what kind of money is
19 being given back. But things do happen. I
20 mean, we spend it.

21 We also buy fuel in the area when
22 we're there. We park, so we pay for parking.
23 I mean, individual parking, right? There's
24 tolls that go to New York State. And now

1 congestion pricing.

2 CHAIRMAN PRETLOW: And you're saying
3 that the Governor's proposal is something
4 that you could live with or it would be --

5 MR. QUIÑONES: I don't want to speak
6 for everybody. I'm impressed by it. I am
7 impressed that it would be a vanguard in the
8 industry, and it's -- the Production Plus is
9 impressive.

10 CHAIRMAN PRETLOW: Okay. And does the
11 community make any money if the production
12 only does exteriors?

13 MR. QUIÑONES: Yes.

14 CHAIRMAN PRETLOW: So they'll do the
15 exteriors, but they'll do all the filming in
16 Toronto, but they'll shoot the outside of a
17 building in New York and call it a New York
18 scene.

19 MR. QUIÑONES: Right. So that -- that
20 is --

21 (Time clock sounds.)

22 MR. QUIÑONES: I can get back to you
23 on that. I've been here long enough to know
24 you can say that.

1 (Laughter.)

2 CHAIRMAN PRETLOW: Thank you.

3 CHAIRWOMAN KRUEGER: Thank you.

4 All right, with that, we're going to
5 thank both gentlemen for staying with us
6 through tonight.

7 MR. QUIÑONES: Thank you. This is a
8 great privilege. This is my first time doing
9 it.

10 MR. ALDRICH: Thank you so much.

11 CHAIRMAN PRETLOW: Oh, I'm sorry.
12 Assemblywoman Shimsky.

13 CHAIRWOMAN KRUEGER: Excuse me, you
14 don't get away.

15 CHAIRMAN PRETLOW: Sorry. Sorry.

16 CHAIRWOMAN KRUEGER: His fault.

17 CHAIRMAN PRETLOW: My fault.

18 ASSEMBLYWOMAN SHIMSKY: Thank you,
19 Mr. Chairman.

20 I wanted to talk to Mr. Quiñones
21 first. I represent Yonkers and Hastings, and
22 we are seeing a lot of expansion in terms of
23 land use with film and television production.

24 Is that -- so I assume that we're

1 really an outlier? Or is there something
2 else here that needs to be seen?

3 MR. QUIÑONES: So when you say
4 expansion, I think you're talking about
5 footprint of studios, right?

6 ASSEMBLYWOMAN SHIMSKY: Yes. Yes.

7 MR. QUIÑONES: Those are private
8 investors or supplier speculators who built
9 those studios. But they also rely on the
10 films to come, and that doesn't always
11 happen.

12 So they've put a great -- you know,
13 whether it's borrowed money or whatever it
14 is, they've invested in that. And we'd like
15 to see them stay, for sure. It's a great
16 thing. And that's because of the enhancement
17 that was done for upstate.

18 ASSEMBLYWOMAN SHIMSKY: Okay.

19 MR. QUIÑONES: Right? So --

20 ASSEMBLYWOMAN SHIMSKY: Okay.

21 MR. QUIÑONES: And thank you for
22 pronouncing my name correctly.

23 (Laughter.)

24 ASSEMBLYWOMAN SHIMSKY: Also is

1 post-production a big part of the sector in
2 New York, or does that work tend to go to
3 other places?

4 MR. QUIÑONES: So pre-COVID we saw
5 that incentive working the way it should.
6 Post-COVID got a little tricky.

7 But I know that shows do require their
8 folks here -- because when that person works
9 in Los Angeles or wherever they may work, we
10 don't get that money back. So -- or when I
11 say "we," I mean the show doesn't get that
12 money, that tax incentive money back.

13 So in the case of Blue Bloods, we did
14 all our post work here, including the
15 processing of -- the digital processing and
16 that sort of thing.

17 ASSEMBLYWOMAN SHIMSKY: Is there a
18 chance that with the result of the wildfires
19 we might see more post-production moving out
20 here? I happen to say that because I know a
21 film editor who lost her house.

22 MR. QUIÑONES: No, it's a very, very
23 sad situation. I know a lot of people that
24 have been affected by it.

1 I can't speculate on that. I do --
2 you know, the work has become more remote and
3 off of a laptop more than it ever has been.
4 But I think when the work comes here, it
5 brings that in with it, because there is an
6 incentive, there's a large incentive to
7 bring -- to keep post here in New York. At
8 least I've seen it on day-to-day when we were
9 doing budgeting.

10 ASSEMBLYWOMAN SHIMSKY: Okay. Thank
11 you to you. Thank you, Mr. Aldrich. You're
12 doing such wonderful, visionary things by
13 coming here and making us think about these
14 things. And I hope that we'll be able to
15 continue to move forward, because New York
16 has always been a great arts place and now we
17 need to do -- to move into the next century.

18 MR. QUIÑONES: Well, I'm pretty
19 impressed by how late and how hard you all
20 work, so this is my first time seeing this.
21 Thank you so much.

22 ASSEMBLYWOMAN SHIMSKY: Thank you.

23 CHAIRWOMAN KRUEGER: Thank you.

24 Now I'm going to excuse you, and I am

1 going to call up Panel E. We'll see how many
2 people are left. I know by now often people
3 have had to leave.

4 So I think we are calling
5 Rachael Lorimer, Studio OSYARI;
6 Rafael Espinal, from Freelancers Union;
7 Sarah Calderon, from Creatives Rebuild
8 New York; Gully Stanford, the replacement for
9 William Jones, New York State Alliance for
10 Arts Education; Candace Thompson-Zachery,
11 DanceNYC; and Elizabeth Lane, ArtsNYS.

12 And we've got a pile of people here,
13 so maybe they really did all stay.

14 Good evening. Okay, six for six.
15 Very impressive. Okay, we're going to start
16 at the right side. You're just going to say
17 your name first so the folks who are still up
18 there in the booth -- they're still alive --
19 know what name to put with what picture.

20 Please.

21 MS. SWAN: Good evening. I am
22 Jen Swan, and I am with ArtsNYS, in place of
23 Elizabeth Lane for ArtsNYS.

24 MS. THOMPSON-ZACHERY: Candace

1 Thompson-Zachery, DanceNYC, co-executive
2 director.

3 MR. ESPINAL: Rafael Espinal,
4 president of Freelancers Union, former
5 State Assemblymember.

6 CHAIRWOMAN KRUEGER: Right. I knew he
7 looked familiar.

8 MS. CALDERONE: Sarah Calderone, the
9 executive director of Creatives Rebuild
10 New York.

11 MS. LORIMER: I'm Rachael Lorimer, I'm
12 an independent artist and owner of a small
13 print shop called Studio OSYARI in Troy,
14 New York.

15 MR. STANFORD: Good evening. Gully
16 Stanford from Dutchess County, representing
17 the New York State Alliance for Arts
18 Education.

19 CHAIRWOMAN KRUEGER: Thank you.

20 So now we're going to go back to my
21 right and start there, and you're each going
22 to go down. And you press the button until
23 it turns green; it's a little challenging.

24 Okay.

1 MS. SWAN: Good evening, everyone. I
2 am Jen Swan. I am actually the director of
3 Arts Services, Inc., of Western New York, in
4 Buffalo, but I'm here tonight representing
5 ArtsNYS as the president.

6 ArtsNYS wants to thank the Governor,
7 the Senate and the Assembly for your ongoing
8 leadership and support for the millions of
9 artists, designers, and the creative economy
10 in New York State.

11 We urge the Legislature to invest in
12 the arts and fund NYSCA at \$200 million.
13 This investment supports over 1600
14 organizations and thousands of artists
15 through direct NYSCA grants who then fuel
16 local business spending, drive tourism, and
17 enhance the quality of life for all
18 New Yorkers.

19 We also support NYSCA's Statewide
20 Community Regrant Program, which was
21 discussed earlier, which empowers local arts
22 councils to distribute grants through a local
23 decision-making process, ensuring that state
24 arts funding reaches communities in all

1 62 counties, especially to those counties
2 that don't receive direct NYSCA support.

3 The arts are more than part of
4 New York's identity; they're a pillar of our
5 economy, delivering a powerful return on
6 investment. And let me give you some
7 examples of that. The arts contribute
8 151 billion annually to New York's economy,
9 accounting for 7.4 percent of the gross state
10 product and employing over 461,000 people.

11 In my region of Western New York
12 specifically, the nonprofit arts sector
13 generates \$381 million annually and supports
14 over 8,200 jobs. This produces \$22.5 million
15 in state tax revenue. That's more than six
16 times the amount of what the Western New York
17 region receives in NYSCA funding.

18 On the other side of the state, on
19 Long Island, arts organizations generate
20 \$330 million and return \$12.4 million in
21 state tax revenue -- five times the amount
22 the region receives from NYSCA.

23 This investment in NYSCA pays for
24 itself many times over, not only financial

1 but also through job consideration creation
2 and encouraging residents to stay here and
3 others to call New York State their new home.
4 We talked about this earlier, but when Micron
5 chose Central New York for its \$100 billion
6 semiconductor facility, they cited the
7 region's vibrant arts scene as a key factor
8 in their decision.

9 In every region of the state, artist
10 populations have been rising, even in regions
11 where the total population is going down.
12 The Mohawk Valley artist population has grown
13 over 49 percent, and in the Capital Region
14 and in the North Country, by over 41 percent.

15 In closing, we support the creation of
16 a creative economy plan in New York State as
17 well, to explore innovations in culture
18 funding and assess potential new revenue
19 streams. At a time when corporate, federal
20 and private arts funding is retreating,
21 New York State must continue to be the
22 leader.

23 The Leg has the power to secure
24 New York's creative future. By funding NYSCA

1 at 200 million, you will ensure that the arts
2 continue to drive economic growth and ensure
3 that every New Yorker has access to art.

4 Thank you.

5 MS. THOMPSON-ZACHERY: Thank you for
6 your time today. My name -- you already know
7 my name. I work at Dance/NYC, which is a
8 service organization for the dance industry
9 in the New York City metro area.

10 So I'm here to make the case for a
11 statewide creative economy plan to
12 strategically build a stronger safety net for
13 our workers, and to create new revenue
14 streams for arts and culture, to support the
15 200 million budget allocation for NYSCA to
16 support organizations, individuals and
17 localities, to support arts and dance
18 education by passing S285/A1502 bills to
19 ensure that the next generation has access to
20 dance, music and the arts, and finally to
21 support Bill A2607 to increase resources for
22 culturally diverse arts and culture
23 organizations.

24 2025 has only intensified challenges

1 for the arts and dance industries, while we
2 are still grappling with the pandemic's
3 impact on our economic model and on how our
4 schools and communities engage with and
5 support the arts. These new challenges
6 include a disastrous federal climate and
7 rhetoric turned policy that attacks DEI and
8 LGBTQIA+ rights and equity-centered
9 practices. And above all, the arts continue
10 to be infantilized, seen as something extra
11 rather than essential.

12 In times of instability we need our
13 local governments to be leaders, to step up,
14 to fill gaps and to create solutions that
15 safeguard us now and against future threats.
16 The arts, dance and its workers deserve their
17 due. What we bring to society has real
18 value, value that must be backed by dollar
19 signs.

20 Sixty-four percent of New York City
21 dance workers fund their own work from their
22 pockets, earning 24 percent below New York
23 City's living wage; 40 percent of dance
24 organizations report weak or very weak

1 financial health, while reliance on
2 contributed income is rising; 37 percent of
3 dance workers lack medical coverage, and
4 82 percent are not unionized; and statewide,
5 41 percent of artists report that they are
6 one medical emergency away from crisis.

7 With our workforce being mostly
8 freelance, we are particularly vulnerable,
9 and New York must meet them where they're at
10 through strong funding, creative economy
11 planning, and arts education policy.

12 There are real solutions to be had for
13 funding if we look to other jurisdictions.
14 Minnesota passed a constitutional amendment
15 creating a 3/8th percent sales tax,
16 permanently funding its arts and cultural
17 heritage fund. A local government in
18 Northern California is rethinking how to use
19 publicly owned vacant buildings to regenerate
20 new revenue for its arts and culture
21 programs, and New York is not short on
22 options. But failing to act means neglecting
23 a very powerful revenue-generating industry
24 and its impactful community leaders who are

1 fighting social isolation, fostering social
2 and emotional learning, and elevating
3 diverse, rich cultures.

4 Thank you.

5 MR. ESPINAL: Good evening,
6 Chairpersons Krueger, Pretlow and members of
7 the committee. My name is Rafael Espinal,
8 and I am the president of the
9 Freelancers Union.

10 Thank you for the opportunity to allow
11 me to speak today on behalf of the union and
12 the over 150,000 self-employed workers we
13 represent across the state -- especially the
14 creative professionals who are the heartbeat
15 of our state's economy and culture. From
16 artists, writers and photographers to
17 musicians, designers and so many more, these
18 workers drive billions in revenue and give
19 New York its unique energy and vibrancy.

20 Just last August we celebrated a
21 historic victory with the "Freelance Isn't
22 Free" Act. Thanks to the leadership of
23 Senator Andrew Gounardes and Assemblyman
24 Harry Bronson, we secured vital protections

1 for freelance creatives, making New York one
2 of the first states in the country to
3 safeguard workers from nonpayment. This was
4 a huge win, and we should be proud, but we
5 all know that that fight doesn't end there.

6 Alongside Sarah Calderon and the
7 incredible team at Creatives Rebuild
8 New York, we are pushing for a statewide
9 creative economy plan because too many
10 creatives are being pushed out of the state,
11 squeezed by skyrocketing living costs and
12 unstable income.

13 Creative workers, like so many in our
14 state, are denied the basic protections --
15 healthcare, paid leave, retirement savings
16 should not be viewed as luxuries but as
17 necessities. A recent survey from Creatives
18 Rebuild New York revealed that 41 percent of
19 artists in New York are just one medical
20 emergency away from financial ruin.

21 This isn't just a statistic, it's a
22 crisis we can no longer ignore. When I
23 became president of the Freelancers Union
24 five years ago, I saw firsthand how fragile

1 our system was, especially when the pandemic
2 hit. It exposed just how vulnerable
3 freelancers are without a safety net, but it
4 also showed us what's possible. When we
5 advocated for pandemic unemployment
6 assistance, we were able to extend benefits
7 to independent workers for the first time in
8 this state's and country's history. It
9 proved that with the right policies we can
10 protect workers and lift up the most
11 vulnerable.

12 But we need more than just temporary
13 fixes. All workers need a system that works
14 for them no matter where their next job comes
15 from. This is why portable benefits are so
16 critical. No one should have to worry about
17 not being able to afford healthcare or paid
18 time off or how to build retirement savings.
19 Benefits should follow the worker, not the
20 job.

21 This is about fairness, dignity and
22 building a system that works for all workers
23 in New York. It's a smart American solution
24 to an urgent problem. We've made important

1 strides, but the work is far from finished.
2 This Legislature has taken significant steps
3 to expand benefits for creative workers, but
4 we now must complete the job.

5 I urge the Legislature to fund and
6 implement a statewide creative economy plan
7 that includes portable benefits for all
8 New Yorkers -- for all workers in New York.
9 Investing in the future of our creative
10 economy isn't just an economic decision,
11 it's an investment in the very soul of
12 New York.

13 Thank you all.

14 MS. CALDERON: Good evening, and thank
15 you for having us this evening.

16 I'll skip some of the data that's
17 already been repeated over and over again.

18 Creatives Rebuild New York for the
19 past three years has provided 2700 artists
20 with guaranteed income and with jobs. And
21 then also did a survey for 13,000 artists,
22 and that's where a lot of this data is coming
23 from.

24 I'll skip to the part about sort of

1 the creative economy plan. So we believe
2 that a statewide creative economy plan can
3 help government study new opportunities to
4 address the needs of creative organizations,
5 businesses and workers, and include concrete,
6 coordinated proposals for new investments,
7 programs and legislative initiatives.

8 New York will not be alone in this
9 endeavor. Washington, Illinois, Delaware,
10 Massachusetts and California have these
11 plans. California passed legislation to
12 formalize its creative economy planning
13 process. Supported by a legislative
14 appropriation of a million dollars, they have
15 a working group that's mandated to draw upon
16 cross-sector expertise, including
17 representation from county and city
18 associations, multiple arts disciplines,
19 higher education institutions, state economic
20 and workforce development agencies, a
21 federally recognized Indian tribe, and other
22 relevant parties.

23 New York's plan can take a
24 cross-sector approach, and the plan can

1 identify opportunities to expand benefits and
2 labor protections for creative workers, as
3 Rafael mentioned; portable benefits pilots;
4 new existing ways to use existing economic
5 development tools -- so increasing funding
6 for economic development projects that
7 integrate arts and culture; opportunities to
8 build a strong pipeline for creative workers
9 to access quality jobs; creating artist
10 employment programs to address environmental,
11 health and safety needs in communities;
12 potential innovations in arts and cultural
13 funding, as Candace mentioned, creating new
14 revenue streams for arts and culture and
15 opportunities to ensure creative New Yorkers
16 can meet their basic needs; incentivizing the
17 development of affordable housing in places
18 in New York with high concentrations of
19 creative workers.

20 A statewide creative economy plan
21 should be supplemented by increased funding
22 for NYSCA: A budget of \$200 million, which
23 includes \$150 million for programming and
24 \$50 million for capital.

1 These investments will help further
2 the activities needed in a statewide creative
3 economy plan. Advancing these policies and
4 strategies in an integrated, coordinated way
5 is a more cost-efficient approach than
6 piecemeal solutions.

7 We are grateful for the organizations
8 standing with us today and those that
9 provided written testimony, including the
10 Creative States Coalition, New Yorkers for
11 Culture and Arts; Entertainment Community
12 Fund; Black Artists Collective; and
13 Henry Street Settlement.

14 Thank you.

15 MS. LORIMER: Thank you. My name is
16 Rachael Lorimer. I'm a painter and
17 printmaker and earned my BFA from the
18 Cooper Union in 2006. I'm a homeowner and
19 small business owner, operating a printmaking
20 studio in downtown Troy, where I live with my
21 husband and son.

22 I'm also here to help make the case
23 that New York needs a statewide creative
24 economy plan and urge you to allocate

1 resources to advance this work and to support
2 sustainable employment for artists.

3 So what do artists even do? It's a
4 big variety. I am here today as an artist to
5 share just one example of what our work can
6 entail and look like. In 2022, CRNY's Artist
7 Employment Program established a framework
8 for my employment as an artist in a non-arts
9 organization, to our mutual benefit. Our
10 project also received additional funding from
11 NYSCA's Statewide Community Regrant Program.

12 Our community development and arts
13 partnership addressed housing challenges in
14 Hillside North, a long disinvested
15 neighborhood in Troy negatively impacted by
16 redlining, the continued loss of employment
17 opportunities, and physical fracturing by the
18 DOT's development of the Collar City Bridge
19 in the 1970s.

20 Our partnership amplified the voices
21 of Hillside North residents by exploring
22 their relationship to their homes and
23 community. We built trust and engagement
24 through interviews, with group conversations

1 with neighbors, intergenerational arts
2 programming, and over 300 voluntary hours
3 from residents of all ages. We leveraged
4 music and art to center community voice as a
5 true and valid historical record, and invited
6 residents to view themselves as agents of
7 change in their neighborhood.

8 We curated space for nuanced
9 listening, tolerance, and reclaiming
10 ownership of their neighborhood story and
11 identity. This is how you build belonging.

12 CRNY's Artist Employment Program
13 provides a glimpse of what could be
14 accomplished with consistent employment
15 opportunities and statewide recognition of
16 our impact as a creative workforce. It
17 offers a roadmap for government agencies and
18 community-based organizations to explore
19 extended partnership with artists in
20 addressing shared goals.

21 Our creative work is often aligned
22 with government efforts to address
23 environmental, health and safety issues in
24 our communities, particularly gun violence.

1 Artists and culture workers are a grossly
2 underutilized workforce. We interpret and
3 evaluate our world in ways that increase
4 civic engagement and community investment.

5 I urge you to support a statewide
6 creative economy plan, including a
7 feasibility and benefits analysis of artists
8 employment programs. We're specifically
9 trained to create something from nothing, an
10 incredibly critical skill set in a time of
11 rapid change. We encourage you to examine
12 the ongoing investment and contribution from
13 artists and our role in sustaining an
14 economically robust, safe and vibrant
15 New York.

16 CHAIRWOMAN KRUEGER: Thank you.

17 And last but not least.

18 MR. STANFORD: Thank you. Esteemed
19 chairs, honorable legislators, on behalf of
20 the New York State Alliance for Arts
21 Education, we wish to lend our voice to the
22 chorus you have heard of creative advocates
23 urging you to support the \$200 million
24 appropriation to the New York State Council

1 on the Arts.

2 We also endorse your embracing the
3 proposal to create a cultural economic plan
4 for the state.

5 While acknowledging that advocating
6 for a state investment in public education
7 through the education budget remains our
8 priority, as the New York State Alliance for
9 Arts Education we appreciate the opportunity
10 to testify to the immense value that NYSCA
11 funding brings to key intersections between
12 the informal world of community artists and
13 the formal world of lifelong arts education.

14 Firstly, community collaborations
15 deliver hundreds of enrichment programs to
16 millions of lifelong learners in our schools,
17 colleges and trade schools. As you know, the
18 New York Regents are in the process of
19 adopting new pathways to post-secondary
20 success, the Portrait of a Graduate whose
21 success will depend in large part on such
22 collaborations.

23 Secondly, as the artistic capital of
24 the United States, we must sustain a pipeline

1 of talent in every arts discipline to ensure
2 the continued health of our creative economy
3 and equality of opportunity for all our
4 creative learners. Recent budgets have
5 rightfully singled out Broadway and the film
6 industry for key support. But without arts
7 education, that pipeline of talent will fail.
8 Such talent sparks the intrinsic human link
9 to the creative workforce and blossoming
10 communities which we all celebrate, nurtured
11 by the grants that your NYSCA appropriations
12 provide.

13 As the Governor puts it, "New York's
14 creative sector is a key driver of economic
15 growth that employs hundreds of thousands of
16 New Yorkers."

17 We're grateful to you and to the
18 Governor for your efforts to restore and
19 expand arts funding, including the
20 implementation of the Arts Pluribus Unum
21 Fellowship Program; additional staffing, as
22 the Governor proposes, for NYSCA; and
23 enactment of the state's first Regions of
24 Cultural Significance bill.

1 you're looking for now, I think, is like more
2 of a public/private partnership, where the
3 state contributes some, the foundations or
4 whoever else will also contribute to that.

5 Do you have a budget of how much that
6 would all cost?

7 MS. CALDERON: Sure. CRNY was
8 established during the Reimagine New York
9 Commission and then funded with a
10 \$125 million investment from the Ford,
11 Niarchos and Mellon foundations.

12 And I think for sustainability and
13 really thinking about how to make this work
14 stick, right, we demonstrated that guaranteed
15 income for artists worked, we demonstrated
16 that artists' employment worked.

17 We are looking for a public-private
18 partnership. California did invest a million
19 dollars in their creative economy plan. But
20 I think that the state could do something
21 that's maybe not quite -- you know, we have a
22 lot of data across the state. It's a lot
23 about gathering it and then talking to
24 appropriate people and thinking about sort of

1 how to roll out that plan. But I think that
2 you could think about something sort of half
3 of that. That might be more appropriate.

4 ASSEMBLYMAN STIRPE: Five hundred
5 thousand dollars.

6 MS. CALDERON: Five hundred thousand.

7 ASSEMBLYMAN STIRPE: Okay, thank you.

8 CHAIRMAN PRETLOW: Assemblywoman
9 Shimsky.

10 ASSEMBLYWOMAN SHIMSKY: Thank you very
11 much. And thanks to all of you.

12 My younger child was a dance major. I
13 cannot imagine how dancers can go without
14 health insurance.

15 Now, that leads into the whole concept
16 of portable benefits. I assume there may be
17 different models in different locations, but
18 what are some of the possibilities for
19 structuring a portable benefits program for a
20 large number of disparate workers?

21 MS. CALDERON: I'll start, and then I
22 think Rafael knows quite a bit about this
23 subject as well.

24 When we had -- when CRNY ran our

1 Artists Employment Program, we had 300
2 artists employed; 170 of them were part of a
3 portable benefits platform called Tribeworks.
4 Tribeworks held the employment, the W-2
5 employment, all of the insurance, and
6 provided healthcare benefits for small
7 organizations that could not do that. That
8 was part of a requirement of the funding. In
9 order to make it happen, we worked with
10 Tribeworks.

11 Tribeworks also was able to take
12 1099 workers and take all of their 1099s from
13 various jobs and then convert them to W-2
14 employment and provide benefits as well.

15 But then there are other models out
16 there as well, like Stride Health has been
17 working with DoorDash and Uber, and they've
18 been providing what they're also calling
19 portable benefits, but it doesn't come with
20 any worker protections. But it does come
21 with sort of portable savings accounts that
22 folks can use for their benefits.

23 And CRNY in the next -- before June is
24 doing a sort of small feasibility study of

1 what the options for creative workers could
2 be.

3 But Rafael?

4 ASSEMBLYWOMAN SHIMSKY: You have a
5 minute and six seconds.

6 MR. ESPINAL: I think Sarah had a lot
7 of great points, especially overseeing them
8 on the private side.

9 But on the public side, right,
10 government already has done some of this
11 work, right? Here in the State of New York,
12 we do have a paid leave program in which
13 independent workers, which includes creatives
14 and artists, can pay into in order to take
15 paid family leave to take care of a sick
16 family member for themselves.

17 So how do we replicate those models
18 and expand that to retirement, looking at
19 healthcare -- of course we have our own
20 healthcare system that exists, but you can
21 talk to a lot of artists, healthcare truly is
22 not affordable for a lot of folks. We can
23 look at the unemployment program that I
24 mentioned earlier, pandemic unemployment

1 assistance, right? That was a government-led
2 program that for the first time freelancers
3 and artists were able to tap into
4 unemployment insurance.

5 So really looking at those models,
6 finding a way in which independent workers
7 and their clients can pay into so that at the
8 end of the day when they need to tap into
9 that, they have access to those programs.

10 ASSEMBLYWOMAN SHIMSKY: Okay, great.

11 Six seconds. Mr. Jones, one day we
12 are going to have to meet.

13 (Laughter.)

14 CHAIRMAN PRETLOW: Assemblywoman
15 Hooks.

16 ASSEMBLYWOMAN HOOKS: Good evening,
17 everyone. My questions are for
18 Rafael Espinal.

19 One is what legislative changes can
20 help freelancers get better protections,
21 especially in creative industries?

22 MR. ESPINAL: What legislative
23 protections? Well, you know, just last year
24 we passed the "Freelance isn't Free" Act.

1 That created nonpayment protections for
2 independent workers for the first time in the
3 State of New York. And the State of New York
4 became one of the first three states in the
5 country, just last year, to do that.

6 We mentioned earlier portable
7 benefits, right? How do we create paid leave
8 or a paid leave model looking at the
9 unemployment insurance program and expanding
10 that to include independent workers.

11 We look at the retirement, right, the
12 state passed the Secure Choice Act, I think
13 that's the name of the program. Right? It
14 does not currently include independent
15 workers or creatives. How do we expand that
16 to include those folks as well?

17 So as I mentioned, there are a few
18 models and I'd love to talk more about that
19 with you, of how we can do that
20 legislatively.

21 ASSEMBLYWOMAN HOOKS: Great, thank
22 you. And the second question, last question,
23 is what policies can help ensure fair pay and
24 legal protections for gig workers?

1 MR. ESPINAL: (Pause.) It's a very
2 tough, complicated question, right? And, I
3 mean, there -- I think that it's become a
4 very convoluted conversation because there is
5 app-based work. There are professional
6 independent workers who are out there on
7 their own, building their client base. You
8 have the creatives who -- dancers and workers
9 who are out in their industries securing
10 jobs, placement for themselves, right.

11 So I think we have to look at -- and
12 there's some models that were done in
13 New York City, right. If you look at how we
14 were able to rein in -- when I say "we," I
15 was in the New York City Council at the
16 time -- we were able to rein in Uber to pay a
17 minimum wage for the drivers who they
18 classified as independent contractors.
19 Right?

20 How do we look at those policies and
21 expand that so that dancers or other creative
22 workers, when they're putting in their time
23 at the end of the day they are not being left
24 in a position where they're earning less than

1 the minimum wage. Right? I think that's a
2 good start, and then building from there.

3 ASSEMBLYWOMAN HOOKS: Thank you.

4 MS. THOMPSON-ZACHERY: Hi. Yeah, I
5 might also add there's a role for I guess
6 like industry advocates like my organization
7 to create industry standards. We do fall
8 into this place where because there isn't
9 enough general funding in the arts, small
10 dance organizations and companies can't
11 afford to pay what a living wage actually
12 would be to their workers, and so their
13 workers are basically subsidizing their labor
14 because of their passion and how much they
15 believe in the projects.

16 So it's a tricky situation. But I
17 think the other angle that we can look at it
18 is trying to enforce more of a living wage
19 across the board, right? Like the living
20 wage for New York City right now is \$29 an
21 hour, whereas the minimum wage is nowhere
22 near that.

23 CHAIRMAN PRETLOW: Thank you.

24 Assemblywoman Kassay.

1 ASSEMBLYWOMAN KASSAY: Very good.

2 Thank you, Chair.

3 Good evening. Even in this very late
4 hour I was very energized by the melodic and
5 poetic testimony of Mr. Jones. So thank you
6 for that.

7 Too often we talk about arts in a
8 vacuum. And additionally, as one of my
9 colleagues pointed out earlier, there's --
10 sometimes the arts are perceived as not
11 having a valuable product. They're minimized
12 in this way. Not my opinion. I'm a great
13 appreciator of the arts as well as a women
14 with a science background.

15 So does anyone want to touch upon
16 New York's efforts to keep the A in STEAM
17 education? Let's hear it, Mr. Jones.

18 MR. STANFORD: Absolutely, thank you
19 very much.

20 Yes, the arts being defined as art,
21 music, theater, dance and the media arts in
22 our public education through NYSED, we are
23 seeing in this new Portrait of a Graduate
24 from the Regents a coming together of

1 proficiencies and abilities, post-secondary
2 readiness. Because of course the big blame
3 on public education is that we're not
4 preparing our high school graduates for
5 success either in the workforce or as
6 entrepreneurs, as has been discussed here
7 today, all moving on to post-secondary.

8 So by weaving the creativity into the
9 science, technology, engineering and math, we
10 are seeing some remarkable -- there's a group
11 that presented here for the work session that
12 Senator Serrano and Assemblymember Kim did.
13 They're from Patchogue, in Long Island, and
14 they do a brilliant job of bringing together
15 science, education and -- because it's really
16 about educating the child. The child is not
17 divided into 10 subject areas. The child is
18 a person, a whole person.

19 And we believe -- and the Regents have
20 actually prioritized arts education, and you
21 will be seeing a proposal from them to be
22 able to do a study. Because what really
23 concerns us is for our two and a half million
24 students across the state in 62 counties,

1 there is not a consistent delivery of arts
2 education. Whereas math, yes, absolutely is
3 being delivered consistently.

4 So you'll be seeing a small proposal
5 from them and, as was alluded to earlier,
6 you'll be seeing I think from Senator May a
7 revival of this codification of the arts into
8 the state's legislation identifying the arts
9 as key subjects. But that interaction,
10 integration is really the -- it's really the
11 future of a public education.

12 ASSEMBLYWOMAN KASSAY: Very good.
13 Thank you so much. Does anyone else -- we
14 have 18 seconds. Anyone want to jump in?

15 MS. LORIMER: I'd like to add that
16 there are certain skills that artists bring
17 and teach and carry forward. And as an
18 educator myself, and also as the mother of a
19 young son who's STEAM-inclined, there -- they
20 support each other.

21 ASSEMBLYWOMAN KASSAY: Thank you very
22 much.

23 CHAIRMAN PRETLOW: Assemblywoman
24 Jackson.

1 ASSEMBLYWOMAN JACKSON: Thank you,
2 Chair.

3 I mentioned earlier that my daughter
4 is now on Broadway, she's a dancer. And in
5 this space I have to lift up her friend Dana.
6 She goes -- on IG, she's known as
7 Dana_Lioness. Also a dancer. In June 2024
8 she posted about having cancer in her soft
9 tissues. And on January 26th of this year
10 she passed away. And you can imagine how
11 hard it was.

12 The only reason why we found out about
13 her cancer is because she posted a Go Fund
14 Me. And that makes me really sad to know.
15 And so I'm going to do what it takes to make
16 sure that artists are taken care of.

17 But I do want to ask
18 Ms. Thompson-Zachery, you had mentioned some
19 bills. And I just need to catch those bill
20 numbers. Can you just say the bills again?

21 MS. THOMPSON-ZACHERY: Sure can. The
22 first one is S285/A1502, which is --

23 MR. STANFORD: And if I may interrupt
24 for one moment, back in 2023 that was May and

1 Jean-Pierre. They are poised to be
2 introduced; we're just looking for the
3 Assembly sponsor. But it will be Senator May
4 again.

5 ASSEMBLYWOMAN JACKSON: That's okay, I
6 can look it up.

7 MR. STANFORD: We'll get you the
8 numbers.

9 MS. THOMPSON-ZACHERY: Perfect. Thank
10 you, yes. Because we believe in the marriage
11 between dance and education.

12 And then the last one was A2607. It's
13 Cunningham's bill to support resources for
14 culturally diverse arts and cultural
15 organizations.

16 ASSEMBLYWOMAN JACKSON: Thank you.
17 And Mr. Jones, you had mentioned a
18 \$200 million appropriation, but I didn't
19 catch what it was for.

20 MR. STANFORD: We're just joining the
21 chorus of those calling for \$200 million to
22 the New York State Council on the Arts.
23 One hundred fifty million for grant programs
24 and initiatives -- the Governor has suggested

1 I think \$60 million in there. But
2 200 million we believe -- in fact it doesn't
3 even match the -- as you heard earlier today,
4 it doesn't even match the inflation from the
5 time that the State Arts Council was created.

6 But 200 million; \$150 million for
7 grants programs, including sustained
8 commitment to regional arts councils for
9 regranting through decentralized local
10 decision making, and \$50 million for capital
11 projects.

12 ASSEMBLYWOMAN JACKSON: Thank you.
13 It's a drop in the bucket for the
14 \$252 billion budget we're talking about.

15 Thank you, everyone, for being here.
16 Thank you.

17 CHAIRMAN PRETLOW: Well, thank you.
18 And I want to thank you all for all that you
19 do. It's unfortunate that we have so many
20 shortsighted people, especially those running
21 our government right now, that don't see the
22 value in arts. I mean, arts are a form of
23 expression. It goes back to the Neanderthal
24 ages when it was used as a form of

1 communication.

2 You know, dancing was generally done
3 for someone, not with someone. Dancing with
4 man and women, that's a Western thing. But
5 the original dance was a dance for someone,
6 to impress them.

7 I grew up in the arts, believe it or
8 not. I used to spend the summers with Eric
9 Preminger, better known as Eric Lee, Gypsy
10 Rose Lee's son. My grandmother was involved,
11 and she was a costume-maker, and she made
12 most of Gypsy's costumes. So I was part of
13 that.

14 I have an appreciation for the arts.
15 I have zero talent. I can't draw a line
16 without a ruler. I can't draw a circle
17 without a compass. I can't sing a tune
18 unless it had handles. If it did have
19 handles, I couldn't carry the tune. But I
20 try. You know, my wife, she started with
21 Susan Batson. She does singing and dancing
22 and all that good stuff I can't -- I can't
23 do, but I appreciate it.

24 And, you know, we mentioned in this

1 conversation NYSCA. You know, that was
2 formed not to help you but to hurt you.
3 because what was happening prior to when, you
4 know, the New York State Arts Council being
5 created, all of us legislators all had arts
6 entities in our districts and we would get
7 all kind of money for it. And the state was
8 actually going broke funding the arts. And
9 they got Kitty Carlisle and threw her out
10 there and started NYSCA, they put in a small
11 pot of money and they made all you guys fight
12 over it.

13 You know, that's really what happened.
14 That's the history there.

15 But we still try to increase the
16 amount of funding that goes there. I know
17 you all appreciate what it is. And I
18 appreciate what you do, and keep up the good
19 work. Thank you.

20 PANELISTS: Thank you.

21 CHAIRWOMAN KRUEGER: Thank you. I was
22 staying silent, but I want to tell you how
23 much I appreciate Gary Pretlow, because he's
24 a historian of the city. And every hearing I

1 learn something new from him that I did not
2 know, as we just learned right now. Not that
3 he can't do art, but about NYSCA.

4 So I want to thank you all for staying
5 with us all day and evening. Appreciate your
6 work. Thank you.

7 We're going to call up the last panel.
8 And I thought they had all gone, but then
9 they magically reappeared.

10 CHAIRMAN PRETLOW: Could have been out
11 there smoking a joint.

12 CHAIRWOMAN KRUEGER: They were out
13 smoking a joint.

14 (Laughter.)

15 CHAIRWOMAN KRUEGER: But if they
16 didn't bring enough for everyone, it's not
17 really --

18 (Laughter.)

19 CHAIRWOMAN KRUEGER: The Association
20 of New York Cannabis Processors; the New York
21 Cannabis Retail Association; the Cannabis
22 Farmers Alliance; and the New York Medical
23 Cannabis Industry Association.

24 Let's see who wants to show up in the

1 front.

2 (Pause; off the record.)

3 CHAIRWOMAN KRUEGER: And let's
4 remember it is evening, people. So do we
5 want to start to the right or -- why don't we
6 start -- oh, you're each pointing at each
7 other.

8 Some of you just introduce yourselves
9 so the people in the booth know what name to
10 match with what face. Please.

11 MS. ABEBE: Good evening. My name is
12 Ngiste Abebe, and I am speaking on behalf of
13 the New York Medical Cannabis Industry
14 Association. So thank you, Madam Chair and
15 Chairman Pretlow, for the opportunity to
16 testify --

17 CHAIRWOMAN KRUEGER: No, don't testify
18 yet. We're just going to go right down so
19 they know who you are when you do testify.

20 MS. ABEBE: Oh, sorry. Good to know.

21 CHAIRWOMAN KRUEGER: Hi.

22 MS. TANTALO: Hi, good evening.
23 Britni Tantalo, the New York Cannabis Retail
24 Association.

1 MR. CALDERONE: Joseph Calderone, the
2 Cannabis Farmers Alliance.

3 MR. VAVALO: And I'm John Vavalo, with
4 the Association of New York Cannabis
5 Processors.

6 CHAIRWOMAN KRUEGER: Okay. So now
7 would you like to start?

8 MS. ABEBE: I'm happy to, Senator.
9 Thank you, Madam Chair and Chairman Pretlow.
10 I'm happy to be here representing the
11 New York Medical Cannabis Industry
12 Association, which represents the medical
13 cannabis operators or ROs.

14 The ROs have been operating for nearly
15 a decade in New York and remain committed to
16 providing New Yorkers with high-quality
17 medicine, despite the challenging environment
18 we're all operating in at this point in time.

19 The MRTA wisely strove to expand the
20 medical program -- at this point we were
21 hoping to have over 80 dispensaries, and we
22 have seen some more ROs licensed recently but
23 not yet operational -- and, critically, to
24 ensure that the additional dispensaries were

1 in underserved parts of the state.

2 However, the dispensary count has
3 shrunk to 31. Eleven medical dispensaries
4 have closed in the last 12 months and more
5 are likely. The patient count is down from a
6 high of 150,000 to under 100,000. That's bad
7 news for the patients who remain because,
8 contrary to popular belief, patients cannot
9 just jump to the adult-use program.

10 Parents of pediatric patients
11 suffering from severe epilepsy cannot legally
12 buy their children adult-use products.
13 Immunocompromised patients cannot risk some
14 of the different testing standards in the
15 adult-use market, and high-CBD formulations
16 which ROs are required to keep in stock are
17 nowhere to be found in recreational
18 dispensaries.

19 In addition to seeking regulatory
20 relief from the state the association has,
21 for the better part of a decade, advanced a
22 legislative agenda that will broaden access
23 to and affordability of medical cannabis
24 products and help patients.

1 This session, the association is
2 seeking a complete repeal of the medical
3 excise tax that last year was reduced from
4 7 percent to 3 percent; legalization of
5 out-of-state reciprocity in New York's
6 medical cannabis program; authorizing
7 pharmacists to do same-day patient
8 certifications; authorization of insurance
9 coverage for medical cannabis -- which New
10 York has remained the leader in trying to get
11 across the finish line, but we really would
12 love to see New York be the first state to
13 get that across the finish line.

14 And lastly, something that I know my
15 other panelists here will be speaking to, is
16 the right of private action so that private
17 dispensaries can also assist in the crackdown
18 on unlicensed dispensaries across the state.

19 And so, you know, this pro-patient
20 philosophy has served as the foundation for
21 our legislative agenda during this session
22 and the basis of our mission since day one.

23 So I want to thank you all for your
24 time, and I'm happy to answer any questions,

1 though I think we all look forward to
2 finishing the due diligence of today's work.

3 (Laughter.)

4 CHAIRWOMAN KRUEGER: Thank you.

5 CHAIRMAN PRETLOW: Thank you.

6 CHAIRWOMAN KRUEGER: Next? You have
7 to press it to green -- got it.

8 MS. TANTALO: Thank you. Good
9 evening. My name is Britni Tantalo. I am
10 president and cofounder of Flower City
11 Dispensary, a CAURD dispensary located near
12 Rochester, New York. I'm also president and
13 cofounder of the New York Cannabis Retail
14 Association that represents over 350 invested
15 stakeholders statewide.

16 Thank you for the opportunity to
17 present testimony today. On behalf of NYCRA,
18 I want to thank you for the significant
19 actions you took in last year's state budget.
20 However, much work remains to be done.

21 NYCRA urges you to consider the
22 following initiatives that our members feel
23 are necessary to improve this market. First,
24 close down the illegal market. The New York

1 cannabis market is estimated to be five to
2 \$7 billion. Current annual sales are
3 approximately 1 billion. That means anywhere
4 from 80 to 85 percent of cannabis sales are
5 still occurring in the illegal market.

6 If New York is serious about closing
7 these stores, we recommend the Legislature
8 consider the following:

9 Increase the budget for OCM
10 enforcement staff. The Governor has proposed
11 expanding OCM staff in her budget. NYCRA
12 believes her recommendations should be
13 doubled.

14 Consider a limited asset forfeiture
15 system targeted at the largest illegal
16 operators. According to Manhattan
17 prosecutors, large operators who have the
18 legal bandwidth and financial resources to
19 make their closure next to impossible can
20 only be shut down if they have the ability to
21 go after their money.

22 The money seized should go into a
23 special revenue account to provide grants to
24 help social equity cannabis licensees open

1 and sustain their business.

2 And lastly, establish a private right
3 of action. OCM and local law enforcement can
4 never do this alone. Individuals who suffer
5 financial harm due to illegal operators
6 should have the right to seek damages in
7 court if they intend to do so.

8 NYCRA's next initiative is to reform
9 the DASNY Social Equity Fund. The DASNY fund
10 has been a failure. We ask that the
11 Comptroller audit the DASNY Fund so the
12 stakeholders and policymakers can assess the
13 problem and implement needed reforms -- and,
14 in addition, that the 24 CAURD licensees that
15 are participating in this fund deserve some
16 form of relief from these predatory loans.

17 And finally, I want to draw the
18 Legislature's attention to two significant
19 challenges retailers face. We must establish
20 proximity protection guardrails. The
21 Legislature should consider legislation to
22 limit the extent to which proximity
23 protection waivers can be issued, require
24 that a public process be established to

1 enable licensees and community input, and
2 establish an appeal process for adverse
3 decisions. Such provisions currently exist
4 in alcohol.

5 And second, codify the CAURD program.
6 The program has been targeted for illegal
7 challenges since inception. The recent
8 lawsuit that has frozen consideration of the
9 conditional retail licenses confirms the need
10 for this action.

11 Thank you again for the work the
12 Legislature has done to improve New York's
13 cannabis market. I'd be happy to answer any
14 questions you may have. Thank you.

15 CHAIRWOMAN KRUEGER: Thank you.

16 Good evening.

17 MR. CALDERONE: Good evening. I'm
18 Joseph Calderone, president of Cannabis
19 Farmers Alliance and COO of woman-owned
20 Grateful Valley Farm in Steuben County, and a
21 member of Farm Bureau.

22 The -- yeah, entertainment and
23 cannabis kind of goes together, so I think
24 it's a nice choice at the end there.

1 So where do I start. On behalf of
2 Cannabis Farmers Alliance, I want to first
3 thank you for all of the work that you've
4 done last year with the Legislature --
5 repealing the potency tax and passing the
6 bills of -- legislative bills of Cannabis
7 Growers Showcase and other pivotal actions.
8 That's really helped out our farmers.

9 But it's helped out some of our
10 farmers on the margins. We're still besieged
11 by a lot of supply-side issues, inversion
12 being one of them, of out-of-state product.
13 And also just the competition from the
14 Indigenous Nations as well as, you know, just
15 THCA and the distillate coming across our
16 state borders.

17 So in order to try to remedy that and
18 to bring some integrity to the market, we
19 suggest in the budget negotiations that the
20 cost of seed-to-sale be transferred to the
21 tracking from supply side to the OCM.

22 That seed-to-sale is critical for
23 market integrity. It should have been
24 implemented by now; it's been a couple of

1 years. But the whole market benefits from
2 the work requirements of seed-to-sale and --
3 but we do feel that the costs should be
4 shared and that that should be implemented by
5 the OCM and assumed by the OCM, that that
6 responsibility should be assumed by the OCM.

7 Secondly, we feel that infrastructure
8 is a major issue and access to funds, because
9 the banking issues in the industry are such
10 an issue for our supply side that we would
11 like to have a \$5 million revolving fund
12 based on DASNY bonds.

13 And we are hoping that also we could
14 have some canopy expansion. Because right
15 now our supply side is very limited in their
16 ability to expand -- their cannabis price is
17 compressed. We are going to have to have the
18 ability to expand our canopy in order to meet
19 the requirements once seed-to-sale is
20 implemented. Because some of that inverted
21 product is actually going to naturally come
22 out of the market, and we're going to have to
23 fill that demand with our supply.

24 So if you have any questions, let me

1 know. Thank you.

2 CHAIRWOMAN KRUEGER: Thank you.

3 MR. VAVALO: Thank you so much. Thank
4 you for your time, thank you for your effort.

5 We know this has been a daunting few
6 years of listening to us and having us come
7 back and continually ask for revision, and
8 we do really applaud everything that you've
9 all done for us.

10 The one thing that we've heard over
11 and over again over the last few years is
12 unity -- unity within the industry. We stand
13 here as the, you know, really the entire
14 supply chain. You know, we've got the
15 growers, we've got the processors and we've
16 got the retailers. We have other multiple
17 organizations with us when we're going to
18 your offices and visiting and talking about
19 what we're trying to do. But the underlying
20 theme is we are united.

21 And we know that we've got to get
22 louder. That's why we're trying to take
23 these opportunities to, you know, really
24 educate and let everybody understand the

1 things that we're facing so we can have a
2 more robust marketplace.

3 I also want to thank you for fixing
4 the potency tax. The 21 percent to the
5 9 percent was a massive lift.

6 We have a bill that's been introduced
7 or is going to be introduced that addresses
8 that a little bit. We're asking for
9 something that would essentially offset some
10 of the tax liability on the folks that were
11 very, very early in that process. It's up to
12 \$400,000. It's really just a rebate for some
13 of the people that were active in 2023, the
14 very, very early processors. So we're
15 excited about that as well.

16 Most of the other stuff that we're
17 here, just like our place in the industry,
18 we're in the middle. So the processors, the
19 manufacturers sit between the farmers and we
20 sit between them and the retail outlets. And
21 our job is to, you know, try to make that
22 seamless transition from raw materials to
23 finished products. And so we really want to
24 support them in everything that they're

1 doing.

2 We need canopy cap increases for the
3 farmers. We definitely need that because if
4 they aren't producing enough and they're
5 saddled with issues, then we can't survive,
6 or we can't actually buy material at the
7 right pricing to then turn around and supply
8 it to the retail side.

9 And their proximity protection, same
10 thing. Right? If they're all battling each
11 other in very small proximities, we're going
12 to have real problems. Like most of those
13 folks will not make it. And I just don't
14 think that we need to -- we've got such a
15 huge state, we've got ample opportunities for
16 folks to spread out. So I think the
17 proximity protection is very important.

18 The last one that Joe just mentioned
19 is enforcement. We need enforcement across
20 the entire spectrum. We need enforcement on
21 the gray-market stores and kind of what
22 they're doing. We've all heard that.

23 But we really need enforcement inside
24 the program as well. We need -- we need to

1 be regulated, we need to be reviewed, we need
2 to be looked at to make sure that all of this
3 product is in fact grown by New York farmers.
4 Doing a billion dollars was exciting, right?
5 We were happy about that. That's a great
6 milestone, we love to talk about it. But
7 there are farmers still sitting on product
8 that they grew in 2023, you know. So a
9 billion dollars in product, we really
10 shouldn't have that. They should all be out
11 of material.

12 And so I believe that the trade
13 practices group is really going to really
14 expedite that process. We're very excited
15 for that.

16 So thank you.

17 CHAIRWOMAN KRUEGER: Thank you.

18 Just quickly, I probably do have many
19 questions, although I confess we've been here
20 about 12 hours and I'm nodding a little bit
21 off. But I think if you were here earlier,
22 you heard a lot of the questions that many of
23 us were trying to raise with OCM and I think
24 it's very much along the same line as all the

1 issues you raised with us tonight.

2 So I look forward to continuing to
3 work together in the future.

4 MALE PANELIST: Yes, thank you.

5 CHAIRWOMAN KRUEGER: Thank you.

6 Assembly.

7 CHAIRMAN PRETLOW: Assemblyman Stirpe.

8 ASSEMBLYMAN STIRPE: Sure. Let me ask
9 you a little bit about the tax credit that
10 you're proposing. It's for people who had
11 been in early when the tax rate was really
12 high.

13 So is it for a defined period of time,
14 like one year, two years?

15 MR. VAVALO: It's a one and done. So
16 it's a one-shot deal. And it is for the hemp
17 farmers that transitioned into the program
18 only.

19 And we have members that certainly
20 don't qualify for that, they're newer
21 processors, newer licensees, and obviously
22 they understand the importance to make sure
23 that the older members are able to survive
24 and thrive.

1 ASSEMBLYMAN STIRPE: You know, as far
2 as the enforcement part, when we were talking
3 earlier we talked about online purchasing.
4 And that's a little different than going and
5 locking up a store.

6 How big is that compared to the
7 illegal shops that are open? Do you think
8 it's the same, 10 times as much or, you
9 know -- anybody?

10 MS. TANTALO: To my knowledge, it's
11 pretty comparable. You know, what I was told
12 is if you Google dispensaries it will pull up
13 a ton of ones that are not legal. And people
14 are finding out about this, right, because
15 you can do delivery. You know, you can just
16 have it dropped off. You know, I heard
17 conversations about in the mail.

18 So I think that people will become
19 more creative and tactful in how they, you
20 know, pursue illegal cannabis sales other
21 than just a storefront. So I think it's
22 definitely something we should get in front
23 of. It's already occurring, but I can
24 imagine it will just grow in the online

1 world.

2 MR. VAVALO: The largest concentration
3 is on Long Island for sure, because they have
4 the moratoriums. I mean, there's 40 miles of
5 Long Island that has no stores because they
6 opted out. And so, you know, that area is
7 ripe for it -- high population density, you
8 know, and no stores. So that area is riddled
9 with it.

10 MR. CALDERONE: There's a California
11 brand that actually has a store in Brooklyn
12 that -- called Honey, and they have sold
13 online across the United States. And they
14 also have a license, by the way.

15 CHAIRWOMAN KRUEGER: You said no
16 license, is that --

17 MR. CALDERONE: They have a New York
18 State license, yeah. Processor 2, I think.

19 ASSEMBLYMAN STIRPE: I mean, is this
20 something you think probably needs assistance
21 from the federal government too? I mean, you
22 know, you've got all these out-of-state
23 websites.

24 MR. CALDERONE: That's if you want the

1 justice department involved in cannabis in
2 New York State.

3 (Laughter.)

4 ASSEMBLYMAN STIRPE: Maybe they need
5 to start using, then it'd be better.

6 MR. VAVALO: I would respond to that
7 only and say that most of that is still
8 occurring here in the state.

9 When we talked earlier -- when Britni
10 mentioned that there is a \$10 billion market
11 of cannabis here, and we did a billion, so --
12 you know, I think she said 7 billion is being
13 done in the gray market. There is a very
14 sophisticated system here of cultivators,
15 processors, manufacturers and retailers that
16 are not licensed.

17 CHAIRMAN PRETLOW: Assemblyman Otis.

18 ASSEMBLYMAN OTIS: With Mr. Stirpe's
19 last question about the federal government
20 helping out on this, I was beginning to think
21 he was using product.

22 (Laughter.)

23 ASSEMBLYMAN OTIS: But my question is
24 for Mr. Calderone about the farmers.

1 And so many of your members, many of
2 the farmers had to in a sense grow and then
3 eat product like two and a half, three years
4 ago. Could you give a little more detail
5 about what happened with those businesses,
6 how many survived, how many did not? And
7 does the tax credit thing try and alleviate
8 some of that problem for some of those
9 individuals, or different issue? Just share
10 a little more detail.

11 MR. CALDERONE: Everything that the
12 legislation has done has helped out the
13 farmers in the last year. And a tax credit
14 would also help because there have been a lot
15 of taxes that have accrued over those two
16 years. So that's for sure.

17 There's some improvement on the
18 margins, I would say. But we still have
19 probably, you know, around 85 percent of our
20 farmers are either working in the red or, you
21 know, just barely profitable. So we'd like
22 to see that hopefully turn around for those
23 small and medium-sized businesses.

24 We haven't been able to do a survey

1 recently. The survey is over a year old.

2 That was in our last testimony last year.

3 But they're still struggling. And
4 with the price of distillate dropping because
5 of -- you know, from around \$6,000 to
6 \$3,000 because of what we feel is
7 out-of-state distillate coming -- you know,
8 it's being bought for \$650 a liter in another
9 state and then being sold and arbitrated in
10 New York State for \$3,000. The processors
11 can attest to that.

12 But that's going to hurt the farmers.
13 That's going to compress the prices quite a
14 bit. So right when we start getting a little
15 bit of air, you know, and get our head above
16 water, we're kind of getting like pulled down
17 again.

18 ASSEMBLYMAN OTIS: Thank you very
19 much. Thank you for telling the story.

20 CHAIRMAN PRETLOW: Assemblywoman
21 Hyndman.

22 ASSEMBLYWOMAN HYNDMAN: Thank you,
23 Chair.

24 Some of my questions were asked, but

1 for the farmers that you said still have
2 product from 2023, how much are you talking?
3 Is that tonnage or can you estimate? I mean,
4 and how -- excuse me, I don't know. How long
5 is it good for?

6 (Laughter.)

7 MR. CALDERONE: There's some formulas
8 about THC oxidation and, you know, every
9 quarter it might lost a point or something,
10 of a percentage. So if you have a 20 percent
11 biomass, it might lose 1 percent each
12 quarter. So it would be like 16 percent at
13 the end of the year.

14 But I have no way of knowing how much
15 is left. I think most of it is probably
16 gone, but people are still -- he was just
17 using an example that there's still some
18 people that have not been able to get rid of
19 some of their product from two years ago.

20 ASSEMBLYWOMAN HYNDMAN: Okay.

21 MR. CALDERONE: But I don't have an
22 exact number.

23 ASSEMBLYWOMAN HYNDMAN: Thank you.

24 Britni, you said that one of the

1 recommendations is establish proximity
2 protection guardrails, limit extent to which
3 proximity waivers can be issued, and ask for
4 community input.

5 Can you talk about that a bit more,
6 please?

7 MS. TANTALO: Currently as, you know,
8 it had existed there was nothing put in place
9 in terms of quantifying or granting these
10 waivers.

11 So I'm a CAURD dispensary operator,
12 I've been open just over 90 days. This
13 waiver, if you wanted to open a dispensary
14 and, you know, break that thousand-foot rule
15 between us that was there, you could submit
16 for a waiver. There's nothing there that
17 allows me to speak up and say, This could
18 hurt my business, involve the community
19 board. If there, you know, was an adverse
20 decision to have an appeal, there's no due
21 process. It is very arbitrary.

22 These waivers have already started to
23 be issued. Some of them have received a
24 70 percent reduction. You know, that's very

1 significant. Not a lot of municipalities
2 have opted in.

3 So now you're talking taking a smaller
4 New York cannabis pool and now you're putting
5 everybody next to each other. To me, that's
6 a risk of cannibalizing each other. And it's
7 really not necessary, like to John's point,
8 when we haven't even really seen the full
9 capacity of New York State in cannabis.

10 I think when you have failures like
11 that that could occur, it could deter other
12 municipalities from wanting to opt in, as
13 well as take investor confidence out the
14 door. It reduces the security of their
15 investment, right, knowing that now somebody
16 who guaranteed a thousand feet away can come
17 in 30 feet.

18 We need money to come into New York
19 and stay and build this market. We're
20 already having trouble having people give us
21 money just to build our dispensaries. So
22 we're trying not to work backwards and
23 oversaturate but actually let this market
24 grow naturally.

1 CHAIRMAN PRETLOW: Assemblywoman
2 Kassay.

3 ASSEMBLYWOMAN KASSAY: Thank you,
4 Chair.

5 Thank you for sticking it out to the
6 last panel here. And I really appreciate
7 hearing an entire panel of cannabis industry
8 professionals coming and asking for more
9 regulation -- not just for the illegal
10 producers and sellers, but for yourselves.

11 I think that's something the
12 communities really need to hear as well, you
13 know, to know that you're working with us to
14 make sure this -- you know, that this product
15 is going to be legal in New York State, it's
16 going to be done right, it's going to stay
17 out of the hands of underage people, the
18 product is going to be tested, regulated, all
19 of this.

20 So Ms. Tantalo listed quite a number
21 of items for the Legislature to consider in
22 this session, ways to help clamp down both on
23 illegal producers and sellers as well as
24 things to focus on within the industry for

1 greater regulation of those who are playing
2 by the rules.

3 You want to maybe identify the top one
4 or two, either yourself and if your
5 colleagues want to chime in? Because there's
6 always lots to focus on, but just as someone
7 who's not as knowledgeable about the industry
8 as we look at this with our colleagues.

9 MS. TANTALO: I would honestly say the
10 two most pressing issues is definitely
11 proximity protection for us retailers. These
12 waivers are currently being granted right
13 now. So it's something we need to address --
14 or have been, I don't know if they continue
15 to be.

16 But, you know, we have dispensaries
17 that are a thousand feet away and now there's
18 somebody right in between next to a
19 Trader Joe's in Brooklyn. So they haven't
20 even yet to open -- I think one's soft-opened
21 and one is in buildout. So imagine the
22 detriment, and they haven't even actually
23 became fully operational.

24 Second is definitely the illegal

1 market. I know a lot of work has been done,
2 but the reality is they're just opening back
3 up. And it's evolving, right? It's not just
4 mom-and-pop people -- these are people that
5 are highly capitalized, that have the money
6 and the bandwidth to seek legal help and
7 really almost, you know, impossible to close.

8 So this is the feedback that we had
9 received from the Manhattan prosecutors, and
10 we really like for you guys to look at the
11 ability for a limited asset forfeiture for
12 larger operators to really go after their
13 money to hurt them or damage them enough to
14 take us seriously. Because, again, they're
15 just reopening and tons of dispensaries
16 across the state are still being impacted by
17 the illegal market.

18 ASSEMBLYWOMAN KASSAY: That's what I
19 hear. And I come from Suffolk County on
20 Long Island, and we do -- I mean, in any
21 given village, any given couple of square
22 miles, you have multiple, multiple shops. So
23 we're being very aggressive about trying to
24 crack down on them locally.

1 So if you have seen any very effective
2 methods of doing so, I invite you to reach
3 out to our office and help us with that.

4 MR. VAVALO: And also, for the
5 retailers, there's no question about
6 legislative intent. It's in the law. They
7 did it right the first time. They set
8 boundaries, and we're not really sure why
9 they're going against those boundaries now.

10 CHAIRMAN PRETLOW: Assemblywoman
11 Jackson.

12 ASSEMBLYWOMAN JACKSON: Thank you,
13 Chair. Good evening, everyone.

14 Mr. Calderone, you mentioned that the
15 farmers still have product from 2023, and I
16 heard my colleague ask this question. But
17 does it expire? Does product expire?

18 MR. CALDERONE: Flower, like something
19 that someone will have to inhale, will expire
20 after -- it depends on the curing and the
21 different growing methods. Some people can
22 keep it fresh for -- you know, for years, you
23 know. But really most of it after a couple
24 of years will probably just go to biomass

1 that will be extracted by a processor.

2 ASSEMBLYWOMAN JACKSON: And then
3 Ms. Britni -- sorry, I don't remember your
4 last name -- you had mentioned predatory
5 loans. Are you suggesting that those loans
6 came from DASNY? I just didn't -- I wanted
7 to make sure I heard that correctly.

8 MS. TANTALO: Yes. I think --

9 ASSEMBLYWOMAN JACKSON: Can you give
10 me like rates or anything that --

11 MS. TANTALO: Sure. So I know myself,
12 I would have been interested initially to get
13 DASNY, because it was intended to be a
14 built-out dispensary that, you know, favored
15 us, preferential rates, you know, grants,
16 et cetera.

17 Once the implementation actually
18 occurred, what was discovered is the bids
19 that were being provided were not what the
20 numbers ended up being. So people now have
21 extremely high debt and at not a decent
22 interest rate.

23 And so what does that mean? It means
24 failure for them. It means they can never

1 catch up. It means it -- you know, already
2 have a higher tax rate, right, being legal
3 here in New York, just on cannabis alone.
4 Now they're sort of chained to this
5 dispensary that they owe maybe \$2.1 million
6 paying 13 percent on.

7 So those types of things are just
8 really unrealistic. And a lot of them,
9 retailers who have received that money are
10 failing. And that's why we asked for reform,
11 to help them so they can survive.

12 Because this is what was presented to
13 all of us. Some of us did not take that and
14 we borrowed from family and friends or took
15 out mortgages or -- whatever we had to do --
16 call their uncle -- to help us build.

17 But some, you know, individuals early
18 on did take that, that are part of social
19 equity and from disenfranchised communities,
20 and we cannot forget that. And I think that
21 we should pay attention to that and help
22 them.

23 ASSEMBLYWOMAN JACKSON: Thank you.

24 And then with my last 32 seconds,

1 Ms. Abebe, why wouldn't someone want to
2 quantify the whole flower as an improved
3 medical cannabis?

4 MS. ABEBE: Sorry, can you repeat the
5 question?

6 ASSEMBLYWOMAN JACKSON: Why wouldn't
7 somebody want to codify the whole flower as
8 an approved medical cannabis form? Because
9 you said it would lower the cost for
10 patients.

11 MS. ABEBE: Yes. I think that has
12 been approved now. Is this -- I think there
13 was a slight bureaucratic error and my 2020
14 testimony got uploaded instead of my current
15 one, so we provided paper.

16 Whole flower has been codified. So
17 yes.

18 ASSEMBLYWOMAN JACKSON: Thank you.

19 MS. ABEBE: Sorry, I was like ooh, we
20 solved that problem.

21 (Overtalk.)

22 CHAIRMAN PRETLOW: Ms. Abebe, I'll
23 start with you. I'll try to be quick.

24 You do medical marijuana. Is that

1 cannabis with the THC removed?

2 MS. ABEBE: No, it has THC. But the
3 medical program, because patients have a wide
4 variety of needs and cannabinoids, the
5 medical program requires that all ROs provide
6 high-CBD options: So like high CBD, low THC;
7 1-to-1 CBD to THC; and high-THC options
8 across flower -- or flower is a little bit
9 trickier because of the growing process. But
10 across like edibles, extracts, suppositories,
11 and a number of other formats that are not
12 widely popular for recreational consumption.

13 CHAIRMAN PRETLOW: Okay. And what is
14 your ask of us now?

15 MS. ABEBE: Our four -- or five asks,
16 I guess, are reducing or removing the excise
17 tax from 7 percent -- or it was at 7, you
18 brought it down to 3 last year, we're asking
19 for it to be made zero because no other
20 medicine is taxed in New York State. You
21 don't pay a tax on Tylenol or any other
22 prescription you fill.

23 Two, also we support the right of
24 private action.

1 We also were asking around pharmacist
2 certification. And I think one of the
3 biggest lifts that, you know, this body has
4 been trying to do for some years now is
5 insurance coverage. Because one of the
6 biggest obstacles to access for patients is
7 that they have to pay for this entirely out
8 of pocket. And while ROs are striving to
9 provide the most cost-effective product they
10 can, without insurance coverage that will
11 always remain a barrier.

12 CHAIRMAN PRETLOW: It's so expensive.
13 Thank you.

14 And Mr. Calderone, you said "ensure
15 that it's New York-grown." How can you tell
16 the difference between Pennsylvania,
17 California and New York cannabis?

18 MR. CALDERONE: Do you want to answer
19 that?

20 MR. VAVALO: I mean, I can.

21 You know, certainly in the program the
22 way it has been done to date, there wasn't
23 indoor product allowed. Now you can get it
24 from the ROs, but there's still a very, very

1 limited supply of indoor flower. When that
2 flower comes in from out of state and you
3 look at it, if you -- if you're familiar with
4 cannabis, you can tell immediately that that
5 was grown indoors, under lights, in a
6 controlled environment.

7 Today the closest thing we have to
8 that is a mixed-light greenhouse situation
9 where we have lights, minor controlled
10 atmosphere and environmental conditions, but
11 it does not meet that same standard as a
12 purely indoor product. You can tell
13 immediately.

14 CHAIRMAN PRETLOW: So New York only
15 grows outdoor product.

16 MR. VAVALO: Outdoor and greenhouse,
17 yup. And now mixed-light, which is --

18 CHAIRMAN PRETLOW: And no other state
19 does that?

20 MR. VAVALO: There are other states
21 that do that, yes. Yup.

22 And we're just starting to allow lit
23 indoor facilities -- those are new licensees,
24 though. That's just coming online now.

1 MS. ABEBE: If I could just say one
2 thing. There is something called --

3 CHAIRMAN PRETLOW: I only have
4 20 seconds, but --

5 MS. ABEBE: -- origin testing that can
6 also help confirm beyond what my fellow
7 panelist just said.

8 CHAIRMAN PRETLOW: And you know, what
9 we tried to do was take away the criminality
10 of cannabis. And what's happened now is that
11 people that are breaking the law they don't
12 want to arrest because we're going back to
13 where we were. And that's where the issue
14 is, so --

15 You can cut me off.

16 CHAIRWOMAN KRUEGER: All right, I'm
17 cutting you off.

18 Again, thank you very much and thank
19 you for staying here so late to finally get a
20 chance to testify. And I think this
21 Legislature's very interested in trying to
22 address many of the issues that you are
23 bringing to us.

24 So appreciate your time and your work

1 and sticking with us. Thank you.

2 MR. VAVALO: Thank you very much.

3 MS. TANTALO: Thank you.

4 CHAIRWOMAN KRUEGER: And with that, I

5 am officially closing down this hearing.

6 Those of us who want to sleep here, we can,

7 but we will be back in the morning at 9:30

8 for Taxes. Thank you.

9 (Whereupon, the budget hearing

10 concluded at 9:37 p.m.)

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