

# ***EMPIRE STATE DEVELOPMENT CORPORATION***

## ***MISSION***

Doing business as Empire State Development Corporation (ESDC), the Urban Development Corporation (UDC) is a New York State public benefit corporation. Its overall objective is to stimulate economic growth through the creation of jobs by fostering business development, enhancing industrial competitiveness, revitalizing downtown areas, advancing high technology and promoting tourism. It engages in three principal activities: economic and real estate development; State facility financing; and housing portfolio maintenance.

## ***ECONOMIC AND REAL ESTATE DEVELOPMENT***

The Corporation provides financial and technical assistance to businesses, local governments, and community-based not-for-profit corporations for economic development and large-scale real estate projects that create and/or retain jobs in New York and reinvigorate distressed areas.

## ***STATE FACILITY FINANCING***

The Empire State Development Corporation issues bonds to finance the construction and modernization of correctional facilities and other special projects for the State. Debt service on these bonds is paid from State appropriations.

## ***HOUSING PORTFOLIO MAINTENANCE***

In the early 1970s, the Urban Development Corporation built 113 large-scale housing developments for low- to middle-income persons. The Corporation also built non-residential civic and industrial properties, including the Niagara Falls Convention Center, the Wards Island Fire Training Center, the Monroe County Fairgrounds, the Ten Eyck Plaza in Albany, and public school facilities in Buffalo, Manhattan, the Bronx, and Brooklyn. Since the mid-1970s, activity in this area has been limited to the monitoring and loan servicing of projects.

## ***ORGANIZATION AND STAFFING***

Historically, State economic development programs have been administered by the Empire State Development Corporation working in conjunction with the Department of Economic Development. In addition, the Corporation and Department worked closely with the Foundation for Science, Technology, and Innovation to foster technology-related job creation. The 2009-10 Executive Budget would consolidate these entities by fully merging the Department and the Foundation into the Corporation. This recommendation will further streamline and improve the delivery of economic development services, eliminate duplicative administrative support and save over \$11 million in State taxpayer dollars.

## ***EMPIRE STATE DEVELOPMENT***

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For 2009-10, ESDC will be overseen by a chairman who will coordinate statewide operations of the newly consolidated entity. The Corporation will have a workforce of 364 in 2009-10. This staffing level reflects the transfer of 116 staff from the Department and the Foundation. The Corporation will assume the following **responsibilities** of the Department and Foundation:

- Department: Tourism, Empire Zones, Minority and Women-owned Business, Linked Deposit, Regulatory Compliance, and International Trade.
- Foundation: Centers for Advanced Technologies (CATs), various University-based Matching Grants, Regional Technology Development Centers, Technology Transfer and Faculty Development programs.

### ***OVERSIGHT***

The Corporation is governed by a nine-member Board of Directors comprising two ex-officio members and seven members appointed by the Governor with the consent of the Senate. The chairman of the Empire State Development Corporation Board is selected by the Governor. Board members serve without compensation.

### ***SUBSIDIARIES***

The Corporation's Board of Directors is authorized to create subsidiaries to manage specific projects or economic development activities. Subsidiaries have been established to: (1) oversee revitalization of Lower Manhattan in the wake of September 11; (2) formulate policies and initiatives to promote economic growth in Harlem; (3) redevelop Times Square; (4) plan and oversee a mixed-use development on 74.5 acres on the East River in Queens County; (5) redevelop the U.S. Postal Service facility, known as the Farley Building, in connection with the New York City Amtrak Train Station Redevelopment project; (6) promote economic development and tourism, and leverage private investment in Niagara Falls; (7) oversee conversion of the 300-acre Harriman State Office Building Campus in Albany into a world-class research and development park; (8) coordinate the development of the former Buffalo Memorial Auditorium and additional projects along the waterfront and inner harbor in downtown Buffalo; and (9) redevelop Governor's Island to create new civic spaces enhanced with educational, historical, artistic and cultural uses that benefit the island's rich history and harbor setting.

### ***BUDGET HIGHLIGHTS***

The Executive Budget recommends **\$251 million** for Empire State Development Corporation in 2009-10, a decrease of **\$1.5 billion** from 2008-09. This net change primarily reflects the reappropriation of capital spending authorized in 2008-09.

In 2009-10, the Empire State Development Corporation's activities will be funded through a combination of state general fund appropriations and corporate revenues generated by corporation-owned residential and non-residential properties and by its financing programs. Major budget actions include:

- **New York GAINS (Growth, Achievement and Investment Strategy) Fund:** \$50 million to support the newly created New York GAINS Fund to be administered by the Corporation with funding targeted to strategic industries based on anticipated job growth. Grants or loans will be provided to firms within

the manufacturing, financial services, agribusiness or high technology industries that demonstrate substantial job creation unlikely to occur without State assistance.

- **Economic Development Initiatives:** Over \$50 million in support for economic development initiatives, including: the Empire State Economic Development Fund; Minority - and Women-Owned Business Development and Lending programs; the Urban and Community Development Program; the Entrepreneurial Assistance Program; the retention of professional football in Western New York; military base retention; and the operation and development of the Centers of Excellence or other high technology research centers.
- **“I ♥ NY” Program:** \$11 million for “I ♥ NY” tourism advertising, a decrease of \$6 million from the 2008-09 budget;
- **Tourism Matching Grants:** \$4.2 million is provided to assist local tourism promotion agencies, a decrease of \$1 million from the 2008-09 budget;
- **International Trade:** \$1.5 million, a decrease of \$2 million from the 2008-09 budget, to attract the international investment to New York State, and increase export sales to foreign countries;
- **Visitor Centers:** \$392,000 to support visitor welcome centers in Beekmantown and Binghamton;
- **High Technology:** \$31.6 million to support critical university-based matching grants, and other high technology and research and development programs previously administered by the Foundation;
- **Economic Development Capital:** \$375 million in cost savings will be identified through the reduction or elimination of non-essential projects. A portion of this savings will be reprogrammed to support critical economic development initiatives, such as \$50 million for the development of a semiconductor packaging center in Upstate, \$25 million to support activities at Albany Nanotech, and \$200 million to be administered by the Corporation to identify new high value opportunities;
- **Continued support of specific projects:** \$1.285 billion for continued support of various economic development and regional initiatives including a statewide competitive grant program administered by the Corporation, specific downstate regional initiatives and upstate city-by-city projects. In addition, this Executive Budget recommends over \$2.5 billion for economic development, cultural facilities, university development, environmental, and energy projects administered by the Corporation and Dormitory Authority of the State of New York. These projects include \$300 million for the development of an international computer chip research and development center; \$50 million to support capital improvement projects at Governor’s and Roosevelt Islands in New York City, as well as redevelopment initiatives at the Harriman Research and Technology Park in Albany and in Niagara Falls; \$650 million for the development of a semiconductor manufacturing facility; and \$300 million for the Restore New York Communities initiative; and
- **Operations:** \$18.8 million to support the Empire State Development Corporation’s operations and administration of State economic development programs.

### ***PROGRAM HIGHLIGHTS***

The Empire State Development Corporation and its subsidiaries will continue to administer economic development programs and assume responsibility for programs formerly administered by the Department of Economic Development and the Foundation for Science, Technology and Innovation.

- **Economic Development:** These programs provide low-cost loans and grants to businesses to help cover the cost of machinery and equipment purchases, factory improvements, training and business incubator development; provide financial assistance for projects ranging from development of or improvements to commercial or retail facilities, tourism destinations, child care facilities, and commercial centers; provide funding for the economic development initiatives in distressed urban communities; and provide funding for military base retention and redevelopment efforts.
- **High Technology:** Through the consolidation, the Corporation will now administer various Foundation programs including: Centers for Advanced Technology; Industrial Technology Extension Service; Manufacturing Extension Partnership Program; Technology Development Organizations; the Focus Center-New York semiconductor research center; the High-Technology Matching Grants Program, including the Security Through Advanced Research and Technology (START) initiative; the Cornell University Nanobiotechnology Center; the Cornell University Materials Research Science and Engineering Center; the Cornell University Nanoscale Science and Engineering Center; the Cornell University National Nanotechnology Infrastructure Network; the Columbia University Nanoscale Science and Engineering Center; the Columbia University Materials Research Science and Engineering Center; the Rensselaer Polytechnic Institute Nanoscale Science and Engineering Center; the Rensselaer Polytechnic Institute Engineering Research Center; the City University of New York Optical Sensing and Imaging Center; the University at Albany Semiconductor Research Corporation Center for Advanced Interconnect Systems Technologies. Additional university-based matching grant funding will be provided to support the University at Albany Institute for Nanoelectronics Discovery and Exploration (INDEX) project; the Rensselaer Polytechnic Institute Smart Lighting Systems project; and Stony Brook University Semiconductor High-Energy Radiation project.
- **Marketing and Advertising:** This program promotes New York State as a premier tourist destination and business location. Major activities include the “I ♥ NY” advertising campaign and local tourism matching grants administered through locally based tourism promotion agencies representing the State’s 62 counties. The Corporation will manage tourist information services at the Beekmantown and Binghamton Gateway Centers, develop the State’s tourism master plan, target information to consumers and the travel trade, participate in national and international trade shows, and provide technical assistance to tour directors.
- **Minority and Women’s Business Development:** The Division of Minority and Women’s Business Development was established to increase the participation of minority- and women-owned businesses in State procurement opportunities. The Division identifies and certifies minority- and women-owned business enterprises; publishes a directory of certified firms to market small businesses to public and

private sector organizations; and provides technical assistance to minority- and women-owned businesses. In addition, a disparity study is nearing completion to provide the data needed to more fully understand minority- and women-owned business enterprise procurement of state contracts in New York.

- **International:** The International Trade program promotes exports from, and attracts foreign investment to, New York State. Based in New York City, this program manages the international offices in Montreal, Toronto, London, and Tokyo, and maintains a contractual presence in several other countries. The program also coordinates State participation in trade shows and missions, compiles and disseminates trade leads and administers grants and seminars designed to encourage increased exporting.
- **Empire Zones:** The Empire Zones program was intended to benefit distressed areas suffering from high unemployment. Businesses located in a designated Zone may qualify for tax incentives and other economic development benefits designed to encourage business expansion and job creation. There are currently 85 Zones located in the following communities: Albany, Amsterdam, Auburn, Binghamton, Brookhaven, Brooklyn Navy Yard, Buffalo, Dunkirk, East New York, East Harlem, Elmira, Friendship, Fulton, Geneva, Gloversville, Griffiss Air Force Base, Hancock Air Force Base, Hunts Point, Islip, Jamestown, Kingston, Kirkwood, Lackawanna, Lowville/Martinsburg, Moriah/Port Henry, Niagara Falls, North Shore/Staten Island, Norwich, Ogdensburg, Olean/Allegany, Oswego, Plattsburgh, Plattsburgh Air Force Base, Port Morris, Potsdam, Poughkeepsie, Riverhead, Rochester, Rockaway, Rome, Schenectady, South Jamaica, Seneca Army Depot, Stewart Air Force Base, Sunset Park/Red Hook/Southwest Brooklyn, Syracuse, Tioga County, Troy, Utica, Watertown, Watervliet Arsenal, Yonkers, Town of Tonawanda, Monroe County, Columbia County, Staten Island/West Shore, Sullivan County, Cortland County, the City of Hornell, Warren County, Saratoga County, Buffalo, Schuyler County, Mt. Vernon, Franklin County, Otsego County, Madison County, Washington County, Wayne County, Orleans County, Genesee County, Rensselaer County, Delaware, Greene, Livingston, Nassau, Rockland, Schoharie, Tompkins, Wyoming, Putnam, Yates, Hamilton and the Chinatown area of Manhattan. Currently, each of New York's 62 counties has at least one Empire Zone. In addition, Empire Zone benefits are available to businesses outside a designated zone that offer a "regionally significant impact," by achieving considerable job creation in selected industries such as bio-technology or financial services. In 2009-2010, ESDC will undertake Empire Zone program reforms and administrative changes to improve overall program performance. The proposal is expected to generate more than \$300 million of full annual savings to the State, allow only projects with favorable cost/benefit ratios to receive benefits, and ensure that the program targets strategic industries. A portion of these savings will be reinvested in new tax and grant incentive programs.
- **Business Assistance Programs:** To improve the competitiveness of New York State companies, the Corporation provides assistance to businesses for productivity assessments, business-specific skills training for new and existing workers and third-party technical assistance to develop strategies for expanding export markets.
- **Small Business Assistance:** The Division for Small Business serves as an ombudsman for small businesses and also offers these enterprises training and

## EMPIRE STATE DEVELOPMENT

technical assistance. In addition, the Corporation provides State and Federal procurement assistance to small businesses. The Division also operates the Clean Air Act Ombudsman Unit, which helps small businesses comply with these environmental regulations.

- **Environmental Compliance Assistance:** Pollution Prevention and Compliance Assistance is a cooperative program between the Corporation, the Department of Environmental Conservation, and the Environmental Facilities Corporation. The Program coordinates existing funding opportunities and other services of the three agencies to assist businesses in developing environmentally benign operations.
- **Linked Deposit Program:** This joint public/private program enables companies to obtain loans from commercial banks at an interest rate that is 2 percent to 3 percent lower than the prevailing rate. The banks are compensated by deposits of State funds earning interest at comparably reduced rates.
- **Policy and Research Division:** This Division develops the annual State strategic plan for economic development; collects and disseminates economic and demographic information; performs policy analysis and economic research; monitors and intervenes in State regulatory activities affecting energy supply, telecommunications, transportation, environmental facilities and commercial/industrial site and facility development; and coordinates the development and review of State economic development programs.

### ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2008-09	Appropriations Recommended 2009-10	Change	Reappropriations Recommended 2009-10
State Operations	6,939,000	6,070,000	(869,000)	15,735,000
Aid To Localities	153,983,220	148,101,000	(5,882,220)	539,582,820
Capital Projects	1,640,000,000	100,000,000	(1,540,000,000)	4,436,925,000
Total	1,800,922,220	254,171,000	(1,546,751,220)	4,992,242,820

### STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2008-09	Recommended 2009-10	Change
Special Revenue Funds - Federal	1,000,000	1,000,000	0
Special Revenue Funds - Other	5,939,000	5,070,000	(869,000)
Total	6,939,000	6,070,000	(869,000)

Adjustments:

Transfer(s) From

Economic Development, Department of	
Special Revenue Funds - Federal	(1,000,000)
Special Revenue Funds - Other	(5,439,000)
Science, Technology and Innovation, NYS Foundation for	
Special Revenue Funds - Other	(500,000)
Appropriated 2008-09	0

# EMPIRE STATE DEVELOPMENT

## STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2008-09	Recommended 2009-10	Change
Economic Development			
Special Revenue Funds - Federal	1,000,000	1,000,000	0
Special Revenue Funds - Other	5,939,000	5,070,000	(869,000)
Total	<u>6,939,000</u>	<u>6,070,000</u>	<u>(869,000)</u>

## STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2009-10 RECOMMENDED (dollars)

Program	Total Amount	Change	Personal Service Amount	Change
Economic Development	6,070,000	(869,000)	285,000	(520,000)
Total	<u>6,070,000</u>	<u>(869,000)</u>	<u>285,000</u>	<u>(520,000)</u>

Program	Nonpersonal Service Amount	Change	Maintenance Undistributed Amount	Change
Economic Development	4,115,000	(349,000)	1,670,000	0
Total	<u>4,115,000</u>	<u>(349,000)</u>	<u>1,670,000</u>	<u>0</u>

## AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2008-09	Recommended 2009-10	Change
General Fund	153,983,220	148,101,000	(5,882,220)
Total	<u>153,983,220</u>	<u>148,101,000</u>	<u>(5,882,220)</u>

Adjustments:

Transfer(s) From

    Economic Development, Department of

        General Fund (7,418,000)

        General Fund (State Operations) (45,019,000)

    Science, Technology and Innovation,

        NYS Foundation for

        General Fund (40,696,280)

        General Fund (State Operations) (4,179,000)

Appropriated 2008-09 56,670,940

## AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2008-09	Recommended 2009-10	Change
Economic Development			
General Fund	150,842,220	144,960,000	(5,882,220)
Community Projects			
General Fund	3,141,000	3,141,000	0
Total	<u>153,983,220</u>	<u>148,101,000</u>	<u>(5,882,220)</u>

## ***EMPIRE STATE DEVELOPMENT***

### **CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)**

<b>Comprehensive Construction Program</b>	<b>Available 2008-09</b>	<b>Recommended 2009-10</b>	<b>Change</b>	<b>Reappropriations 2009-10</b>
Research Facilities				
Capital Projects Fund - Authority Bonds	0	0	0	7,132,000
Regional Development				
Capital Projects Fund - Authority Bonds	0	0	0	1,003,431,000
Cap Proj Fund - CEFAP (Direct Auth Bonds)	0	0	0	425,000,000
AMD Direct (Direct Auth Bonds)	0	0	0	150,000,000
Economic Development				
Capital Projects Fund - Authority Bonds	1,285,000,000	100,000,000	(1,185,000,000)	1,868,745,000
Cap Proj Fund - Stadium (Auth Bonds)	0	0	0	99,400,000
Cap Proj Fund - Downtown Buffalo (Auth Bonds)	0	0	0	28,217,000
AMD Direct (Direct Auth Bonds)	0	0	0	500,000,000
Misc. Capital Projects	355,000,000	0	(355,000,000)	355,000,000
Total	<u>1,640,000,000</u>	<u>100,000,000</u>	<u>(1,540,000,000)</u>	<u>4,436,925,000</u>