

Economic Development

Overview

The Executive Budget lowers taxes for manufacturers, continues the Regional Economic Development Councils and links them with START-UP NY to attract businesses from around the world, delivers on the promise of the “Buffalo Billion,” and makes strategic capital investments in Upstate projects.

In the last three years, Governor Cuomo has redesigned the State’s economic development strategies and advanced bold new initiatives designed to foster growth and business investment throughout the State. The new direction has worked – unemployment is down in every region of the State, and we have added 380,000 new private sector jobs since 2010.

The Regional Economic Development Councils created in 2011 have replaced the top-down approach to economic development with a process that focuses on the unique strengths and priorities of each region. Transformative new initiatives, such as the “Buffalo Billion,” have begun the process of rebuilding and renewing regional economies while significant investments in tourism and promotion of New York goods and products have highlighted the State’s many assets while driving economic activity around the State. Innovative programs such as Taste NY and FreshConnect are expanding markets for New York’s agricultural producers

In 2013, START-UP NY was created to transform SUNY campuses Upstate and university communities statewide into tax-free communities – including no sales, property or business taxes for ten years, and no income tax for employees. START-UP NY will attract venture capital, start-ups, new business and investments from across the nation and around the globe to New York by offering new businesses the opportunity to operate completely tax-free while also partnering with world-class higher education institutions.

The 2014-15 Executive Budget builds upon this foundation to realize fully the potential to attract companies from around the world to locate and grow in New York State. The new Global NY initiative will link the powerful incentives of START-UP NY with the Regional Economic Development Councils to develop global marketing and export strategies. The Budget also maintains a key focus on the Upstate economy by providing tax relief for Upstate manufacturers, delivers on the promise of the “Buffalo Billion” and makes targeted capital investments in Upstate projects.

Proposed 2014-15 Budget Actions

- **Targeted Tax Relief for Upstate Manufacturers.** As part of the Governor’s comprehensive tax relief package, the corporate income tax rate for Upstate manufacturers is reduced to zero. This measure will provide an additional \$25 million in tax relief to Upstate manufacturers. As further encouragement to invest in New York, manufacturers statewide will receive a credit equal to 20 percent of their property tax bill.
- **Launch Global NY.** Global NY will link the Governor’s START-UP NY and Regional Economic Development Council initiatives to attract international investment to Upstate and help New York companies export their products to international markets. In addition, a new international marketing campaign will leverage the powerful incentives of the START-UP NY program to grow the State’s foreign exports and encourage direct foreign investment.

- **Regional Economic Development Councils.** In 2011, Governor Cuomo established ten Regional Economic Development Councils (REDCs) to develop long-term regional strategic economic development plans. Since then, the REDCs have awarded over \$2.2 billion in State funding through a competitive process to spur job creation based on regional priorities. This new strategy has resulted in 75,000 new or retained jobs in New York.

The 2014-15 Executive Budget includes core capital and tax-credit funding that will be combined with a wide range of existing agency programs for a fourth round of REDC awards. In 2014, the Regional Councils will also “Go Global” as the State recognizes and rewards plans that incorporate global marketing and export strategies that position their products and services to better compete globally. The Budget will continue to make resources available from other State agencies to support community revitalization and business growth consistent with the existing Regional Council plans through the Consolidated Funding Application process. The core funding includes:

- \$150 million in flexible new economic development capital funding – appropriated to ESD to fund regional priority projects; and
 - \$70 million in State tax credits — set aside from the Excelsior Jobs tax credit program to fund regional priority projects.
- **Full Delivery of Billion Dollar Commitment to Buffalo.** The Executive Budget fulfills the Governor’s \$1 billion commitment to revitalize Buffalo’s regional economy by including \$680 million in new capital appropriations for the “Buffalo Billion” program. This complements \$150 million in prior-year capital appropriations and \$170 million in tax credits reserved from the Excelsior Jobs Program to provide the full \$1 billion for the initiative.
 - **Strategic Capital Investments.** The Budget authorizes new funding for the following key economic development projects:
 - **Nano Utica.** \$180 million to support the purchase of new equipment for a project at Nano Utica, the State’s second major hub of nanotechnology research and development.
 - **NY Genomic Medicine Network.** \$105 million to support a partnership between the New York Genome Center and the University at Buffalo’s Center for Computational Research to advance biomedical research and to develop the genomic medicine industry in the State. The NY Genomic Medicine Network will link the medical community in New York City with the computational infrastructure at the University at Buffalo to increase the speed of genomic research and analysis critical to diagnosis of diseases. The Budget provides \$55.75 million for the New York Genome Center and authorizes \$50 million of the Buffalo Billion initiative for the University at Buffalo.
 - **Cornell University College of Veterinary Medicine.** \$5 million initial State investment to expand and upgrade infrastructure and teaching facilities at the Cornell University College of Veterinary Medicine to accommodate larger class sizes.
 - **Onondaga Lake Communities Revitalization.** \$30 million to support economic development and infrastructure improvements that encourage the revitalization of Onondaga Lake and its surrounding communities.
 - **Economic Transformation Program.** \$24 million to support communities affected by the closure of four correctional facilities in July 2014 and any closure of juvenile justice facilities in 2014-15. In consultation with the Regional Councils, those communities will be able to use the funds to leverage private sector investments that create jobs and support initiatives that transform their economies.

- **North Country Investments.** The Budget authorizes funding for the following priority projects in the North Country:
 - **Clarkson - Trudeau Partnership.** \$10 million to support a partnership between the State, Clarkson University and the Trudeau Institute to form a world-class biotech enterprise and further establish the North Country Region as a premier center of biotechnology research and development.
 - **Whiteface Mountain Veterans' Memorial Highway.** \$12 million from reappropriations to refurbish and repair the Whiteface Mountain Veterans' Memorial Highway as well as enable projects to repair the castle, elevator and tollhouse.
 - **Olympic Regional Development Authority (ORDA) Capital Improvements.** \$9.4 million in new capital funding for ORDA, including \$6.9 million for critical maintenance and energy efficiency upgrades to the Olympic and ski facilities, and \$2.5 million appropriated from the Office of Parks, Recreation and Historic Preservation budget as part of the New York Works initiative.

- **Expand and Launch Another Round of NYSUNY 2020 and NYCUNY 2020.** To build upon the success of the Challenge Grants, the Executive Budget includes \$110 million to expand and launch another round of NYSUNY 2020 and NYCUNY 2020. Priority will be given to plans that use technology to improve academic success and job opportunities for students, leverage public-private partnerships through the START-UP NY program, and better connect students to the workforce.

- **Establish a School of Pharmacy at Binghamton University.** The Executive Budget includes \$10 million in capital resources to fund initial planning and development costs for a new School of Pharmacy at Binghamton University. This initiative will help Binghamton continue to build its stature as a premier research university; expand enrollment; create jobs and increase economic activity in the region; and help meet health care workforce needs.

- **New York Open for Business.** Supported by \$50 million in New York Power Authority resources, the Open for Business initiative will continue to provide an enhanced marketing effort to demonstrate the benefits of investing and doing business in New York.

- **Commercial Gaming.** On November 5, 2013, the voters approved the development of up to seven casinos, four of which will be located in Upstate New York. To begin the process for selecting and regulating casino operators, the Executive Budget recommends 10 additional staff for the Gaming Commission. Through a competitive procurement process, casinos are expected to be open as early as January 2015.

Other Budget Actions

- **Market NY.** The Executive Budget includes a second round of \$5 million in competitive funding to support tourism marketing plans that best demonstrate regional collaboration among counties to promote regional attractions.

- **Innovation Hot Spots and Incubators Program.** The Executive Budget authorizes \$3.75 million in new funding to continue to foster innovation by offering start-up companies valuable business support services to help commercialize academic research and promote further collaboration between business and academia.

- **Continued Commitment to Critical Economic Development Investments.** The Executive Budget includes nearly \$46 million to support ongoing economic development initiatives including the New York State Economic Development Fund, the Minority- and Women-Owned Business Development and Lending Program, the Urban and Community Development Program, the Entrepreneurial Assistance Program, tourism marketing initiatives, and international trade efforts.
- **Continued High Technology Funding.** The Executive Budget authorizes nearly \$31 million to support ongoing university-based matching grants and other high technology and research and development programs administered by – the Department of Economic Development’s Division of Science, Technology and Innovation.
- **Strengthening Consumer Protections.** The Executive Budget contains proposals under the purview of the Department of Financial Services (DFS) aimed at strengthening consumer protections through the following reforms:
 - **Out-of-Network Claims.** Protect consumers from costly surprise out-of-network medical bills by placing responsibility for resolving billing disputes with insurance companies and medical providers. New Yorkers who try to stay in-network will not be held responsible for these surprise bills.
 - **No-Fault Automobile Insurance Fraud.** Curb no-fault insurance fraud, thus lowering New Yorkers’ auto insurance rates, by prohibiting payments to health providers engaged in fraudulent activity, levying civil fines for violations and authorizing the Department to perform unannounced facility audits and inspections.
 - **Title Insurance.** Establish licensure requirements for title insurance agents, closers and solicitors and significantly lower title insurance rates and closing costs for consumers through regulation.
 - **Student Protections.** Establish a Student Protection Unit within DFS to serve as the consumer watchdog for New York’s students. The Unit will be responsible for investigating student loan abuses and monitoring student health insurance plans, and other student financial projects.