



5. Economic Development

The Executive Budget makes transformative investments in the revitalization of Upstate regions, job-creating programs and the expansion of high-speed broadband access across the State. This bold agenda will leverage the success of Governor Cuomo's regionally-focused economic development strategy to identify catalytic infrastructure projects, promote innovation and transform every sector of the economy.

Overview

In the last four years, Governor Cuomo has completely redesigned the State's economic development strategy through his Regional Economic Development Councils (REDC) and fast-tracked economic revitalization by replacing New York State's traditional top-down development strategy with an

innovative approach that enables regional stakeholders to develop long-term plans based on regional priorities and unique assets. The REDCs have awarded over \$2.9 billion for job creation and community development projects that will create or retain over 150,000 jobs.

As part of this regional economic strategy, the State's unprecedented \$1 billion investment in the Buffalo area economy is helping to create thousands of jobs and spur new investment and economic activity.

START-UP NY, the groundbreaking initiative established in 2013 to transform SUNY and private college and university campuses and communities across the State into tax-free zones, is attracting new businesses and encouraging existing businesses to expand. To date, a total of 55 businesses have been approved for START-UP NY participation and are projected to create over 2,100 net new jobs and over \$98 million in investment.

The State has continued progress towards realizing the economic benefits of resort gaming destinations, as the Gaming Facilities Location Board has selected sites that will create thousands of local jobs and drive economic development in surrounding communities. Such destinations will support small

businesses and create new tax revenue to support local governments and school districts.

The 2015-16 Executive Budget builds upon this framework of success and launches the Upstate Revitalization Fund (URF) to inject \$1.5 billion of State resources to drive revitalization in major Upstate regions. The New NY Broadband Fund will complement this effort by making an historic \$500 million investment in universal broadband deployment to significantly expand the availability and capacity of high-speed broadband access through the State. High-speed broadband access, and its ability to electronically connect the State, is as important to the State's economy as was the Erie Canal's ability to physically connect the State when it opened in 1825. The State will also establish the Global NY Development Fund to help small- and medium-sized businesses develop global export and expansion opportunities and make targeted capital investments in projects with an Upstate focus.

Proposed 2015-16 Budget Actions

- **Create an Upstate Revitalization Competition.** The Budget includes a new \$1.5 billion Upstate Revitalization Fund (URF) to help continue to restore economic opportunity to regions across

Upstate New York. This program is modeled on the proven framework and best practices established by the Buffalo Billion initiative, and the existing expertise and structure of the Regional Economic Development Councils. The URF will target investment within a set of economically-distressed upstate metropolitan areas and their surrounding regions, focusing on both catalytic infrastructure projects as well as quality of life initiatives to make upstate New York a better place to live, work, and visit. This investment utilizes one-time resources from financial settlements reached with several banks and insurance companies.

Funds will be awarded through a competition with priority given to projects exhibiting region-wide impact, focusing on strengthening critical infrastructure, revitalizing communities, bolstering workforce development, growing tourism, and improving quality of life. Seven regions are eligible to compete for one of three \$500 million upstate revitalization funds: Mid-Hudson, Capital Region, Mohawk Valley, Central New York, North Country, Southern Tier and Finger Lakes.

- **Establish the New NY Broadband Fund.** The Budget establishes a \$500 million New NY Broadband Fund to significantly expand the availability and capacity of broadband across the State. This comprehensive program will build on the success of the Connect NY Broadband Program and expand the creation of ultra-high-speed network and promote broadband

adoption through a multi-pronged approach. Key elements of the program include: public/private sector partnerships, the ability to recoup State investment, broadband speeds of up to 100Mbps, regional ground-up planning, leveraging existing State-owned assets and streamlining the State regulatory process to speed up implementation and reduce deployment costs. A private sector match of at least 1:1 for broadband providers seeking to access funding is expected to increase the size of the program to over \$1 billion. This investment utilizes one-time resources from financial settlements reached with several banks and insurance companies.

- **Create the Global NY Development Fund.** The Budget supports a \$35 million Global NY Development Fund to encourage more New York-based companies to export their products to established and emerging markets around the globe. The Global NY Development Fund will provide grants and loans to help New York State based small- and medium-sized businesses with financing to enable them to explore new exporting or global expansion opportunities to grow and compete.
- **Support 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 \$2.9 billion in State funding through a competitive process to spur job creation based on regional priorities. This

new strategy has resulted in 150,000 new or retained jobs in New York.

The 2015-16 Executive Budget includes core capital and tax-credit funding that will be combined with a wide range of existing agency programs for a fifth round of REDC awards. 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 to fund high value regional priority projects; and
 - \$70 million in State tax credits – set aside from the Excelsior Jobs tax credit program to fund regional priority projects.
- **Invest in Strategic Initiatives.** The Budget authorizes new funding for the following key economic development projects:
 - **New York Power Electronics Manufacturing Consortium.** As part of the State's \$135 million multi-year commitment, a \$33.5 million initial State investment will be provided to support the New York Power Electronics Manufacturing Consortium to develop and commercialize the use of wide bandgap power electronic devices.

- **Cornell University College of Veterinary Medicine.** An additional \$19 million State multi-year investment is provided to expand and upgrade infrastructure and teaching facilities at the Cornell University College of Veterinary Medicine to accommodate larger class sizes.
- **School of Pharmacy at Binghamton University.** The 2014-15 Enacted Budget provided \$10 million to begin the design and construction of a new School of Pharmacy at Binghamton University. The Executive Budget includes \$50 million to complete construction of the new School. This initiative will help Binghamton continue to build its stature as a premier research university, expand enrollment, create jobs, increase economic activity in the Southern Tier and help meet health care workforce needs.
- **Economic Development Initiatives.** The \$45 million New York Works Economic Development Fund Program will provide capital grants to support projects that facilitate an employer's ability to create new, or retain existing, jobs, or fund infrastructure investments necessary to attract new businesses or to expand existing businesses.

- **Provide for North Country Investments.** The Budget authorizes funding for the following priority projects in the North Country:
 - **Clarkson - Trudeau Partnership.** An additional \$5 million to support the 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.
 - **Olympic Regional Development Authority (ORDA) Capital Improvements.** \$10 million in new capital funding for ORDA, including \$7.5 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.
- **Launch Another Round of NYSUNY 2020 and NYCUNY 2020.** To build upon the success of the Challenge Grants, the Budget includes \$110 million to 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.

- **Support 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.
- **Promote Tourism.** The State's economic development agencies will implement a \$45 million tourism campaign in 2015-16 to attract visitors from around the world. The program includes a third round of \$5 million in competitive funding through the Market NY initiative to support tourism marketing plans that best demonstrate regional collaboration among counties to promote regional attractions.
- **Expand Venture Capital Funding.** The New York State Innovation Venture Capital Fund will be expanded from \$50 million to \$100 million. These funds will accelerate technology commercialization in New York State by making equity investments in high-growth technology companies that leverage the State's industrial and cluster strengths.

Other Budget Actions

- **Fund the Innovation Hot Spots and Incubators Program.** The Executive Budget authorizes \$5 million in new funding, the fully annualized level, 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.

- **Continue Commitment to Critical Economic Development Investments.** The 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.
- **Support High Technology Grants.** The Executive Budget authorizes over \$34 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.
- **Support Community Revitalization.** The Budget also earmarks JPMorgan Chase mortgage settlement proceeds for community development and revitalization by providing \$50 million for the Restore New York Communities Initiative and \$15 million to support Community Development Financial Institutions.

- **Establish the Office of Faith-Based Community Services.** The State will establish a new Office of Faith-Based Community Services to assist and maximize community and faith-based organizations in providing education, health, workforce training, food programs and social services to communities. The Office will also work with ESD to help and encourage development of faith-based businesses.
- **Support the Office For New Americans.** Additional State-support of \$3 million will replace reduced Federal support and provide a net increase of \$1 million over last year's levels. These resources will be allocated to the Department of State's Office for New Americans that provides services to assist the State's immigrant communities.