



3. Investing in New York

The State currently expects to receive approximately \$5.4 billion in 2014-15 from financial settlements with banks and insurers. The Executive Budget provides a plan for the investment of these funds that builds for the future, revitalizes our economies and helps New York prepare for future challenges.

The funds from these financial settlements are one-time resources; therefore, they can only be responsibly used to fund one-time expenditures. The Budget proposes \$3 billion in loans and grants for special infrastructure projects, including those related to transportation, health care, disaster preparedness, and other one-time investments. A total of \$1.5 billion will be made available for competitive upstate

revitalization grants. In addition, \$850 million is reserved to address financial risks.

Upstate Revitalization Program

The Executive Budget funds a new \$1.5 billion Upstate New York Economic Revitalization Competition to help continue to restore economic opportunity to regions across Upstate New York. The Upstate Revitalization Fund (URF) is modeled on the proven framework and best practices established by the Buffalo Billion initiative. 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.

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. Because the challenges faced by Upstate regions and solutions for revitalizing them vary, the Upstate New York Revitalization Competition will provide an

opportunity for a range of projects to be eligible for funding.

Special Infrastructure Account

The Executive Budget includes \$3.05 billion to create a new special infrastructure account that will guide investment across a wide range of projects throughout New York State, from large-scale complex projects to smaller strategically critical investments that leverage additional resources or fill gaps in project funding. Funds may also be used to provide low-interest loans with a focus on leveraging private capital and investment. In addition, the Executive Budget proposes to expand the authorization of design-build contracting to optimize the quality, cost and efficiency of suitable infrastructure investments across all State agencies and public authorities. This proposal will permit, but not in all instances mandate, Project Labor Agreements (PLA) to be used on design-build projects. PLAs are comprehensive labor agreements that establish the collective bargaining and labor parameters for a project. Funding is also provided to address structural challenges facing health care providers, encourage local

government efficiency and support disaster preparedness and response.

The Executive Budget includes specific allocations for the following programs:

- **Thruway Stabilization Program (\$1.285 billion).** A new \$1.285 billion Thruway Stabilization program that will help offset the impacts on toll-payers of major Thruway investments. These investments include the \$3.9 billion New NY Bridge project replacing the Tappan Zee Bridge between Rockland and Westchester, and meeting transportation needs on the rest of the Thruway's core system across the State.
- **Broadband Initiative (\$500 million).** A \$500 million New NY Broadband Fund is established 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; unprecedented 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.

- **Hospitals (\$400 million).** \$400 million is reserved to support debt restructuring and other capital projects for hospitals in rural communities to facilitate health care transformation. Hospitals in Upstate are critical healthcare providers and some of the largest regional employers. However, financial challenges exist for smaller, community based and geographically isolated hospitals that could prevent their participation in critical State reform efforts.
- **Penn Station Access (\$250 million).** \$250 million in funding will advance MTA's Penn Station Access project, which will open a new Metro-North link directly into Penn Station, to provide critical system resiliency, improve regional mobility and construct four new Metro-North stations in the Bronx.
- **Statewide Infrastructure Improvements (\$115 million).** \$115 million for strategic capital investments in infrastructure, including State Fair, transit, rail, port and aviation facilities that promote economic development.
- **Transit-Oriented Development (\$150 million).** Up to \$150 million will encourage mixed-use development at key public transit facilities through the investment in vertical parking facilities such as the Ronkonkoma and Nassau Hub locations on Long Island, and the Lighthouse Landing in Tarrytown, Westchester County. These investments will ensure that real estate currently utilized primarily for parking

can be re-developed for mixed use – spurring investment in retail and residential developments and helping strengthen those local communities and their economies.

- **Resiliency, Mitigation, Security, and Emergency Response (\$150 million).** \$150 million in settlement funds will support preparedness and response efforts. These funds will also support efforts to prevent, prepare for, and respond to other public safety and health emergencies. Within the last four years, New York State sustained damage from Hurricane Irene, Tropical Storm Lee, and Superstorm Sandy – three powerful storms that crippled entire regions. These funds acknowledge that future extreme weather events and natural disasters are likely. These funds will also be available to ensure that New York has the resources needed to continue its aggressive counter-terrorism efforts.
- **Southern Tier and Hudson Valley Agricultural Enhancement Program (\$50 million).** \$50 million from the Special Infrastructure Account will assist farmers and other related businesses in the Southern Tier (\$30 million) and Hudson Valley (\$20 million) with maintaining and growing their businesses. Funding would be used for strategic farming initiatives, including preservation of farmland, to ensure that farms in the Southern Tier and Hudson Valley remain intact and vibrant for generations to come.

- **Municipal Restructuring (\$150 million).** \$150 million from the Special Infrastructure Account will fund and enhance programs that encourage local government efficiencies. These programs help lower the cost of government and reduce the burden placed on property taxpayers. Specific programs that are funded include:
 - *Transformational Grants.* Funding will be awarded for one-time costs related to transformational projects that reduce the long-term cost of local government and school district services. This includes financing the implementation of high quality proposals identified in the Government Efficiency Plans.
 - *Citizens Reorganization Empowerment Grants.* These grants provide funding of up to \$100,000 for local governments to cover costs associated with planning and implementing local government reorganization activities, such as consolidations and dissolutions. Expedited assistance is given to local governments that have received a citizen petition for consolidation or dissolution.
 - *Citizen Empowerment Tax Credits.* For cities, towns, or villages that consolidate or dissolve, these tax credits provide an annual aid bonus equal to 15 percent of the newly combined local government's tax levy. At least 70 percent of such amount must be used for direct relief to property taxpayers.

- *Local Government Efficiency Grants.* These competitive grants provide funding to help cover costs associated with local government efficiency projects, such as planning for and/or implementation of a functional consolidation, shared or cooperative services, and regionalized delivery of services. The maximum implementation grant award is \$200,000 per municipality/\$1 million per grant consortium, and the maximum planning grant award is \$12,500 per municipality/\$100,000 per grant consortium.