

4. ECONOMIC DEVELOPMENT

The FY 2017 Executive Budget continues Governor Cuomo's focus on the revitalization of Upstate regions, job-creating programs and investing in key capital projects across the State. This aggressive job-creation agenda leverages the success of Governor Cuomo's regionally-focused economic development strategy to create jobs, strengthen and diversify economies, and generate economic opportunity across the State.

Overview

In the last five years, Governor Cuomo has completely redesigned the State's economic development strategy through his Regional Economic Development Councils (REDC). Economic revitalization has been fast tracked 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 nearly \$4

billion for job creation and community development projects that will create or retain over 200,000 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 155 businesses have been approved for START-UP NY participation and are projected to create over 4,200 net new jobs and nearly \$221 million in investment.

Through the Upstate Revitalization Initiative (URI) \$1.5 billion was awarded to three Upstate regions – Central New York, the Finger Lakes and the Southern Tier. Each region received \$500 million over a multi-year period to support transformative investments that build upon its assets and leverage private sector capital to create jobs and strengthen regional economies.

The Executive Budget builds upon this framework of success and continues the Upstate Revitalization

Initiative (URI) to inject an additional \$200 million of State resources to drive revitalization in the North Country, Capital District, Mohawk Valley and Mid-Hudson regions. It also makes additional investments through the successful public-private partnership model developed by the SUNY Polytechnic Institute Colleges of Nanoscale Science and Engineering (SUNY Poly CNSE) targeted at leading-edge technologies and industries of the future.

Proposed FY 2017 Budget Actions

- **Continue Upstate Revitalization.** The Budget includes an additional \$200 million to support Upstate Revitalization Initiative projects that will further bolster economic opportunity to regions across upstate New York. Modeled on the Buffalo Billion initiative and the existing structure of the Regional Economic Development Councils, this initiative will target investment within a set of economically-distressed upstate metropolitan areas and their surrounding regions. By focusing investment on infrastructure projects as well as quality of life initiatives, Upstate New York is becoming a better place to live, work, and visit. These additional funds are available to the four regions (North Country, Capital District, Mohawk Valley and Mid-Hudson) that were eligible for the first round of the Upstate Revitalization

Initiative but were not selected as a 2015 Best Plan Awardee.

- **Support for Nano Utica.** The Budget includes \$200 million to support a cutting edge, 360,000 square foot wafer fabrication facility to be constructed at the Nano Utica site in Marcy. This project is expected to generate more than 1,000 new jobs and attract over \$2 billion in private investment.
- **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 nearly \$4 billion in State funding through a competitive process to spur job creation based on regional priorities. This new strategy has resulted in 200,000 new or retained jobs in New York.

The Executive Budget includes core capital and tax-credit funding that will be combined with a wide range of existing agency programs for a sixth round of REDC awards. The Budget continues 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.** The Budget includes an additional \$33.5 million towards the State's \$135 million multi-year commitment, to support the New York Power Electronics Manufacturing Consortium to develop and commercialize the use of wide bandgap power electronic devices.
 - **Clarkson-Trudeau Partnership.** An additional \$12 million is included in the Budget 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.
 - **Brookhaven National Laboratory.** The Budget provides \$50 million over 5 years to support research facilities at the Brookhaven National Laboratory in Stony Brook, including \$10 million in FY 2017.
 - **Buffalo High-Tech Manufacturing Innovation Hub.** \$100 million over 10 years is provided to support the development of the Buffalo High-Tech Manufacturing Innovation Hub at Riverbend, including \$10 million in FY 2017.

- **Albany Nano G450C.** An additional \$60 million over 4 years is allocated to fulfill the State's investment at the Albany Nano G450C facility, including \$15 million for FY 2017.
- **Olympic Regional Development Authority (ORDA) Capital Improvements.** The Budget includes \$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.
- **Economic Development Initiatives.** The \$99 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.
- **Launch Another Round of NYSUNY 2020 and NYCUNY 2020.** To build upon the success of the initial Challenge Grants, the Budget includes \$110 million to launch a new round of NYSUNY 2020 and NYCUNY 2020. Priority will be given to plans that use technology to improve academic success, leverage public-private partnerships through the START-UP NY program, and better connect students to the workforce.
- **Support New York Open for Business.** To continue the enhanced marketing effort to demonstrate the benefits of investing and doing business in New York and to promote the State's

tourism assets, \$50 million will be appropriated through Empire State Development for the Open for Business initiative.

- **Expand and Promote Tourism.** In FY 2017, the State's economic development agencies will implement a \$50.5 million tourism campaign to attract visitors from around the world, a \$5 million increase in funding from FY 2016. The program includes a fourth round of \$13 million in competitive funding through the Market NY initiative to support tourism marketing plans and projects that best demonstrate regional collaboration among counties to promote regional attractions.

Other Budget Actions

- **Javits Center Expansion.** The Governor's 2016 economic development agenda includes a proposal to dramatically expand and improve the Jacob K. Javits Convention Center, by 1.2 million square feet, resulting in five times more meeting and ballroom space. The project will include construction of a truck marshaling facility capable of housing hundreds of tractor-trailers simultaneously to improve pedestrian safety and local traffic flow. The Budget includes legislation which would authorize design-build contracting for this project to accelerate project delivery and reduce cost.
- **Empire Station Complex.** Governor Cuomo also proposes to create the Empire Station Complex, a \$3 billion transformation of Penn Station and the

historic James A. Farley Post Office into a world-class transportation hub. The complex will feature significant passenger improvements, including first-class amenities, natural light, increased train capacity and decreased congestion, and improved signage to dramatically enhance the travel experience. The project will be expedited by a public-private partnership in order to break ground in 2016 and complete substantial construction within the next three years. The Budget includes legislation which would authorize design-build contracting for these projects to accelerate project delivery and reduce cost.

- **Fund the Innovation Hot Spots and Incubators Program.** The Executive Budget authorizes \$5 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.
- **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 \$35 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.
- **Excelsior Jobs Program.** The Budget includes legislation that extends the Excelsior Jobs Program claims period five years from 2024 to 2029 to provide Empire State Development with the ability to continue offering a ten year benefit period to eligible companies.
- **Department of State (DOS) Agency Modernization.** As the State's general recording officer, DOS is responsible for keeping all corporate filing certificates and documents. The Budget contains \$3.7 million of one-time funding for DOS to convert all of these corporate documents to electronic images. Digitization will improve ease of access for official corporate documents available to businesses and the general public while streamlining business processes and alleviating DOS staffing pressures.

