







As New York continues its efforts to rebound from the economic impacts of the COVID-19 pandemic, the FY 2023 Executive Budget makes unprecedented investment into New York's economic recovery and the promotion of job creation, job retention, workforce development and the revitalization of every region of the State. The Executive Budget proposes investing in key capital projects, emerging and high-impact industries, and regionally balanced economic development strategies with a focus on industries and businesses disproportionately impacted by the COVID-19 pandemic.

Governor Hochul's economic development vision sets forth a strong response geared toward economic rejuvenation. The Executive Budget will promote growth with an emphasis on easing the economic burden New York has endured.

## OVERVIEW

Together, the Empire State Development Corporation and the Department of Economic Development (DED) finance key economic development projects and provide policy direction across the State to strengthen New York businesses, industries and overall economic growth throughout the state. The Economic Development portfolio at the Division of the Budget includes the administration of regionally based economic development programs, marketing and advertising activities to promote tourism, and strategic business investments, as well as the administration of programs to expand university-based research and technology.

## RESPONDING TO THE PANDEMIC

Following Federal inaction as the coronavirus migrated from Europe to the United States, New York was among the first and most heavily impacted states in the nation by the pandemic. The need for New Yorkers to take significant health precautions to reduce the spread of the virus and save lives caused an economic upheaval in every region of New York State.

From the beginning and throughout the pandemic, New York State has implemented numerous initiatives to support struggling businesses. These include:

- The \$800 million COVID-19 Pandemic Small Business Recovery Grant Program has provided thousands of small businesses impacted

by the pandemic, particularly those in socially and economically distressed communities, with grants to offset losses in revenue and reimbursement for pandemic-related improvements.

- Tourism Return-to-Work Grant Program -- \$100 million in grant funding to support the rehiring of workers by COVID-impacted tourism businesses.
- Meet in New York Grant Program -- \$25 million in grant funding to help support the return of conferences, meetings and trade shows that generate significant tourism economic activity through overnight stays, dining and other tourism-related activities.
- Restaurant Resiliency Program -- \$25 million in grant funding to support restaurants that provide meals to distressed and under-represented communities.
- Restaurant Return-To-Work Tax Credit -- For small, independently owned restaurants within New York City or any area in New York State.
- As New York State continues to recover, supports for business will remain in place and adapt to changing national, statewide and regional economic conditions and are supported by the Executive Budget.

## CREATING JOBS AND GROWING THE ECONOMY

A key component of the State's strategy for investment and economic development has been the Regional Economic Development Council initiative, which is rooted in a bottom-up approach that partners with local leaders to utilize regional strengths to support community revitalization and business growth.

As part of this strategy, the State has deployed multiple rounds of investment through the Regional Councils to shovel-ready projects throughout FY 2022 on a continuous and competitive basis to stimulate the state's economic recovery and address the immediate needs of applicants. In addition, the State invested \$200 million to support downtown transformation projects in up to 20 communities across the State to develop strategic investment plans that advance the community's vision for revitalization.

The State also utilizes performance-based programs, such as the Excelsior Jobs program, to attract businesses to New York State that require them to achieve specific employment and investment goals before they benefit from tax credits and other support.

## PROPOSED FY 2023 ECONOMIC DEVELOPMENT BUDGET ACTIONS

**Regional Economic Development Councils.** The Regional Economic Development Councils (REDC) will continue to play a key role in a regionally-driven strategy to support economic recovery and growth with a focus on businesses and industries most impacted by the ongoing public health emergency. The Executive Budget includes a wide variety of funding that will be coordinated with and driven by strategic plans developed by the REDCs at the ground level to ensure that available funding is matched with the unique sector-driven needs and priorities of each region. The Budget includes core funding of \$225 million in grants and tax credits to fund high value regional priority projects, which is anticipated to be made available throughout the year to ensure that projects that are shovel-ready can be advanced in a timely fashion. The Executive Budget also includes significant resources for a robust package of workforce development initiatives (up to \$350 million) and downtown and community revitalization initiatives (up to \$450 million) that will be coordinated with REDC-driven economic development strategies where appropriate.

**Downtown Revitalization.** Governor Hochul is committed to reviving New York State's downtowns, large and small, and recognizes that the strength of the State lies in its partnerships with local governments. By working together to create economically, socially, and environmentally healthy community centers through downtown revitalization, we can make life better for New Yorkers and help secure the long-term well-being of the state. To further revitalize our communities, the Executive Budget provides \$100 million for another round of the Downtown Revitalization Initiative, which has been transforming downtown neighborhoods into vibrant communities where the next generation of New Yorkers will want to live, work and raise families. Participating communities are nominated by the State's 10 REDCs based on the downtown's potential for transformation. Each winning community is awarded funding to develop a downtown strategic investment plan and implement key catalytic projects that advance the community's vision for revitalization.



**New York Forward.** To support a more equitable recovery across New York's rural communities, the State will create and invest in the NY Forward program, designed to advance the renaissance of our smaller downtowns. New York's hamlets and villages serve as commercial and social centers, and support our agricultural, recreational, and tourism economies. Recognizing the distinct needs of smaller communities and their niche historical and cultural assets, the Executive Budget includes \$100 million for the rural and smaller communities. Like the DRI program, NY Forward communities will be selected in partnership with the REDCs, and the Department of State (DOS) will lead the community through an abbreviated planning process to develop a slate of readily implementable projects. The State's investment in shovel-ready projects that demonstrate their ability to accelerate revitalization will strengthen the competitiveness of future community projects, overcoming barriers and closing the gap between the trajectory of New York State's small communities and larger urban centers.

**ConnectALL Initiative.** Governor Hochul's ConnectALL initiative will be the largest-ever investment in New York's digital infrastructure, transforming it so all New Yorkers have affordable, reliable broadband statewide. Catalyzing over \$1 billion in new public and private investments, ConnectALL will provide affordable broadband access to New Yorkers in rural and urban areas statewide and continue New York State's leadership on connectivity.



**Restore New York Communities Program.** Established in 2006-07, the Restore New York Communities program supported municipal efforts to demolish, deconstruct, rehabilitate, or reconstruct vacant, abandoned, condemned, or surplus properties. To renew the State's commitment to rehabilitating blighted areas, the Executive Budget includes \$250 million for a revitalized Restore New York program, which has been successful in jumpstarting local economies and investing in the future of New York State's communities. Prior rounds of the Restore New York program have resulted in the removal and restoration of dozens of sites statewide, but no new rounds of funding have been launched since 2017. Under Governor Hochul's leadership, this program will be enhanced to target disadvantaged communities, and to address not only urban but also rural areas, which are too often overlooked in such revitalization initiatives.

**Launch a Billion-Dollar Small Business Plan.** Governor Hochul is proposing a nearly billion-dollar plan focused on the State's small businesses, including targeted programs to address small business needs and ensure all types of small businesses prosper throughout the State. Key components of this plan include:

- Funding for Small Businesses of the Future – Capital and venture debt awards to emerging small businesses in the innovation sector, including minority-and-women-owned companies often overlooked by venture investments.
- Small Business COVID Capital Investment Tax Credit – A \$250 million tax credit to small businesses that took on COVID-related capital expenses.
- Seed Funding for Small Business – A \$200 million flexible grant program for early-stage businesses recently opened despite the COVID-19 pandemic.
- Small Business Lending Initiative – Provide reduced interest rate and accessible loans to expanding small businesses.

**Regional Economic Community Assistance Program.** Extraordinary transformations have occurred in downtowns and waterfronts around the state. Areas such as Buffalo, Niagara Falls, and Rochester contain vast potential for this kind of growth. The Executive Budget includes \$800 million to foster commercial and workforce development, tourism promotion, and community and urban revitalization, particularly in historically disadvantaged communities.



### **Olympic Regional Development Authority (ORDA) Capital**

**Improvements.** The Budget includes \$105 million in new capital funding for ORDA, including \$92.5 million for a strategic upgrade and modernization plan to support improvements to the Olympic facilities and ski resorts with a focus on preparations for the 2023 World University Games, \$10 million for critical maintenance and energy efficiency upgrades, and \$2.5 million appropriated from the Office of Parks, Recreation and Historic Preservation budget as part of the New York Works initiative. Additional investments in these North Country assets will continue to make New York State more competitive for winter recreation and travel, attracting large sports events, and ultimately driving year-round business and economic sustainability for the area.

ORDA facilities in and around Lake Placid are being used for the 2023 World University Games, an international sports and cultural event staged every two years in a different city. The 11-day competition draws over 2,400 student-athletes together to compete in various disciplines including alpine, freestyle and cross-country skiing, biathlon, speed skating, curling, figure skating, hockey, short track speed skating and snowboarding. These events will attract thousands of visitors and contribute to Lake Placid's reputation as a world class destination.

**Overhaul the State's Workforce Development Efforts.** To advance meaningful job opportunities and support industries across the state, Governor Hochul will overhaul the state's approach to workforce development through a robust funding package of up to \$350 million.

- Provide increased resources and up to \$11 million in additional funding to improve the MWBE program and ensure timely and efficient processing of MWBE certifications for qualified businesses, and;
- Establish a new unit within ESD dedicated exclusively to processing administrative appeals, including challenges to the denial of MWBE certifications, to ensure timely processing of appeals.
- A new Office of Workforce and Economic Development at Empire State Development (ESD) will coordinate efforts statewide through the State's Regional Economic Development Councils, and in conjunction with the Department of Labor, the State University of New York, the City University of New York, and other State agencies.

