

The FY 2018 Executive Budget continues Governor Cuomo's focus on revitalizing Upstate regions, job-creating programs and investing in key capital projects across the State. This aggressive 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

Together, the Empire State Development Corporation (ESD) and the Department of Economic Development (DED) finance key economic development projects and provide policy direction across the State. The Economic Development portfolio includes the administration of regionally-based economic development programs, marketing and advertising activities to promote tourism, strategic business investments as well as the administration of programs to expand university-based research and technology.

In addition to the efforts of these specific economic development agencies, Governor Cuomo has harnessed the full power and breadth of the State's activities for job creation and economic growth. Economic planning is now coordinated across all agencies and authorities so that capital investments, tax-credit funding, and the wide-range of agency programs have a much more profound economic impact than the sum of the individual programs.

Creating Jobs and Growing the Economy

In the last six 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 empowers regional stakeholders to develop long-term plans, putting to work their unique knowledge and understanding of local priorities and assets. To date, the REDCs have awarded nearly \$4.6 billion for job creation and community development projects, creating or retaining over 210,000 jobs.

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

Budget Highlights

Buffalo Billion Phase II.

Building on a foundation of success, a second phase, \$500 million investment in Buffalo and surrounding areas will continue Buffalo's remarkable redevelopment.

Life Sciences.

This groundbreaking five-year \$650 million initiative will spur the growth of a new, world-class life science research cluster in New York, expanding the State's ability to commercialize this research and grow the economy.

Empire Station. The State is investing \$700 million to leverage a total of \$3 billion, including private sector and Federal partners, for the transformation of the James A. Farley Post Office building into the Moynihan Train Hall. Combined with extensive renovations at the existing Penn Station, this will create a new Empire Station that will restore New York City's status as the linchpin of the northeast regional transportation network.

Performance Profile

Economic Development Regional Councils. Since 2011 the REDCs have awarded nearly \$4.6 billion in State funding to over 4,100 projects through a competitive process to spur job creation based on regional priorities. This new strategy has resulted in 210,000 new or retained jobs in New York.

Buffalo Billion. The State's \$1 billion investment in the Buffalo area economy is helping to spur new investment and economic activity. Projects funded through the Buffalo Billion are on track to create or retain 8,340 jobs.

The New NY Broadband Program is leveraging a \$500 million investment in high-speed internet access to deliver more than \$1 billion in broadband projects and ensure availability in unserved and underserved areas of the state. Access to broadband is vital for success in a 21st Century economy.

Through the Upstate Revitalization Initiative (URI), \$1.7 billion was awarded to seven Upstate regions over a multi-year period to support transformative investments that build on regional assets and leverage private sector capital to create jobs and strengthen regional economies.

The Executive Budget expands this job-creating investment by building on the economic progress of the Buffalo region, where it invests \$500 million to launch the second phase of the Buffalo Billion. It also provides \$650 million over five years to fuel a world-class life sciences cluster in New York, and makes key investments in economic development and infrastructure projects throughout the State.

Proposed FY 2018 Budget Actions

- **Buffalo Billion Phase II.** The Executive Budget allocates \$500 million over five years to support the second phase of the Buffalo Billion investment development plan. Buffalo Billion Phase II will extend investment in Western New York to the neighborhood level and strengthen existing connections between downtown, suburban, and surrounding areas. Phase II will focus on revitalization and smart growth efforts, improvements to workforce development and job training, growing advanced manufacturing, tourism and life sciences, and connecting communities to foster growth through rail expansion.
- **Investment in Life Sciences.** New York is uniquely positioned to become a global powerhouse in the life science sector, with significant untapped potential to commercialize research and translate it into private sector economic impact. The life science sector encompasses the fields of biotechnology, pharmaceuticals, biomedical technologies, and life systems technologies. It includes organizations and institutions that devote the majority of their efforts to the various stages of research, development, technology transfer and commercialization.

Firms in this sector are developing new medical and pharmaceutical breakthroughs that have the potential to save lives through new therapies or the early detection of diseases like autism and cancer. These firms are also making significant advancements in agriculture and environmental biotechnologies, helping create a cleaner and more sustainable future.

New York is already an undisputed national leader in attracting cutting-edge research in life sciences from external funding sources such as the National Institutes for Health. But New York has not been successful in attracting the private venture capital needed to commercialize life science research. By strengthening incentives, investing in facilities, and improving access to talent and expertise, New York will significantly increase its share of industry-funded research and development, support the commercialization of existing academic research, and usher in the next generation of advanced technologies. This initiative will position New York to be a magnet for emerging manufacturing-based enterprises, bolstering regional economies and creating thousands of jobs.

The Governor's \$650 million multi-faceted strategy includes \$250 million in tax incentives for new and existing life science companies, \$200 million in State capital grants to support investment in wet-lab and innovation space, and \$100 million in investment capital for early stage life science initiatives, with an additional match of at least \$100 million for operating support from private sector partnerships.

The first investment under this new initiative will provide \$15 million to support the buildout of the JLABS Innovation Center at the NY Genome Center. This collaboration with Johnson & Johnson JLABS division will provide entrepreneurs 35,000 square feet of lab space and offices, and access to scientific, industry and capital funding expertise to build early stage companies into economic engines.

- **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 \$4.6 billion to more than 5,200 projects. This strategy has resulted in 210,000 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 seventh round of REDC awards totaling \$750 million. 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. The Budget continues to make resources available from State agencies to support community revitalization and business growth consistent with the existing Regional Council plans through the Consolidated Funding Application process.

- **Empire Station.** The State is investing \$700 million to leverage a total of \$3 billion, including private sector and Federal partners, for the transformation of the James A. Farley Post Office building into the Moynihan Train Hall. Combined with extensive renovations at the existing Penn Station, this will create a new Empire Station.

- **Round 2 of Upstate Airport Economic Development and Revitalization Competition.** In FY 2017, the Governor established the \$200 million Upstate Economic Development and Revitalization Competition. The competition includes \$190 million to support airport projects and \$10 million allocated through the Governor's Aviation Capital Grant Program. In the first round, \$40 million was awarded to Elmira Corning Regional Airport to activate the airport's \$58 million transformation, and \$39.8 million in funding was awarded to the Greater Rochester International Airport to initiate a \$63.4 million transformation. In round two, Plattsburgh International Airport will receive \$38 million to jumpstart the airport's \$43 million overhaul and Syracuse Hancock International Airport will receive \$35.8 million towards their \$45.1 million transformation. The bold plans and designs developed by these airports will enhance safety, improve operations and access, reduce environmental impact, and create a better passenger experience.
- **Life Sciences Laboratory Public Health Initiative.** The Budget includes \$150 million to support a life sciences laboratory public health initiative which will develop life science research, innovation and infrastructure through a joint effort between Empire State Development and the Department of Health.
- **Launch Another Round of NYSUNY 2020 and NYCUNY 2020.** To build upon the success of the NYSUNY 2020 and NYCUNY 2020 Challenge Grant program, the Budget includes \$110 million to launch a new round of grants. Priority will be given to plans that use technology to improve academic success, leverage public-private partnerships, and better connect students to the workforce.
- **New York Works Economic Development Fund.** The \$199 million New York Works Economic Development Fund will provide capital grants statewide 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.
- **Kingsbridge National Ice Center.** The budget provides an additional \$108 million in loan funding for the redevelopment of the currently vacant Kingsbridge Armory in the Bronx into an ice-sports facility. With the bridge loan funding from the State, the project is anticipated to create 400 permanent jobs. The facility, which will be known as the Kingsbridge National Ice Center, will feature multiple year-round indoor ice rinks and a 5,000 seat feature rink for national and international ice hockey and skating events.
- **Long Island Transformative Investments.** The Executive Budget invests \$160 million from existing capital resources in transformative projects on Long Island. Investments include \$80 million for enhancements to sixteen LIRR Stations (\$35 million funded by the MTA), \$40 million to improve system connectivity with MacArthur Airport and Brookhaven National Lab, as well as a \$40 million for infrastructure investments that will support economic growth, environmental sustainability and water quality in business districts in Smithtown and Kings Park.

- **Town of Woodbury Transit and Economic Development Hub.** The Budget supports the acceleration of the \$150 million reconstruction project to build the Town of Woodbury Transit and Economic Development Hub. The project, which will create nearly 600 jobs, will overhaul a highly congested corridor that feeds the Woodbury Common Premium Outlets, a regional economic engine.
- **New York Power Electronics Manufacturing Consortium.** The Budget includes an additional \$33 million to complete the State's \$135 million multi-year commitment to the New York Power Electronics Manufacturing Consortium. The consortium will develop and commercialize wide bandgap power electronic devices.
- **Strategic Economic Development Investments.** The Budget includes \$207.5 million for investments in strategic economic development projects that create or retain jobs and support innovation.
- **Photonics Venture Challenge in Rochester.** New York State will establish a \$10 million, multi-year Photonics Venture Challenge in Rochester. This business competition aims to support start-up companies that commercialize these rapidly developing technologies through a business accelerator program. It includes a top award of \$1 million to the most promising start-up company. There are currently no accelerator programs in the world with a photonics focus and the Rochester region is uniquely positioned to build a nationally recognized program.
- **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.
- **Support High Technology Grants.** The Executive Budget authorizes over \$35 million to support ongoing university-based matching grants, and other high technology research and development programs administered by the Department of Economic Development's Division of Science, Technology and Innovation.
- **Clarkson-Trudeau Partnership.** The remaining \$5 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.
- **Expand and Promote Tourism.** The Budget includes a record-high \$55 million to support the State's tourism campaign and attract visitors from around the world, a \$5 million increase in funding from FY 2017. The program includes a fifth round of \$15 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. Tourism is New York's fourth largest employment sector.

- **I Love NY Centers.** Modeled after the successful Long Island Welcome Center, the State will establish welcome centers—one in each region of the State—that feature an array of experiences including Taste NY, Path Through History, I Love New York and State Parks that highlight each region's tourism assets.
- **Olympic Regional Development Authority (ORDA) Capital Improvements.** The Budget includes \$12.5 million in new capital funding for ORDA, including \$10 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.
- **Cultural, Arts and Public Spaces Development Fund.** The Budget provides \$10 million dedicated to increasing business and tourism in downtowns through a Cultural, Arts and Public Spaces Development Fund. This fund will support the State's commitment to vibrant public spaces and artistic and cultural experiences at regional attractions such as amphitheaters and performing arts spaces.
- **Establish Excelsior Business Program.** The Executive Budget includes a proposal to establish the Excelsior Business Program, which builds upon the strengths of other programs and focuses on new and early-stage businesses involved in research and development or production of new products and technology to create better partnership opportunities between businesses, and college and university sponsors. In addition to tax-free benefits for these early-stage businesses, the program would also offer enhanced tax credits for companies that expand and create additional jobs while in the program.
- **Continue Commitment to Critical Economic Development Investments.** The Budget includes nearly \$35 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, and international trade efforts.
- **Institute Buy American Policy.** Implement the nation's strongest mandate for the purchase of American-made products by State entities. Under the Governor's "Buy American" plan, all State entities will be required to give preference to American-made goods and products in any new procurements more than \$100,000.
- **Advance Consumer Protections.** The Budget includes a number of proposals that advance important consumer protections in the banking, insurance and financial services industries. These protections would help ensure the fairness and stability of products and services New Yorkers rely upon and mitigate adverse financial impacts from unscrupulous practices. These proposals include:

- **Protect Consumers Utilizing Reverse Mortgage Products.** Consumers using reverse mortgage products do not receive the same protections as those afforded to regular mortgage holders. The Executive Budget proposes legislation that will require the same consumer protections, such as settlement conferences, regardless of the mortgage product they utilize.
- **License/Regulate Student Loan Servicers.** Student loan servicers are the critical link between borrowers and lenders and they are currently unregulated and unlicensed. The Budget includes legislation that would authorize the Department of Financial Services to license and regulate this industry.
- **Ban Bad Actors From the Banking Industry for Egregious Misconduct.** The Budget puts forth legislation to empower the Superintendent of Financial Services to ban the continued involvement of bad actors from the banking and insurance industries.
- **Protect the Elderly from Financial Exploitation.** The Budget includes several proposals to help stop and prevent elder exploitation, including an Elder Abuse Certification Program for Banks in New York State and empowering Elder Abuse Certified Banks to place holds on bank accounts where fraudulent activity is occurring.
- **Allow the Department of Financial Services to better regulate the business practices of online lenders.** The Budget includes legislation which would also require any lender making non-business loans of less than \$25,000 and business loans of less than \$50,000 to be licensed by DFS while also clarifying the meaning of the phrase “making loans in New York” to more closely track with the practices of online lenders.