

## **EMPIRE STATE DEVELOPMENT**

### **A DESCRIPTION OF THE CORPORATION'S OPERATIONS AND ACCOMPLISHMENTS**

Fiscal Year 2011-2012

#### **OVERVIEW & MISSION STATEMENT**

The New York State Urban Development Corporation d/b/a Empire State Development Corporation (ESD) is a public finance and development authority that serves as New York's chief economic development agency.

The new mission of Empire State Development (adopted December 14, 2011) is to promote a vigorous and growing economy, encourage the creation of new job and economic opportunities, increase revenues to the State and its municipalities, and achieve stable and diversified local economies.

Through the use of loans, grants, tax credits and other forms of financial assistance, ESD strives to enhance private business investment and growth to spur job creation and support prosperous communities across New York State. In its capacity as a promoter of economic activity, ESD works with a broad range of businesses to develop transformational opportunities for neighborhoods, cities and counties across every region of the state. ESD is also the primary administrative agency overseeing Governor Cuomo's Regional Economic Development Councils and the marketing of "I Love NY," the State's iconic tourism brand.

Since the beginning of the Cuomo Administration, January 1, 2011, the ESDC Board of Directors has approved incentive packages totaling \$1.1 billion, pledging to create 26,194 new jobs and retain 73,326 existing jobs in New York State. The funding for these projects will leverage \$9.0 billion in private investment across the state.

#### **ESD Leadership**

Kenneth Adams was appointed Empire State Development President and CEO, as well as Commissioner of the New York State Department of Economic Development (DED), by Governor Andrew M. Cuomo in January 2011 and confirmed by the New York State Senate in April 2011.

Mr. Adams works to promote economic practices that attract business and create jobs throughout New York State and works closely with Lieutenant Governor Robert Duffy to implement the Cuomo Administration's primary job creation and economic development initiative - Regional Economic Development Councils.

As part of Governor Cuomo's plan to diversify the development agency's leadership structure, he has separated the roles of CEO and Chairperson. Julie Shimer, PhD, then current CEO and President of Welch Allyn, was confirmed Chair of Empire State Development Board of Directors in June 2011 to bring a specific understanding of the issues facing economic development in upstate New York.

### **About Kenneth Adams**

Mr. Adams came to ESD from The Business Council of New York State, the state's leading business association, where he served as President and CEO since 2006. He led the organization in its mission of creating "economic growth, good jobs and strong communities across New York State." The Business Council represents nearly 2,500 member businesses, chambers of commerce and professional and trade associations employing a total of more than one million New Yorkers.

Prior to leading the Business Council, Mr. Adams was President of the Brooklyn Chamber of Commerce and Director of the MetroTech Business Improvement District in Downtown Brooklyn. He was also the founding Executive Director of New York Cares, New York City's leading volunteer organization, from 1988 to 1994.

### **About Julie Shimer**

Julie Shimer, Ph.D., Chief Innovation Officer of Welch Allyn, in Skaneateles Falls, New York, is a nationally recognized leader in the computer networking and wireless communications industries. Dr. Shimer served as CEO of Welch Allyn from 2007 to 2012, becoming the first woman to hold this post in the 95-year history of the company.

Prior to joining Welch Allyn, Dr. Shimer served as President and CEO of Vocera Communications, a leading wireless communications company based in Cupertino, California. Dr. Shimer also held executive positions at 3Com Corporation, Motorola, AT&T Bell Laboratories, and Bethlehem Steel Company. Dr. Shimer currently holds board positions with Welch Allyn, Netgear, the Engineering Information Foundation and CenterState Corporation for Economic Opportunity. In addition, she is a senior member of the Institute of Electrical and Electronics Engineers and Society for Women Engineers.

## **PROGRAMS & INITIATIVES**

### **Regional Economic Development Councils**

To fundamentally change New York's operating model for economic development and job creation, Governor Cuomo created 10 Regional Economic Development Councils and the Consolidated Funding Application (CFA) in July 2011.

These innovations transformed the way the State invests in economic development, shifting from a top-down approach to a community-based, performance-driven model which empowers individual regions to develop and invest in regional solutions to create jobs and economic growth. Supported by up to \$1 billion in state resources, Regional Councils incentivized competition and institutionalized a bottom-up, regionally-targeted approach to economic development that:

- Emphasizes each region's unique assets;
- Harnesses local expertise;
- Eliminates barriers to growth; and

- Advances priority projects which demonstrate the greatest potential for job creation and economic opportunity.

With councils established in every region of the state, and members from the business, academic and labor communities working together to design a plan that works for their regions, state government finally has an economic development strategy as diverse as New York.

As part of the Regional Council process, a Strategic Plan Review Committee was chosen to analyze and rank the strategic plans for each region competing for \$200 million in specially targeted economic development funding. In addition to the strategic planning grants, a Consolidated Funding Application (CFA) was created to give businesses and other entities streamlined and expedited access to economic development funding from nine state agencies and 29 existing programs. Awards for CFA projects were based on the endorsement of the local Regional Council and the technical scoring of various state funding agencies.

Consistent with the Governor's Executive Order on Minority and Women Business Enterprise (MWBE) participation in state contracting, all projects awarded grants through this initiative must use best efforts to reach the state's goals for MWBE participation.

In December 2011, after months of consideration by the Regional Councils and input at more than one hundred public meetings, forums and community workshops, \$785 million was awarded for job creation and priority projects consistent with each region's strategic plans.

To build on the success of the first round and keep the momentum going, a second round of Regional Economic Development funding was approved as part of the 2012-13 Enacted Budget. Up to \$750 million in economic development funding will be made available to implement regional strategic plans and continue to advance priority job-creating projects including:

- \$150 million in capital from the New York Works initiative;
- \$70 million in tax credits from the Excelsior Jobs Program; and
- \$500 million from existing agency programs through the CFA.

With a five-year roadmap serving as the guide for each region's economic growth, the second round of awards will allow each region to continue creating its own economic destiny, identify additional regionally significant projects, and take action on regulatory issues that are critical to advancing regional economic development visions and strategies.

### **The Excelsior Jobs Program**

The 2011-2012 Executive Budget strengthened the Excelsior Jobs Program, which was created in 2010, to provide job creation and investment tax credit incentives to businesses in targeted industries. A total of \$500 million will now be available annually to provide enhanced tax credits that will produce better results for New York's economy. Businesses will be able to benefit from this program over a 10-year period.

Key changes to the program include:

- A 10-year (rather than five) real property tax credit based on improved value of property, instead of based on real property taxes paid in year prior to certification.
- R&D credit expanded to 50 percent (instead of 30 percent) of a business' federal R&D credit, and capped at three percent of total eligible R&D investment in New York State.
- Utilities will be authorized to offer a discounted Excelsior Jobs Program rate.
- Wage credit to equal the product of wages and 6.85 percent (instead of a range between \$2,000 and \$5,000, depending on wage levels and location of project).
- Existing agriculture co-ops are added as eligible projects.

Since January 1, 2011, over \$184 million in tax credits have been committed to businesses that currently employ 32,797 New Yorkers. In return, these businesses have committed to capital investments of \$1.1 billion, research and development expenditures of another \$735 million and the creation of 13,649 jobs

### **The Economic Development Fund (EDF)**

The Economic Development Fund assists companies with general development financing. It helps increase business activity in the state, facilitates the creation and retention of jobs, and supports competitiveness-improvement services. Financing may be available for:

- Construction, expansion and rehabilitation of facilities;
- Acquisition of machinery and equipment;
- Working capital; and
- Training of full-time permanent employees.

### **The Manufacturing Assistance Program (MAP)**

The Manufacturing Assistance Program encourages manufacturers to invest in projects that will improve their operations. The program supports projects that will significantly increase the productivity and competitiveness of business operations by providing up to \$1 million in grants to promote investment in machinery, equipment and associated building modifications. Eligible manufacturers employ 50 to 1,000 workers and export at least 30% of their production beyond the immediate region, or supply at least 30% of their production to a prime manufacturer that exports beyond the region.

### **The Entrepreneurial Assistance Program (EAP)**

The Entrepreneurial Assistance Program provides new and aspiring entrepreneurs with in-depth assistance to help them start their businesses. Though the program is available for all those interested in starting a new business, it particularly assists minorities, women and dislocated workers. Assistance includes:

- Counseling on feasibility of starting a business;
- Refining a business concept and developing a business plan;
- Education in established management principles and practices;
- Guidance in exporting, contract procurement and licensing;
- One-on-one counseling to identify and access capital and credit;
- Access to business support networks; and

- Supports client efforts to obtain business financing.

### **New York State Land Bank Program**

The Governor signed New York State's Land Bank Program into law in July 2011. This program permits municipalities to apply for and create land banks in their communities upon approval of ESD. Land banks are not-for-profit corporations created to take control and redevelop vacant or abandoned properties to where they can better serve the public interest. In May 2012, the Governor announced the approval of five Round 1 applicants, which included the cities of Buffalo, Lackawanna, Tonawanda and Erie County; the City of Syracuse and Onondaga County; the City of Schenectady, County of Schenectady and City of Amsterdam; Chautauqua County and City of Newburgh.

### **New Market Tax Credits**

The New Market Tax Credits program authorizes Empire State Development to finance up to \$30 million in federal New Market Tax Credits to support job creation and development efforts in low-income communities through the state.

### **Small Business Programs**

Working with other state agencies and our partners in private industry, ESD has undertaken a leading role in a wide array of economic assistance programs geared at helping small businesses start, grow and invest in New York State.

### **The Small Business Revolving Loan Fund**

Aimed at "Main Street," everyday businesses, the fund will provide \$50 million (\$25 million in State funds/\$25 million in private matching funds) in loans to small businesses across New York State. The fund is used to support a wide range of small businesses, including mom and pop businesses, retail, service and manufacturing businesses. Specific loan terms are based on an individual business's needs, and interest rates will be competitive, with loan amounts ranging from micro-loans of under \$25,000 to larger loans of \$125,000. These larger loans combined with matching funds could total as much as \$250,000.

### **The Linked Deposit Program**

The Linked Deposit Program offers subsidized interest rate loans to small businesses operating in New York State. In 2011, the lifetime limit on low-interest loans permitted by the Linked Deposit Program was increased from \$1 million to \$2 million, making more dollars available for small businesses to grow and create jobs across New York State. The program assists existing New York State small businesses obtain reduced-rate financing for investments in projects that improve their performance, competitiveness, market access and product development. Through the program, businesses are able to obtain "linked loans" from commercial banks, savings banks, saving and loan associations, farm credit institutions or the New York Business Development Corporation at a reduced interest rate.

### **STEP Grant Program**

In October 2011, New York was awarded a nearly \$900,000 State Trade and Export Promotion (STEP) grant to enhance small business exports to foreign markets. New York State's

application, the “Go East to Export New York, US!” (GEENYUS!) Initiative, promotes New York’s unique talent and technology, focusing on creative and innovative sectors. Combined with State matching funds, the total initiative will be \$1.38 million, providing New York with another strong tool to help small businesses expand their operations and compete more effectively in international markets.

#### **Entrepreneurial Assistance Program (EAP)**

Through a dramatic improvement of the Entrepreneurial Assistance Center Program, a network of 24 business assistance centers is now available throughout the state to assist new small businesses. Overall, this network has improved performance across 17 indicators by an average of 124% over the last few years and ESD continues to drive performance there.

#### **Community Development Financial Institution (CDFI) Assistance Program**

Community Development Financial Assistance Centers through the Community Development Financial Institution (CDFI) Assistance Program support alternative lenders that supply microloans and one-on-one counseling and business development assistance to small businesses statewide. Over the last three calendar years, our support has helped CDFI grantees close over \$47 million in loans to approximately 2,300 businesses.

#### **New Capital Access Programs**

In July 2011, Governor Cuomo signed into law a bill that drastically expanded access to credit and equity investments for small businesses by authorizing the use of federal funds for three new small business programs, including the establishment of a new seed-stage equity fund. With significant new private lending expected for every \$1 in federal funding, New York stands to receive hundreds of millions in private investment to create thousands of jobs.

In September 2011, New York was awarded \$55.4 million from the U.S. Treasury’s State Small Business Credit Initiative (SSBCI) to support these three new and major initiatives:

- **The Capital Access Program** - The Capital Access Program provides \$19 million in loan portfolio insurance to financial institutions to stimulate new lending to small businesses.
- **The New York Bonding Guarantee Assistance Program** - The New York Bonding Guarantee Assistance Program will use \$10 million of SSBCI funding to provide collateral support to help small and minority and women-owned businesses secure bonding for government contracting opportunities.
- **The Innovate NY Fund** - The Innovate NY Fund is a new \$25 million statewide fund that will invest in seed-stage, high-growth businesses through regionally focused investment managers to leverage at least \$50 million in private investment and create over 2,200 jobs for small businesses.

#### **Minority & Women Business Enterprise (MWBE) Programs**

Governor Cuomo believes that New York’s strength is in the diversity, innovation and entrepreneurship of all its residents. ESD has worked with our partners in the public and private

sector to break down barriers to MWBE growth, and put that strength to work to build a more diverse and competitive economy that is open for business for all New Yorkers.

In 2011, Governor Cuomo issued an Executive Order establishing a minority- and women-owned business enterprise team to explore ways to meet his goal of expanding minority- and women-owned business enterprise (M/WBE) participation in state contracting to 20 percent. A Chief Diversity Officer was appointed to work with our Division of Minority and Women-Owned Business Development, other state agencies and MWBE partners to ensure that MWBEs, which comprise more than 50% of the business entities operating in the State, and other small businesses, receive their fair share of the State's contracting opportunities. ESD's MWBE Division is working on a number of new initiatives and programs to increase the pool of certified firms and support other state agencies in their efforts to meet the Governor's goal of 20% MWBE participation.

### **Statewide Surety Bond**

Difficulty securing credit limits the ability of small/MWBE contractors to obtain state contracts. To eliminate this barrier to growth, New York State has launched a new statewide bond assistance program that will provide financial assistance in the form of credit support to help small businesses and MWBEs secure surety bonds and state contracts. The revolving loan fund provides irrevocable letters of credit, up to 30% of the base contract amount on a project specific basis, and is expected to facilitate \$200 million in new bonding activity over five years. The state is also collaborating with intermediary lenders to help facilitate working capital loans to New York State contractors.

- 2,200 direct and indirect jobs estimated to be created;
- \$137 million of personal income to the State; and
- \$328 million in revenue from goods/services purchased from construction activity.

### **State-of-the-Art Electronic Monitoring & Reporting System**

To streamline and standardize the MWBE certification process and create efficiency through technology, the State issued a contract to create an electronic monitoring and compliance system. The system will make the MWBE certification process more user friendly, enabling businesses to easily interact with the contracting process, obtain information about requests for proposals, and market their services to agencies/authorities through one web portal. The system will also allow the State, for the very first time through a state-wide electronic database, to closely and effectively monitor how and whether state agencies are spending state dollars with MWBEs and utilizing their best efforts to achieve the Governor's goals.

### **Increased Pool of Certified MWBE Firms**

The State has developed a fast track option for certifying MWBE firms that now allows them to quickly become certified and bid on state contracts. ESD is playing an integral role in the implementation of this fast track certification process.

### **Building Opportunities for MWBE Participation & Growth**

To develop a consistent and comprehensive network of opportunities for MWBEs, ESD has worked with the State as it hosted and participated in 124 outreach events since February 2011, including the first quarterly MWBE Certification Open House. These events give MWBEs the chance to exchange information, ideas and learn about available resources for business support.

### **Other Business Development Programs**

In addition to its core group of programmatic services, ESD has been at the forefront of some of the Cuomo Administration's top business assistance initiatives.

### **The Recharge NY Power Program**

The program, created as part of the 2011-12 Budget, enhances and makes permanent the current Power for Jobs Program. It will create and maintain hundreds of thousands of jobs by allocating a blend of stable, low-cost hydropower and market power for use by businesses that seek to grow and create jobs in New York State. The program will take effect on July 1, 2012; it is permanent and allows long-term, seven-year contracts.

Key provisions include:

- A 910 megawatt program that will give the state more economic development power resources than are available under expiring programs and open the program to new applicants for the first time in six years;
- Allocation-based power benefits and long-term contracts of up to seven years will provide competitive, stable electric power prices to energy intensive businesses;
- Eligibility criteria will ensure significant, long-term economic return to the state, including the number and value (wages and benefits) of jobs created and retained; investments in capital equipment and energy efficiency; the significance of energy costs to a business' competitiveness; and the local economic significance of the facility. 200 megawatts reserved for existing NY business expansions purposes; and
- Current Power for Jobs program participants not receiving new benefits will receive two-thirds of value of current benefits for period 7/1/12 to 6/30/14; one-third of value of current benefits 7/1/14 to 6/30/16.

### **Agribusiness Development**

In 2011, Governor Cuomo brought former NYS Department of Agriculture and Markets Commissioner Pat Hooker to Empire State Development as the Senior Director for Industry Development to help ESD support the state's agricultural industries and to maintain and strengthen their vital position in our economy. This past year, New York's agricultural industry, with a focus on dairy farming in particular, has seen an incredible boost with the growth of our yogurt manufacturers across the state. The state has assisted several companies, including Chobani in the Southern Tier, the Fage yogurt plant in Johnstown in the Mohawk Valley, Upstate Niagara's North Lawrence Plant, Alpina in Batavia and most recently the newly created venture, Wave, also in Batavia in the Finger Lakes with their launch and expansions, which have retained or created thousands of jobs across New York State and resulted in an increased demand for milk, our state's leading agriculture product.

## **New York State Film Production Tax Credit Program**

The 2010 budget included a multi-year funding agreement to extend and expand New York State's Film Production Tax Credit Program. The allocation of \$420 million per year through 2014 will result in the creation of thousands of jobs and generate billions in direct spending in New York State. Since its inception, the program has brought in 716 projects, which have or will generate more than \$11 billion in direct spending in the state.

## **STAY INFORMED & INVOLVED**

New York State has the 11<sup>th</sup> largest economy in the world, and as such, it is imperative that its chief agency for economic development engage a large and diverse audience. To achieve that goal, ESD maintains a consistent and comprehensive dialogue with thousands of business leaders, entrepreneurs, and those seeking to start a business through a wide array of digital communications channels. Through this new media we are literally able to span the globe to send out information that allows all of our followers to stay informed and get involved.

### **Social Media:**

Google +/ Places Page

<https://plus.google.com/u/0/b/102671932290892231392/102671932290892231392/posts>

Youtube Page: <http://www.youtube.com/user/EmpireStateDev>

Twitter Page: <https://twitter.com/#!/EmpireStateDev>

Facebook Page: <http://www.facebook.com/EmpireStateDevelopment>

LinkedIn Company Page: <http://www.linkedin.com/company/empire-state-development>

Pinterest Page (Image/ Informational Pin Board): <http://pinterest.com/empirestatedev/>

### **Websites:**

<http://esd.ny.gov/>

<http://www.thenewny.com/>

<http://www.nyfirst.ny.gov/>

<http://www.iloveny.com/>

<http://www.nylovesfilm.com/index.asp>

<http://regionalcouncils.ny.gov/>