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Empire State Development Announces First START-UP NY Company In Central NY Breaks Ground

Empire Brewing Company's "Brewstead" will become Largest Farm Brewery of its kind in New York State

Empire State Development today joined with Empire Brewing Company, a START-UP NY participant sponsored by SUNY Morrisville, to break ground on the Empire Farmstead Brewery – a new manufacturing and agri-tourism facility in Cazenovia, Madison County. Empire Brewing is the first START-UP NY company located in Central New York to break ground on an expansion project. When completed, the 28,000 square-foot Empire Farmstead will be the largest farm brewery of-its-kind in New York State, with a major agri-tourism component, including growing many of the raw ingredients for its beer production. The project will result in more than 50 new jobs in Madison County while nearly \$6 million is invested in the local economy.

“START-UP NY will enable Empire Brewing to establish an important partnership with SUNY Morrisville that will provide its students with practical business experience and since craft beer is big business in New York State, the new facility will also create dozens of local jobs,” said ESD President, CEO & Commissioner Howard Zemsky.

Empire Brewing Company, founded in 1994, is an award-winning brewer of handcrafted ales and lagers. The company utilizes all-natural ingredients that are fresh and locally sourced products from over sixty Central New York farmers. As the brewery's academic sponsor for START-UP NY, SUNY Morrisville, which is currently implementing a new Brewing Studies Program, will work directly with the company to help manage the facility and educate students by providing first-hand practical business experience in production brewing.

David Katleski, President & Founder, Empire Brewing Company, said, “Today marks one of the brightest days we've seen in the history of the Empire Brewing Company. Governor Cuomo's administration recognized the potential and has been an incredibly strong supporter of the craft beverage industry. As a result, new opportunities for the industry in New York have enabled Empire and others to grow far beyond what we could have dreamed only a few short years ago. We are thrilled with our participation in START-UP NY and the benefits it provides to our business, as well as the great partnership we've established with SUNY Morrisville, its curriculum, and – of course – its students.

Empire currently operates a successful brewery with an award-winning contemporary downtown bar and grill on the premises in Armory Square, Syracuse. In 2010 the Company began distributing its beer off-premise to wholesalers and retailers throughout New York, but has reached its production capacity. In order to meet increasing demand, Empire has decided to expand its operations with the launch of its Empire Farmstead Brewery, or “Brewstead,” which will provide both production and educational services. The Brewstead will be built on a 22-acre farm with a brewery and packaging plant located on Route 13 in Cazenovia. The new facility will expand production from 4,500 barrels per year to 17,000 barrels in year one, and 20,000 barrels by year three (1 barrel = 31 gallons).

START-UP NY launched in 2014 and offers new and expanding businesses the opportunity to operate tax-free for 10 years on or near eligible university or college campuses in New York State. To date, 110 businesses have joined the program, representing commitments to create nearly 3,150 new jobs and invest more than \$193 million throughout New York State.

Governor Cuomo recently announced that the craft beer industry in New York State grew 59% from 2013 to 2014, with a total economic impact estimated at \$3.5 billion. Craft beer accounts for 6,552 direct industry jobs, according to a research report prepared for the New York State Brewers Association and the New York Wine and Grape Foundation, while supporting another 4,814 jobs in related industries. It is responsible for more than \$2.9 billion in direct and indirect revenue within the state, and another \$554 million in direct and indirect wages, making up the nearly \$3.5 billion in total economic impact on the state.

“The launch of Empire Brewing Company’s Farmstead Brewery represents what can happen when the right partners work together to turn a vision into reality,” said Robert Simpson, president of CenterState CEO, and co-chair of the Central New York Regional Economic Development Council. “This project serves as an example of the kinds of opportunities that can be advanced through the START-UP NY program. I’m proud of the role that CenterState CEO has played in supporting Empire’s growth, and we remain committed to helping other companies take advantage of these unique START-UP NY benefits in any way we can.”

About START-UP NY

START-UP NY seeks to accelerate entrepreneurialism and job creation across the state on a large scale, with a particular focus on Upstate New York. Under the program, businesses sponsored by participating colleges and universities that create net new jobs will operate 100 percent tax-free for 10 years, paying no state income tax, business or corporate state or local taxes, sales tax, property tax or franchise fees. The companies will have opportunities to partner with the higher education institutions, as well as access industry experts and advanced research laboratories associated with the schools.

To date, 69 colleges and universities have been approved for START-UP NY, establishing almost 400 tax-free areas representing more than 4 million square-feet of tax-free space for new or expanding businesses to operate. Each school’s approved START-UP NY plan is available at www.startup-ny.com.

START-UP NY includes strong provisions to protect against fraud. Businesses are required to submit certification to ESD, and falsifying certifications is a felony. The program also includes strict provisions to guard against abuses such as shifting jobs among related entities or “shirtchanging,” when a company simply reincorporates under a new name and claims its existing employees are now new jobs. In addition, START-UP NY includes measures to prevent self-dealing and conflicts of interest. In cases of fraud, the State is empowered to claw-back

benefits granted to the business. Companies that do not meet the terms of the program – including meeting their job creation targets – may have their benefits reduced, suspended or terminated. ESD has the authority to review company data to ensure that jobs have been created and maintained, and to end participation by companies that have not created net new jobs.

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