

Agency: New York State Homes and Community Renewal, Office of Community Renewal, Governor's Office of Storm Recovery (GOSR)

Program: Hurricane Sandy Business Assistance Programs (Small Business Grant Program, Small Business Loan Program, Small Business Mentoring Program, Coastal Fishing Industry Program, Seasonal Tourism Industry Program, Tourism and Marketing Program)

2012-13 Appropriation (or Tax/Fee Level if applicable):

Not Applicable.

2013-14 Appropriation (or Tax/Fee Level if applicable):

Not Applicable.

Summary:

New York State has allocated \$216.5 million of the State's first and second allocations of supplemental federal Community Development Block Grant Disaster Recovery (CDBG-DR) for programs designed to assist in the recovery of small businesses impacted by Superstorm Sandy, Hurricane Irene, and Tropical Storm Lee.

- **Small Business Recovery Grant Program:** Provides grants to eligible storm-impacted businesses for working capital expenses, for the purchase or repair of damaged equipment, for the renovation of facilities that were damaged or destroyed, and to support mitigation efforts to protect the business from future storms. Grants of up to \$50,000 are available to small businesses, as defined by the SBA, in one of the State's designated disaster areas, (not including NYC). Businesses that have suffered physical damage and are at risk of closure or significant employment loss can have grants extended up to \$100,000. Businesses must have suffered eligible uncompensated losses as a direct result of Superstorm Sandy, Hurricane Irene, or Tropical Storm Lee.
- **Coastal Fishing Industry Program:** Provides additional grant assistance of up to \$50,000 to affected businesses or individuals qualified as a Coastal Fishing Industry that are eligible for assistance under the Small Business Recovery Grant Program. The business must be an eligible small business, as defined by the SBA, and must have suffered eligible uncompensated losses as a direct result of Hurricane Sandy. Businesses must be located in one of the State's designated disaster areas (not including NYC). Businesses that are eligible for additional assistance under the Coastal Fishing Industry Program are not eligible for additional assistance under the Seasonal Tourism Industry Program.
- **Seasonal Tourism Industry Program:** Provides additional grant assistance of up to \$50,000 to eligible seasonal tourism businesses that are eligible for assistance under the Small Business Recovery Grant Program. The business must be an eligible small business, as defined by the SBA, and must have suffered eligible uncompensated losses as a direct result of Hurricane Sandy. Businesses must be located in one of the State's designated disaster areas (not including NYC). Businesses that are eligible for additional assistance under the Seasonal Tourism Industry Program are not eligible for additional assistance under the Coastal Fishing Industry Program.

- Small Business Loan Program: GOSR has completed the preliminary design for a lending program that would provide loans of up to \$1 million to eligible businesses to help purchase or repair needed equipment, renovate facilities that were damaged or destroyed, and to support mitigation efforts to protect the business from future storms. Loans are available to small businesses, as defined by SBA, in one of the State's designated disaster areas (not including NYC). This includes farming operations and non-profit organizations. Businesses must have suffered eligible uncompensated losses as a direct result of Superstorm Sandy, Hurricane Irene, or Tropical Storm Lee.

Small Business Mentoring Program: Provides the web-based platform for small businesses to connect with larger, mentor business. The program is a \$3 million program that is implemented by NY Empire State Development to provide eligible technical or legal assistance and business coaching to assist businesses in rebuilding their businesses and become more resilient in the face of future disaster events. Consultants and business coaches may be made available to small businesses, as defined by the SBA, to discuss business development and recovery issues.

- Tourism and Marketing Program: Provides up to \$30 million in assistance to the NY Empire State Development to implement a tourism and marketing program designed to promote the storm-impacted areas of New York State.

Agency: Department of Labor

Program: Unemployment Insurance

2013-14 Appropriation (or Contribution/Fee Level if applicable):

As of January 1, 2014 the wage base for unemployment insurance contributions is \$10,300. The maximum weekly benefit amount for unemployment insurance remained at \$405 and the minimum benefit amount remained at \$64.

2014-15 Appropriation (or Contribution/Fee Level if applicable):

On January 1, 2015 the wage base for unemployment insurance will change from \$10,300 to \$10,500. On October 6, 2014 the maximum weekly benefit amount increased from \$405 to \$420 and the minimum weekly benefit amount increased from \$64 to \$100. On October 5, 2015 the maximum rate will increase to \$425 while the minimum rate will remain the same at \$100. New York State's unemployment insurance reforms can potentially impact over 500,000 small businesses by providing for a number of favorable changes that are outlined in the summary below.

Summary:

Save New York Employers money: Reform will save the state's employers an estimated \$400 million by both paying off New York State's debt to the federal government more quickly and by implementing other reform measures such as new programs to address fraud, adding incentives for claimants to return to work sooner and reducing layoffs. Reforms will stabilize the trust fund, making projected costs more predictable to small businesses.

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Agency: Department of Labor

Program: Increase in the State Minimum Wage

2013-14 Appropriation (or Tax/Fee Level if applicable):

The State Minimum Wage is \$8.00 per hour.

2014-15 Appropriation (or Tax/Fee Level if applicable):

Effective December 31, 2014 the new State Minimum Wage will be \$8.75 per hour.

Summary:

The current minimum wage in New York State is \$8.00 per hour with few exceptions. Using the latest data available from the Current Population Survey the Department of Labor estimates that there are currently 397,600 workers in New York State making less than \$8.75 per hour. The estimated impact on all firms will be \$70.1 million in the first quarter of 2015. The estimated impact on small firms (those that employ less than 100 employees) will be \$35.9 million in the first quarter of 2015, a fraction of their estimated \$90 billion payroll for that period.

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Agency: Office of General Services

Program: NYS Procurement

2012-13 Appropriation for Tax/Fee Level if applicable: Not Applicable

2013-14 Appropriation for Tax/Fee Level if applicable: Not Applicable

Summary: In 2013 and 2014, amendments were made to the Procurement Stewardship Act and §139-j and §139-k of the State Finance Law to improve small business participation in public procurements.

In 2013, an amendment was made to §163 of the State Finance Law (Part P of Chapter 55 of the Laws of 2013) to provide for a higher discretionary purchasing authority for state agencies in the procurement of New York State grown, harvested or produced food including milk and dairy products.

In 2014, a new Art. 17-B was added to the Executive Law (by Chapter 22 of the Laws of 2014) to establish a Division of Service-Disabled Veterans' Business Development within OGS to increase participation in State contracts by service-disabled veteran-owned business enterprises ("SDVOBEs"). In order to be certified as a SDVOBE, the business must be a small business, which means it "employs, based on its industry, a certain number of persons as determined by the director, but not to exceed three hundred, taking into consideration factors which include, but are not limited to, federal small business administration standards pursuant to 13 CFR part 121 and any amendments thereto." The program aims to achieve a Statewide goal for participation on State contracts by SDVOBEs of 6%.

Chapter 62 of the Laws of 2014 extended the restrictions on communications during the procurement process through June 30 2016.

These amendments provide for better participation by more small businesses and SDVOBEs in the State's procurement of commodities, services and technology by providing additional opportunities to participate in State procurements and ensuring that procurements are conducted with transparency and on a level playing field.

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Agency: Department of Taxation and Finance

Program: Chapter 59 of the Laws of 2014 (2014-15 Enacted Budget) reduced the entire net income tax rate for qualified New York manufacturers to zero percent effective beginning with tax year 2014

Additionally, Chapter 59 of the Laws of 2013 (2013-14 Enacted Budget) enacted tax cuts for qualified New York manufacturers for the capital and alternative minimum tax bases and the fixed dollar minimum amounts. Tax cuts for these bases were phased in over a five year period (9.2% reduction for tax year 2014, 12.3% reduction for tax year 2015, 15.4% reduction for tax years 2016 and 2017 and 25% beginning in tax year 2018 and onward).

2014-15 Appropriation (or Tax/Fee Level if applicable):

Prior to tax year 2014 the tax rate on entire net income for these taxpayers was 6.5 percent. The capital base tax rate was 0.15%, the alternative minimum tax rate was 1.5% and the fixed dollar minimum amounts ranged from \$25 to \$5,000.

Summary:

Qualified New York manufacturers are eligible for these reduced taxes. These tax reductions are not exclusively for small manufacturers.

Impact:

State revenues are estimated to decrease by \$193 million in 2014-15 for the zero percent entire net income tax rate and \$30 million for 2014-15 for the tax cuts enacted in the 2013-14 Budget. The fully effective cost for the 2013-14 Enacted Budget tax cuts is \$60 million in 2018-19 when the fully phased in 25% tax cut is effective. .

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Agency: Department of Taxation and Finance

Program: Chapter 59 of the Laws of 2014 (2014-15 Enacted Budget) created a new credit for qualified New York manufacturers equal to 20% of the real property taxes paid during the taxable year. The credit is effective for tax years beginning on or after January 1, 2014.

2014-15 Appropriation (or Tax/Fee Level if applicable):

This is a new credit.

Summary:

New York manufacturers that own real property or lease property where the payment of property taxes is explicitly listed in the written lease and remitted directly to the taxing authority are eligible for this credit.

Qualified New York manufacturers are eligible for this credit. This credit is not exclusively for small manufacturers.

This credit is available for New York manufacturers that file under either the corporate franchise tax or the personal income tax.

Impact:

State revenues are estimated to decrease by \$100 million in 2015-16.

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Agency: Department of Taxation and Finance

Program: Chapter 59 of the Laws of 2014 (2014-15 Enacted Budget) amended the estate tax to decouple the tax from Federal law. The estate tax was commonly known as a “pick-up” tax because the tax equaled the Federal credit for state estate taxes as it existed on July 22, 1998. The unified threshold of \$1 million was replaced with an applicable credit equal to the tax on a basic threshold amount equal to \$2,062,500 for those dying in State Fiscal Year 2014-15; \$3,125,000 in SFY2015-16; \$4,187,500 in SFY2016-17; and \$5,250,000 from April 1, 2017 to December 31, 2018. The basic threshold will equal the Federal basic threshold amount with annual indexing for those dying on or after January 1, 2019. The applicable credit is reduced for New York taxable estates exceeding the basic threshold amount and equals zero for those exceeding one hundred five percent of such amount. This is similar to the loss of the benefit of the \$1 million unified threshold under previous law.

2014-15 Appropriation (or Tax/Fee Level if applicable):

See threshold amounts in program description above.

Summary:

The estate tax reform increased the New York exclusion amount to \$5.25 million over five years, with the exclusion indexed to inflation thereafter, thereby essentially conforming to the Federal estate tax exemption amount. Many estates of middle class individuals (including small business owners and family farmers) will no longer be subject to the tax as a result of increasing the exclusion amount. In certain instances the State estate tax itself could cause the sale of a business to satisfy the tax liability, potentially resulting in a small family business in New York State passing out of family ownership. The reforms alleviate small business owners under the threshold from tax, and will help many of New York’s small business owners ensure that a lifetime of effort building their business and transferring their knowledge and acumen to their descendants is preserved.

Impact:

State revenues are estimated to decrease by \$125 million in 2015-16.

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Agency: Department of Taxation and Finance

Program: Chapter 59 of the Laws of 2014 (2014-15 Enacted Budget) increased the Sales Tax exemption provided for certain food and beverages items sold from a vending machine for 75 cents or less to items sold for \$1.50 or less. This change takes effect on June 1, 2014.

2014-15 Appropriation (or Tax/Fee Level if applicable):

\$1.50 or less.

Summary:

The increased exemption amount preserves the value of the original exemption (enacted in 2000), which had eroded due to price inflation.

Impact:

State revenues are estimated to decrease by \$125 million in 2015-16.

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