

Key Budgetary Changes Affecting Small Businesses – FY10-11 to FY11-12

Agency: Department of Agriculture and Markets

Program: Farm Products Inspection

2010-11 Appropriation (or Tax/Fee Level if applicable):

Effective July 1, 2010:

Seed Potato Field Inspection: \$34.00 per hour.

State Processing Contract: \$840.00 per 40 hour week, overtime \$31.50/hour.

Shipping Point Inspection Contract: \$1,060.00 per 40 hour week, overtime \$39.75/hour.

2011-12 Appropriation (or Tax/Fee Level if applicable):

Effective July 11, 2010

State Processing Contract: \$1,656.88 per 40 hour week,

Shipping Point Inspection Contract: \$2,800.00 per 40 hour week

Summary:

Fees were increased to reduce the subsidy provided by the State for the Farm Products Inspection program. Local farmers and growers, processors and processing plants will experience increased fees as a result of this action.

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Agency: New York State Environmental Facilities Corporation (EFC)

Program: Small Business Environmental Assistance Program (SBEAP)

2010-11 Appropriation (Contract NYSDEC – Special Air Funds): \$446,400

2011-12 Appropriation (New Contract w/NYSDEC needed – Special Air Funds):
\$446,400

Summary: The NYSEFC is under contract with the New York State Department of Environmental Conservation (NYSDEC) to oversee, manage and provide the SBEAP the venue to assist small businesses in determining appropriate mechanisms to control air pollution for compliance with the Clean Air Act. The SBEAP provides free and confidential technical assistance to help businesses voluntarily achieve compliance with requirements of Federal and State air pollution regulations. The program also conducts outreach to alert small businesses of new regulations that impact their operations and to help small businesses understand available compliance options.

The SBEAP provides technical assistance and information regarding control technologies, pollution prevention, material substitution, process modification and help with permitting. The SBEAP assists New York's smaller companies in determining if environmental requirements apply to their small business, understand what their obligations are under the law and how to achieve compliance.

For the SFY 2011-12, the SBEAP funding will be held at the current level of \$446,400 as a result of statewide fiscal constraints. NYSEFC's contract was revised with the NYSDEC to reflect this reduced level of funding for SFY 2010-11.

Like many agencies, the fiscal crisis has resulted in fewer services provided to the Small Business community. The sectors targeted include (but are not limited to) graphic arts, automotive refinishing, stationary combustion sources (boilers, generators), gasoline dispensing sites, dry cleaning operations, and crematory facilities. Outreach and technical assistance will be severely limited as a result of these cuts.

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Agency: Empire State Development Corporation

Program: State Small Business Credit Initiative Program

2010 -11 Authorization: \$0

2011 – 12 Authorization: \$55.4 million

The 2011 – 2012 Enacted Budget establishes the use of State Small Business Credit Initiative (SSBCI) funds for three economic development programs. These programs will enable small businesses to leverage new capital and credit to help them create private sector jobs.

SSBCI is part of the federal Small Business Jobs Act of 2010, which supports state-level small business credit programs. New York’s award of \$55.4 million in SSBCI funds is expected to generate over \$554 million in new private capital for small businesses.

The SSBCI funding will be used to support three separate small business development programs:

- **The Capital Access Program:** New York State’s Capital Access Program (CAP) is a newly expanded \$19 million program that will provide matching funds to loan loss reserve pools at financial institutions as an incentive to increase small business lending.
- **The Innovate NY Fund:** The Innovate NY Fund is a new \$26 million seed stage equity fund to support innovation, job creation, and high growth entrepreneurship throughout the state.
- **The Bonding Guarantee Assistance Program:** The Bonding Guarantee Assistance Program is a new \$10 million program that provides credit support to help small and minority- and women-owned businesses secure surety bonds. The Program will provide irrevocable letters of credit to increase access to bonding from surety companies to small, emerging, and minority and women business enterprises that are awarded state and other contracts.

Agency Contact

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Agency: Governor's Office of Regulatory Reform

Program: Administration

2010-11 Appropriation (or Tax/Fee Level if applicable):

Administration Program: \$2,350,000

2011-12 Appropriation (or Tax/Fee Level if applicable):

Administration Program: \$0

Summary:

Established in 1995, via Executive Order 20, The Governor's Office of Regulatory Reform (GORR) was charged with improving the State's regulatory process by assisting agencies to promulgate well conceived, cost-efficient, and non-burdensome regulations. In 2011, GORR was eliminated to achieve recurring financial plan savings. Consistent with standard practice and with guidance from staff working for the Division of the Budget and the Executive Chamber, agencies will continue to develop and issue regulations that will minimize impact on business and commerce.

Agency Contact:

N/A

Agency: New York Lottery Division

Program: Administration of the Lottery and Video Lottery Programs

2010-11 Appropriation (of Tax/Fee Level if applicable): \$95,310,700

2011-12 Appropriation (or Tax/Fee Level if applicable): \$89,704,000

Summary:

Nearly all of our retailers that sell Lottery tickets are small businesses:

- The Lottery is experiencing a full year of recently enacted legislation expanding gaming hours at Quick Draw retailer locations. Quick Draw sales are expected to be up from expanded hours by about 10% or \$40 million annually – that’s an extra \$2.4 million in retailer commissions.
- In August 2010 the Lottery installed new monitors at retailer locations to display promotional messages in an attempt to increase retailer sales and profit.
- The Lottery is now installing Game Point Vending Machines that will allow customers to purchase both Instant and On-Line Lottery products from a self-service machine. This makes sales and accounting functions much less labor intensive for our retailers and also reduces the risk of theft.

The development and pending opening of Resorts World New York:

- NY small businesses have had an opportunity to become part of a multi-million dollar construction phase, from construction jobs to the supplying of materials.
- The construction phase has had an immediate effect on local area businesses in the form of jobs, hotel stays and an increased need for food, beverage and supplies.
- Small businesses in the surrounding area were able to profit from increased traffic.
- The above mentioned activities can indirectly lead to the creation of small business.

Resorts World New York will continue to have an impact on small business well into in the future.

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Agency: Division of the Lottery

Program: The Enacted Budget authorized the Lottery Division to introduce up to 5 new 75 percent prize payout instant games each year.

2010-11 Appropriation (or Tax/Fee Level if applicable):

Prior law permitted the Lottery to introduce only three 75 percent prize payout games per year.

2011-12 Appropriation (of Tax/Fee Level if applicable):

Lottery may now introduce up to 5 such games annually.

Summary:

Instant game (i.e., “scratch-off ticket”) prize payouts have increased gradually from 45 percent in 1987 to 65 percent in 1999. 2002 Legislation allowed the Lottery to offer three instant games with a 75 percent prize payout, which sought to capture a different market segment at a generally higher price-point (e.g., a \$20 or \$30 ticket as opposed to the \$1, \$2, \$5 and \$10 tickets that 65 percent games are typically offered on).

The expanded offering of 75 percent games is expected to increase sales overall, and will benefit retailers (many which are small businesses) since they receive 6 percent of sales as a commission.

State revenues for education are estimated to increase by \$4 million in 2011-15 and 2012-13.

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Agency: Office of Children and Family Services

Program: Statewide Central Registry for Child Abuse and Maltreatment

2010-11 Appropriation (or Tax/Fee Level if applicable):

\$5 fee for required background checks for all OCFS employees and employees that have regular and substantial contact with children from the following organizations: voluntary foster care agencies, juvenile detention facilities, runaway and homeless youth shelters, early intervention programs, preschool services programs, residential schools overseen by the SED, residential programs operated or overseen by OASAS, OPWDD and OMH.

2011-12 Appropriation (or Tax/Fee Level if applicable):

\$25 fee for background checks for all individuals requiring a check for employment purposes, including day care owners or for employment with day care providers, and anyone over the age of 18 in the day care provider home.

Summary:

To cover a greater portion of the costs associated with conducting required background checks, fees were increased from \$5 to certain individuals that required checks to \$25 for all individuals that must be checked for employment purposes. Day care owners or employees with day care providers previously did not pay a fee, but the change requires that they pay \$25.

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Agency: Department of Taxation and Finance

Program: The Enacted Budget retroactively reduced the graduated schedule of cigarette vendor registration fees and replaced it with a flat rate annual fee of \$300 per retail location and \$100 per vending machine for registrations due in calendar year 2010 and thereafter.

2010-11 Appropriation (or Tax/Fee Level if applicable):

Graduated rates based on gross sales of the vendor, ranging from \$1,000 to \$5,000 per retail location and from \$250 to \$1,250 per vending machine.

2011-12 Appropriation (of Tax/Fee Level if applicable):

A flat rate annual fee of \$300 per retail location and \$100 per vending machine.

Summary:

New York retailers of cigarettes (many which are small businesses) are required to pay an annual registration fee. The previous fee schedule, originally put in place by Chapter 58 of the Laws of 2009, provided for increased rates based on gross sales of the vendor and was as high as \$5,000 per year. As a result of litigation brought by the retailers, the Department of Taxation and Finance was enjoined from implementing the higher fees, resulting in non-payment of revenues anticipated by the State.

The lower fees, which will benefit small businesses, are effective immediately; and will apply retroactively for registrations during calendar years 2010 and 2011. In addition, the Department will refund application fees paid at the higher rates for calendar years 2010 and 2011.

State revenues are estimated to increase by \$3 million in 2011-15 and \$5 million in 2012-13.

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