

Committee on Economic Development

Carl E. Heastie, Speaker • Robin Schimminger, Chairman

February 2018



Dear Friend,

The Assembly Committee on Economic Development, Job Creation, Commerce and Industry this past year continued its key role in helping shape provisions enacted in the Fiscal Year 2017-18 State budget aimed at spurring investment and job growth in New York State.

Building on previous year's budget allocations to support the translation of new and emerging technological research and development into viable economic development and job growth, Centers for Advanced Technology, Centers of Excellence, Technology Development Organizations and the Manufacturing Extension Partnerships were all strongly supported by the Committee. These programs have had a measurable impact on the high-technology driven economy that is being cultivated across the state.

Included in the current fiscal year's budget was a measure to expand the Fossil Fuel Plant Closure Mitigation Fund established in 2015. The fund was increased from \$30 million to \$45 million and the fund's reimbursement schedule was modified to extend the financial assistance available to local government entities impacted by the closure of an electric generating facility from a five-year period to seven years.

Finally, the 2017-18 budget also authorized another round of funding for the Governor's Regional Economic Development Councils (REDC) program.

With the State spending some \$4 billion annually on economic development incentives and benefits, a number of observers have called for increased accountability and transparency in how those funds are expended. The Committee is sensitive to these concerns and will continue to work on legislation to improve accountability and transparency in economic development programs.

Should you have questions on any of these items, please feel free to contact me.

Sincerely,

Robin Schimminger, Member of Assembly
Chair, Assembly Standing Committee on
Economic Development, Job Creation, Commerce and Industry

ROUND VII: Regional Economic Development Council Funding

The state's ten Regional Economic Development Councils (REDCs) were established by action of Governor Cuomo in 2011 as his vehicle to provide a regional approach to economic development. The Councils, consisting of representatives of business, academia and local government selected by the Governor in each region, created strategic plans for their regions and compete annually against the other REDCs for funds. The Fiscal Year 2017-2018 state budget contains \$150 million in capital resources to fund a seventh round of competition for funds, which the Governor will pair with other state agency resources for a total of approximately \$750 million in state support for REDC initiatives.

The Fiscal Year 2017-18 budget also provides an additional \$100 million for a second round of the Governor's Downtown Revitalization Initiative

Regional Economic Development Councils (REDC) and Downtown Revitalization Initiative (DRI)

Region	2011-2016 REDC Total	2017 REDC Awards	2017 DRI Total: \$100 million Award: \$10 million each
Capital Region	\$436.9 million	\$85 million*	City of Hudson
Central NY	\$529.1 million	\$86.4 million*	City of Cortland
Finger Lakes	\$506.1 million	\$63.9 million	City of Batavia
Long Island	\$486.5 million	\$84.3 million*	Hicksville, Town of Oyster Bay
Mid-Hudson	\$475.9 million	\$84.8 million*	City of Kingston
Mohawk Valley	\$444.1 million	\$85.5 million*	City of Rome
New York City	\$400.4 million	\$64.8 million	South Bronx
North Country	\$484.6 million	\$64.9 million	City of Watertown
Southern Tier	\$480.6 million	\$67.3 million	Village of Watkins Glen
Western NY	\$418.4 million	\$68.8 million	City of Olean

*Designated Top Performer:

Five regions that are identified as a "Top Performer" receive additional funding for regional projects.

(DRI) competition. This initiative is intended to aid in the transformation of 10 selected downtown communities across the state. Each REDC recommends the downtown area to receive funding in its region using criteria outlined in the state's Consolidated Funding Application (CFA). The chart above lists the cumulative funding awards for all ten REDCs and the 2017 REDC and DRI awards.



SEEKING ANSWERS – As part of their oversight responsibilities, the Assembly's Committee on Economic Development, Job Creation, Commerce and Industry and Committee on Small Business held a public hearing in Albany this past November to get input on the effectiveness of the State's economic development programs. Here, Assemblyman Schimminger poses a question to Empire State Development President, CEO and Commissioner Howard Zemsky, who reviewed initiatives administered by his agency. Schimminger is flanked by colleagues (left to right) Assemblyman Michael Benedetto, Assemblyman Fred Thiele who chairs the Committee on Small Business, Assemblyman Ray Walter and Assemblyman Ken Blankenbush. In addition to Mr. Zemsky, some two dozen representatives of higher education and research institutions, technology development organizations, advanced technology companies, economic development agencies and public interest groups presented testimony at the hearing or submitted written statements.

Craft Beverage Industry

The Committee's responsibility with respect to the Alcoholic Beverage Control (ABC) Law is to ensure the safe and lawfully controlled manufacturing, distribution and sale of alcohol beverages in the State. In addition, the Committee has also recognized the changing market for alcohol beverage products in relation to agri-business, tourism, manufacturing, distribution and the expansion of local craft beverage markets in the context of economic development.

Since 2011, the impact of craft breweries, wineries, distilleries and cideries on the State's economy has more than doubled, consistent with national trends. Due to the requirement that New York State products be used in production, the agriculture sector of our economy has benefited from the growth in the use of New York State hops, barley, grapes, and other ingredients which must be used in the production of New York State craft beverages.

The growth in the craft beverage industry has also been fueled by the new entrepreneurial opportunities created by changing consumer preferences and the State's action to revise laws helping this industry meet market demands. Several years ago, malting barley and hops were not viable commodities for New York farmers as there were no markets for these crops. Before the 2012 law creating the Farm Brewers Licenses and promoting the use of local ingredients to create "New York State labeled beer" went into effect, there were zero malting houses in the state and limited acreage used in the production of hops, barley and other crops necessary to brew under the license (Chapter 108, Laws 2012). As of 2015, there were at least eight operating malting houses and over 32 farms growing these crops, and more acreage is being devoted to future production. As noted in the adjacent chart, the number of brewers, wineries, distillers and cideries issued licenses over the past six years has dramatically increased. The chart also identifies the complexity of licenses required of those engaged in the manufacturing of alcohol beverages in this state.

The Committee continued its efforts aimed at modernizing the law and specifically sought to reduce outdated and superfluous restrictions in the ABC Law. This session, the Committee approved legislation in furtherance of this goal and remains committed to working with the industry to achieve sustainable growth, balance community needs and assist all businesses associated with craft beverage production, distribution and sale. The following bills highlight some of the Committee's efforts in 2017.

► **Assisting Businesses with the State Liquor Authority Licensing Process**

This newly enacted law extends provisions authorizing the State Liquor Authority to issue temporary retail permits to applicants while the license application is pending. The current law provides this authorization to applicants for premises outside of New York City. (A.4889, Schimminger, Chapter 182 of the Laws of 2017)

► **Creating Parity for Licensed Farm Distillers**

This new law amends current law to allow licensed farm distillers to conduct tastings on or off premises which would create parity with farm breweries, farm wineries, cider producers and farm cideries. (A.2994, Fahy, Chapter 103 of the Laws of 2107)

► **Expand Items Sold by Farm Cideries**

This newly enacted statute allows farm cideries to sell their products and the products manufactured by other farm cideries and that produce New York State labeled cider to farm distillers, farm wineries, wineries and farm breweries. Licensed wineries will now be authorized to sell any New York State labeled cider. Further, it expands the food selections that can be made available by the licensee as well as the type of equipment and supplies used in cider-making available for sale. (A.4972-A, Magee, Chapter 171 of the Laws of 2017)

► **Off-Premise Licensees to Conduct Educational Seminars**

This new law authorizes a retailer for off premise consumption to charge a fee for educational seminars to educate customers about wine and wine products. (A.7593-A, Schimminger, Chapter 360 of the Laws of 2017)

► **Electronic Filing for Registration of a Brand/Trade Name Label**

This newly enacted law allows an applicant registering or renewing a registration for a brand or trade name label to file the application electronically. It also provides that registrations be filed every three years rather than every year. (A.8242, Barrett, Chapter 369 of the Laws of 2017)

New York State Craft Beverage Industry First Quarter 2011 – August 2017				
License Type	8/16/2017	First Q 2011	Added since 2011	% 2011 to present
Farm Distiller	117	10	107	1,070%
Class a b c Distiller	70	14	56	400%
Farm Winery	336	195	141	72%
Winery	93	52	41	79%
Farm Brewery	174	0	174	100%
Micro Brewery	178	40	138	345%
Restaurant Brewer	40	10	30	300%
Brewery	10	6	4	67%
Hard Cider	22	5	17	340%
Farm Cider	39	0	39	100%

Source: New York State Liquor Authority, September 2017



PLANNING FOR THE FUTURE – Assemblyman Schimminger joined with other State, county, and local officials to discuss redevelopment possibilities for NRG Energy's shuttered Huntley Generating Station in the Town of Tonawanda, which ceased operations early last year. The town is seeking proposals to redevelop the 102-acre site on the Niagara River as a renewable energy facility or for other "green" uses. Joining with Schimminger at an October press briefing at the dormant coal-fired power plant were (left to right) Town of Tonawanda Supervisor Joseph Emminger; John Brucato, Kenmore-Town of Tonawanda School District Assistant Superintendent for Finance; Kenneth Swanekamp, Director of Business Assistance at the Erie County Department of Environment and Planning; Town Board members Lisa Chimera, John Bargnesi, William Conrad and Daniel Crangle; State Senator Chris Jacobs; and Kenmore Teachers Association President Peter Stuhlmiller.

Increased Funding for Fossil Fuel Plant Closure Fund

The Committee advocated strongly for an increase in funding for the Fossil Fuel Plant Closure Mitigation Fund and for an enhancement to the schedule for payments to impacted localities that was established administratively by ESDC. As a result of these efforts, the fund was increased from \$30 million to \$45 million in the Fiscal Year 2017-18 State Budget and other provisions we enacted in the budget will ensure that assistance is provided to local government entities impacted by the closure of an electric generating facility on or after June 25, 2015 for a period of seven years rather than the original five-year period.

In order to qualify, local government entities, such as counties, cities, towns, villages and school districts, must demonstrate a reduction of real property tax collections or payments in lieu of taxes (PILOTS) of at least 20 percent and that such reduction is attributable to the closure of the electric generating facility. This measure also changes the reimbursement schedule to municipalities and school districts to be set at 80 percent for the first year, and to decrease by 10 percent annually over the course of seven years.

Workforce Development

One of the limiting factors that employers have continually reported to the Committee is that it is difficult to find workers with appropriate training and skills to meet today's technology-driven job demands. With that in mind, the Committee developed legislation that would create the Strategic Investment Workforce Development Program. Specifically, this bill would authorize Empire State Development to collaborate with the Department of Labor, the Department of Economic Development, the State University of New York, the City University of New York and the State Education Department to identify the training needs of employers, employees and prospective employees, as well as identify areas of the State where there is a shortage of skilled workers and identify ways to strengthen the skills of prospective employees.

(A.8107, Bronson, Vetoed, Message #215)



REINFORCING THE IMPORTANCE OF MANUFACTURING – Assemblyman Schimminger recently paid a visit to General Motors' sprawling Tonawanda Engine Plant, the largest automotive engine manufacturing facility in North America. Pictured with him are newly-named plant manager Ram Ramanujam (center) and shop chairman Chuck Herr of UAW Local 774. Tonawanda Engine Plant has produced more than 74 million engines over its storied 80-year history, and its recognized labor-management collaboration and workforce's proficiency with state-of-the-art manufacturing technology have been instrumental in securing investments by GM and the State in new engine lines to keep production flowing and more than 1,600 employees presently on the job.



BOOSTING SMALL BUSINESS – Assemblyman Schimminger gave the keynote remarks at the “Big Opportunities for Small Business: Doing Business with the Governments, the Primes, and the Anchor Institutions” conference in September hosted by the Small Business Development Center at SUNY Buffalo State College. Schimminger is pictured with Susan McCartney, Director of the Buffalo State SBDC, and Furqan Hassan, a co-owner of Financial Partners of Upstate New York, who has participated in the SBDC's entrepreneurial training sessions. New York State's network of SBDCs, located throughout the State at 24 campus-based regional centers and 29 outreach offices, provide free one-to-one counseling, training and business research to existing small businesses and individuals planning on starting a business. Information on the Buffalo State College Center's offerings is available at (716) 878-4030 or at smallbus@buffalostate.edu. Contact information for other SBDCs in the State can be obtained at 1-800-732-SBDC or <http://www.nyssbdc.org/locations.html>.

Fiscal Year 2017-18 Enacted State Budget

The Assembly Committee on Economic Development, Job Creation, Commerce and Industry has long advocated for policies that support and promote economic development and job creation throughout the State. In the New York State Budget, funding for economic development programs is provided through allocations to the Department of Economic Development and the Urban Development Corporation. Funding through these programs is typically in the form of loans, grants, tax credits, and other financial assistance to local governments, businesses, and not-for-profit corporations in order to develop stable and growing local economies. The following chart highlights some of the funding for programs contained in the current Fiscal Year 2017-18 state budget:

Highlights: Fiscal Year 2017-18 Enacted New York State Budget

Department of Economic Development	
Centers of Excellence	\$10 million
Centers for Advanced Technology (CATs)	\$13.8 million
Technology Development Organizations	\$609,000
Industrial Technology Extension Program	\$921,000
Focus Center @ SUNY Polytechnic Institute	\$3.006 million
High Technology Matching Grants Program	\$6 million
NYS Innovation/Hot Spots Program	\$5 million
Manufacturing Extension Partnership	\$9.5 million
Urban Development Corporation	
Economic Development Initiatives (tourism, marketing, Global NY, START-UP NY, export)	\$69.5 million
Military Base Retention and Research Efforts	\$3 million
Beginning Farmers NY Fund	\$1 million
Community Development Financial Institutions	\$1.8 million
NY Power Electronics Manufacturing Consortium	\$33 million
Strategic Projects Program Initiative	\$207.5 million
Regional Economic Development Councils	\$150 million (see article on page 1)
Restore New York's Communities Initiative	\$70 million
Life Science Laboratory Public Health Initiative	\$150 million
Life Science Initiative	\$320 million
Fossil Fuel Plant Closure Fund	\$45 million (see article on page 2)
Downtown Revitalization Initiative	\$100 million (see article on page 1)
Buffalo Regional Innovation Cluster Initiative	\$500 million (funding & tax benefits)

The Power of Innovation

In recent years, New York State has provided continued support and investment in research and development at institutions throughout New York. The State's extensive network of colleges, universities, research centers, public and private partnerships such as the Centers for Advanced Technology (CATs), the Centers of Excellence, NY

Innovation/Hot Spots Program, New York Manufacturing Extension Partnership as well as other programs provide a significant return on the State's investment. The return on investment is realized primarily when products and/or innovations resulting from the R&D are commercialized within the State, resulting in jobs for New Yorkers.

According to the most recent annual report from Empire State Development's Division of Science, Technology and Innovation (2016):

- The New York Manufacturing Extension Partnership helped create or retain 20,677 jobs and generated about \$3.4 billion in economic impact over the last five years;
- The Centers for Advanced Technology helped create or retain 3,810 jobs and generated about \$2.6 billion in economic impact over the last five years;
- The Centers of Excellence helped create or retain 18,649 jobs and generated about \$2.3 billion in economic impact over the last five years; and
- The relatively new Innovation Hot Spots and NYS Certified Business Incubators program helped create or retain 768 jobs and generated about \$177.3 million in economic impact during their first reportable year.

While the metrics associated with many of these programs are encouraging, the length of time between the development of concepts and their commercialization is significant, and many new technologies and ideas do not translate successfully into the marketplace. The Committee will continue to seek input on the development of a successful State commercialization strategy, including realistic goals, workable mechanisms, and sources of funding. We are especially interested in suggestions for ways in which the State can mobilize private markets and resources to fill gaps in financing and technical assistance.



PROMOTING INNOVATION – Assemblyman Schimminger participated in the August grand opening of the Praxair Innovation Center at the company's North American engineering and R&D headquarters in the Town of Tonawanda. Praxair Inc. is a leading industrial gas supplier globally with operations in 50 countries. After discussing state initiatives aimed at boosting advanced manufacturing and the innovation economy, Schimminger shared a happy moment with Anne K. Roby, Senior Vice President of Praxair, Inc., and Terry Bourgeois, Site Manager at Praxair's Tonawanda facility.

New York State Assembly, Albany, NY 12248



Legislative Update from the New York State Assembly

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