

NEW YORK STATE ASSEMBLY

Carl E. Heastie, Speaker
Albert A. Stirpe, Jr., Chair



2023 ANNUAL REPORT

COMMITTEE ON
Small Business



ALBERT A. STIRPE, JR.
Assemblyman 127th District

THE ASSEMBLY
STATE OF NEW YORK
ALBANY

CHAIR
Committee on Small Business

COMMITTEES
Agriculture
Alcoholism and Drug Abuse
Economic Development, Job Creation,
Commerce and Industry
Higher Education

December 15, 2023

Honorable Carl E. Heastie, Speaker
New York State Assembly
Legislative Office Building, Room 932
Albany, New York 12248

Dear Speaker Heastie:

I am pleased to submit the 2023 Annual Report of the Assembly Standing Committee on Small Business. Throughout this Legislative Session, the Committee worked on policy and budget solutions for small businesses struggling through tough economic times due to the COVID-19 pandemic, and subsequent imposed restrictions, supply chain disruptions, and employee shortages.

The Enacted State Fiscal Year 2023-24 Budget invests in programs that support small business and encourages innovation that will help rebuild New York's economy. Included in the enacted budget is: \$15.03 million for the Centers for Advanced Technology and \$14 million in total support for each of the Centers of Excellence; \$12 million for the new Small Business Innovation Research (SBIR) program grants; \$1 million for a statewide study of public and private museums; and we expanded the Excelsior Linked Deposit program by increasing the maximum loan amount from \$2 million to \$4 million and the lifetime cap from \$2 million to \$6 million.

I join my colleagues in commending you for your continued commitment to supporting small businesses. The Committee looks forward to a productive legislative session so we can continue to rebuild and create a healthy environment for small businesses to thrive across New York State.

Sincerely,

Al Stirpe, Chair
Committee on Small Business

**2023
ANNUAL REPORT**

**NEW YORK STATE ASSEMBLY
STANDING COMMITTEE ON SMALL BUSINESS**

**Al Stirpe
Chairman**

Committee Members

Majority

Carrie Woerner
Inez Dickens
Billy Jones
Taylor Darling
Emily Gallagher
Chantel Jackson
Sarah Clark
Jenifer Rajkumar
Manny De Los Santos
Monique Chandler-Waterman
John Zaccaro

Minority

John McGowan
Marjorie Byrnes
Eric Brown
Scott Bendett
Michael Novakhov

Staff

Fletcher Whyland, Assistant Secretary for Program and Policy
Mary Ellen O'Connor, Analyst
Sally Block, Program and Counsel Secretary

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I. INTRODUCTION, COMMITTEE JURISDICTION AND ACTIVITY

Small businesses are defined in State law as those businesses employing 100 or fewer people. According to Empire State Development in the most recent Annual Report on the State of Small Business, New York State small businesses comprise 98 percent of the State's established firms and an estimated 40 percent of the state workforce. Just about all industries in the state are represented by small businesses, including trade, professional services, leisure activities, construction, financial services, health care, manufacturing, transportation, information, and education.

New York's small businesses are integral to the State's economy, but the effects of pandemic, supply chain disruptions, and the current rise in inflation are proving to be difficult for many businesses across the State. In last year's and again in this year's enacted budget, the State Legislature has created funding programs to help small businesses through various funding programs and statutory changes. Additionally, the Committee continues to promote budget programs and legislation that will improve access to credit, financial programs and technical assistance services for small businesses of all kinds, including minority-, women-, and veteran-owned businesses.

The Committee also works closely with several State agencies and entities to ensure they serve the needs of the small business community. This includes the Department of Economic Development and the Empire State Development Corporation, which are the State's chief economic development entities.

During the 2023 Legislative Session, the Standing Committee on Small Business reported three bills favorably.

II. 2023-2024 SMALL BUSINESS BUDGET OUTCOME

In the most recently enacted state budget, the Committee on Small Business supported key initiatives to boost New York's economy, create jobs, and facilitate opportunities for small businesses and entrepreneurs. The following are budget highlights that affect small businesses in New York State:

The enacted State Budget provided an All Funds appropriation of \$107.3 million, an increase of \$4.4 million over the Executive proposal, for the Department of Economic Development. Further, the budget provided an All Funds appropriation of \$1.58 billion, an increase of \$292.3 million over the Executive proposal, for the Urban Development Corporation. The following are highlights of some of the programs that are funded to promote economic development and businesses in New York via the State Fiscal Year 2023-2024 Budget:

- **Workforce Development:**

- \$2 million for the Empire State Entertainment and Diversity Training
- \$400,000 for the establishment of a pilot entrepreneurship training grant program
- \$180.4 million to support the new Office of Workforce and Economic Development at Empire State Development to provide resources to: leverage Empire State Development's relationships with employers to help identify employer needs; develop tailored regional training strategies; support programs to train New Yorkers in the skills necessary to succeed in in-demand fields; and make targeted investments in teachers, healthcare workers, apprenticeships and internships, mental health professionals, and caregivers

- **University-Based Programs:**

- \$15.03 million in total support for the Centers for Advanced Technology (CATs). The CATs collaborate with New York companies on the development of new technologies and products and create new businesses and high-quality jobs throughout the State
- \$14 million in total support for each of the Centers of Excellence (CoEs). The CoEs collaborate with New York companies in commercializing scientific discoveries in fields such as nanoelectronics, bioinformatics, photonics, environmental systems, wireless applications, and information technology.

Also, the following additional CoE programs received funding as follows:

- \$1 million to the University at Albany CoE in data science in atmospheric and environmental prediction and innovation
- \$1 million to New York Medical College to create and operate a CoE in Precision Responses to Bioterrorism and Disaster
- \$1 million to the Clarkson - SUNY ESF CoE in Healthy Water Solutions

- \$1.503 million for SUNY Polytechnic Institute College of Nanoscale Science and Engineering and Rensselaer Polytechnic Institute Focus Center

- \$1 million University of Rochester Laser Energetics Program

- \$2.7 million for Small Business Development Centers

- \$1 million for Stony Brook Medicine's National Cancer Institute

- **General Economic Development:**
 - \$400 million for the New York Works Economic Development Fund

 - \$50 million for the Restore New York Communities Initiative

 - \$45 million for economic development initiatives of the State for promoting tourism and expanding business investment and job creation and retention

 - \$26.18 million for the Empire State Economic Development Fund

 - \$15 million for the Market New York Program

 - \$7.5 million for Retention of professional football in western New York

- **Business Assistance:**
 - \$15.470 million for the Manufacturing Extension Partnership Program

 - \$12 million for the High Technology Matching Grants Program which includes Security Through Advanced Technology (START) initiative, the Small Business Innovation Research (SBIR) program, and the Small Business Technology Transfer (STTR) program

- \$5 million for the New York State Innovation Hot Spots/ New York State Incubators
- \$1.76 million for the Entrepreneurial Assistance Program (EAP)
- \$1.382 million for the Technology Development Organizations (TDO)
- \$1.495 million for the Community Development Financial Institutions (CDFI) Program
- \$2 million for the Minority- and Women-Owned Business Development and Lending Program and for Minority- and Women-Owned Business Development
- \$921,000 for the Industrial Technology Extension Service Program
- \$343,000 Science and Technology Law Center
- \$3.404 million for the Urban and Community Development Program
- **Commerce, Regional Economic Development, Trade and Tourism:**
 - \$24 million for FeedMore Western New York
 - \$5 million for arts and cultural venues of ALIVE! Downtowns
 - \$1 million for a statewide study of public and private museums
 - \$700,000 for CenterState CEO
 - \$250,000 for the Adirondack Sports Council
 - \$100,000 for the Adirondack North Country Association
 - \$750,000 for the Rochester-Monroe Anti-Poverty (RMAPI) Initiative
 - \$225,000 for the North Country Chamber of Commerce
 - \$150,000 for the Association of Community Employment Programs

- \$150,000 for the Finger Lakes Tourism Alliance
- \$100,000 for the Buffalo Niagara Partnership

Reginal Economic Development Councils

The 10 Regional Economic Development Councils (REDCs) of New York State, which include community, business, academic leaders, and members of the public in each region, use their knowledge and understanding of local priorities and assets to help direct state investment in support of job creation and economic growth. REDCs have developed and implemented comprehensive Strategic Plans for their respective regions and regularly issue updated plans. These plans play an important role in determining how millions of dollars in existing economic aid are awarded through the State’s Consolidated Funding Application (CFA).

- \$150 million for REDC grants program
- \$200 million for a seventh round of the Downtown Revitalization Initiative (DRI) to be used to revitalize downtowns areas in each of the 10 economic regions of the State. Funds are to be distributed as follows:
 - \$100 million for main street redevelopment programs
 - \$100 million for the NY Forward grant program to support redevelopment in smaller and more rural areas

Article VII – Economic Development

In the 2023-2024 enacted State budget:

- The Legislature modified the Executive proposal to increase the Excelsior Linked Deposit, by increasing the maximum loan amount from \$2 million to \$4 million and the lifetime cap from \$2 million to \$6 million.
- The Legislature modified the Executive proposal to extend the general loan powers of the Urban Development Corporation by providing a one-year extension to July 1, 2024.
- The Legislature modified the Executive proposal to extend the authorization of the Urban Development Corporation to administer the Economic Development Fund by providing a one-year extension to July 1, 2024.

- The Legislature modified the Executive proposal to establish a matching grant program for small businesses who have been awarded funds under the federal Small Business Innovation Research or Small Business Technology Transfer programs by increasing grant amounts, authorizing Empire State Development (ESD) to issue a commitment letter to those seeking a federal grant and to provide businesses with assistance to access the entire suite of all ESD grant, lending and financing programs as well as business mentoring and related services.
- The Legislature added a statewide study of public and private museums.
- The Legislature added a new Pilot Entrepreneurial Training Grants Program. This program will provide grants to entrepreneurs and small businesses of at least \$5,000 up to \$25,000. Eligible businesses would have to successfully complete the Entrepreneurial Assistance Center training program to qualify for a grant. This pilot program would sunset after two-years.
- The Legislature modified and enhanced the Film Tax Credit as follows: extended the program for an additional five years; increased the annual aggregate cap from \$420 million to \$700 million, beginning in tax year 2024; increased the annual post-production credit amount from \$25 million to \$45 million; increased in the credit for qualified expenses from 25 percent to 30 percent; included “Above the Line” salaries of writers, directors, and other such professionals in the calculation of the credit; included language to allow non-wage production costs within the enhanced portion of the Upstate credit computation, for certain productions with a minimum budget of \$500k and shot principally Upstate; amended language to remove the current \$5 million annual aggregate cap for the Enhanced Upstate portion; included language to allow qualified relocation costs to be included in the calculation of the credit, to the extent such costs do not exceed \$6 million; and included language to allow for a certain re-branded variety show to be eligible for the credit.
- The Legislature modified the Executive proposal to extend the Application Deadline for COVID-19 Capital Costs Tax Credit Program from March 31, 2023, to September 30, 2023. Under this program, small businesses with \$2.5 million or less of gross receipts are eligible for a credit of 50 percent of their qualifying costs, up to \$25,000, with a minimum credit of \$1,000.
- The Legislature rejected the Executive proposal to rebrand the START-UP NY program as EPIC.

III. ISSUES BROUGHT THROUGH COMMITTEE IN 2023

- **Creates the Small Business Compliance Guide**

(A.2364 Stirpe; Delivered to Governor)

This bill would require the Secretary of State to publish in the State Register a Small Business Compliance guide that would outline the statutory and regulatory changes made in the prior year.

- **Assists Dry Cleaning Businesses and Appearance Enhancement Businesses**

(A.4696 Kim, Delivered to Governor)

This bill would expand the eligibility criteria of the Economic Development Fund to provide assistance to dry cleaning and appearance enhancement businesses to make necessary capital improvements through grants and flexible financing programs.

- **Marketing the Small Business Revolving Loan Program to Veterans**

(A6140-A Cook; Chapter 617 of the Laws of 2023)

This law requires the Small Business Revolving Loan Fund to target and market to veteran-owned enterprises and service-disabled veteran owned enterprises.

IV. PUBLIC OUTREACH

Oversight of Economic Programs funded in the enacted 2023-2024 State Budget

On October 26, 2023, the Committees on Economic Development and Small Business held a hearing to examine the impact and effectiveness of the economic development programs funded in the enacted 2023-2024 State Budget.

This hearing sought to provide Committee Members with information related to the effectiveness of State funded economic development programs as they relate to promoting an equitable and inclusive economy and ensuring that such programs are meeting the needs of businesses, the workforce, and communities historically or currently disproportionately impacted by economic pressures. The hearing also examined how programs can be improved to provide a greater economic impact across the State and enhance their impact in promoting equitable and inclusive policies.

V. OUTLOOK FOR 2024

The Small Business Committee's support for New York's small businesses is unwavering. The Committee will continue to address the needs of small businesses, minority- and women-owned business enterprises (MWBE), and veteran-owned businesses, creating a supportive environment that encourages their growth, expansion, and stability here in New York.

The priorities of the Committee include increasing access to capital and the expansion of MWBEs while supporting the development and commercialization of innovative new technology, adoption of alternative energy and energy conservation, workforce and economic development, improving contracting opportunities with State and local governments, veterans' business assistance, immigrant-owned business assistance and continuing to help small businesses recover from the effects of the pandemic and persistent inflation concerns.

APPENDIX A

2023 SUMMARY OF ACTION ON ALL BILLS REFERRED TO THE COMMITTEE ON

SMALL BUSINESS

TOTAL NUMBER OF COMMITTEE MEETINGS HELD 1

<u>2023 Summary Sheet</u>			
<u>BILLS REPORTED FAVORABLE TO:</u>			
<u>BILLS REPORTED FAVORABLE TO:</u>	<u>Assembly Bills</u>	<u>Senate Bills</u>	<u>Total</u>
<u>Codes</u>	0	0	0
<u>Judiciary</u>	0	0	0
<u>Ways and Means</u>	2	0	2
<u>Rules</u>	0	0	0
<u>Rules</u>	1	0	1
<u>Floor</u>	3	0	3
<u>TOTAL</u>			
<u>COMMITTEE ACTION</u>			
<u>Held For Consideration</u>	0	0	0
<u>Defeated</u>	0	0	0
<u>Enacting Clause Stricken</u>	0	0	0
<u>REMAINING IN COMMITTEE</u>	12	2	14
<u>BILLS REFERENCE CHANGED TO</u>			
<u>TOTAL</u>	0	0	0

APPENDIX B

Chapters of 2023

CHAPTER	ASSEMBLY BILL (SPONSOR)	SENATE BILL (SPONSOR)	DESCRIPTION
Chapter 617	A.6140-A Cook	S.1671-A Addabbo	This law requires the Small Business Revolving Loan Fund to target and market to veteran-owned enterprises and service-disabled veteran owned enterprises.

APPENDIX C

Additional Bills Reported in 2023

ASSEMBLY BILL (SPONSOR)	LAST ACTION	DESCRIPTION
A.2364 Stirpe	Delivered to Governor	This bill would require the Secretary of State to publish in the State Register a Small Business Compliance guide that would outline the statutory and regulatory changes made in the prior year.
A.4696 Kim	Delivered to Governor	This bill would expand the eligibility criteria of the Economic Development Fund to provide assistance to dry cleaning and appearance enhancement businesses to make necessary capital improvements through grants and flexible financing programs.

APPENDIX D

NYS Assembly Resolution – Small Business Week No. K419, Sponsored by Assembly Member Stirpe

MEMORIALIZING Governor Kathy Hochul to proclaim May 8-12, 2023, as Small Business Week in the State of New York.

WHEREAS, From Montauk to Buffalo, Plattsburgh to Binghamton and every community in-between, small businesses are the heart of those communities; and

WHEREAS, According to the 2022 Annual Small Business Report prepared by Empire State Development, small businesses continue to be a significant economic driver in New York State with an estimated 98 percent of New York businesses having fewer than 100 employees and which employ 39 percent of the workforce; and

WHEREAS, Small businesses of all kinds, from family-owned restaurants and farmers markets to antique stores and landscapers, are crucial to the health of our communities and to the State's economy overall, but have been greatly tested during these past three years; and

WHEREAS, The COVID-19 pandemic had an outsized effect on New York's small business, and its ramifications continue to be felt by small businesses across the State; and

WHEREAS, Small businesses showed great ingenuity and resilience by adapting quickly to pandemic related restrictions and weathered economic hardship; and

WHEREAS, New York State continues to actively support minority and women-owned business enterprises and veteran-owned and service-disabled veteran-owned businesses; and

WHEREAS, The innovation, diversity, competitive strength, job creation, and quality of life that small businesses bring to our economy are vital elements for our State's long-term economic health; and

WHEREAS, The entrepreneurial spirit of New York residents has led to the creation and growth of emerging agricultural industries in New York, such as craft beverages, artisanal foods, and the production of hemp, hops and adult-use cannabis; and

WHEREAS, Small business owners demonstrate extraordinary resilience in the face of larger forces beyond their control, such as challenging economic times, supply chain disruptions, and pandemics; and

WHEREAS, The future welfare of our State depends on the continued development of small businesses; and

WHEREAS, The members of the New York State Assembly wish to proclaim their recognition of small businesses as a crucial element in the economy of New York State; now, therefore, be it

RESOLVED, That this Legislative Body pause in its deliberations to memorialize Governor Kathy Hochul to declare May 8 -12, 2023, as Small Business Week in the State of New York; and be it further

RESOLVED, That a copy of this Resolution, suitably engrossed, be transmitted to The Honorable Kathy Hochul, Governor of the State of New York.