



# ECONOMIC DEVELOPMENT



As New York continues its efforts to rebound from the economic impacts of the COVID-19 pandemic, the FY 2024 Executive Budget will continue to invest in New York's economic recovery, the promotion of job creation, job retention, workforce development, and the revitalization of every region of the State. The Executive Budget proposes investing in key capital projects, emerging and high-impact industries, and regionally-balanced economic development strategies.

Governor Hochul's economic development vision will focus on industries where innovation is the key to success and advance regional economic priorities through strategic investments in communities across the State.

### OFFICES AND RESPONSIBILITIES

Together, the Empire State Development Corporation (ESDC) and the Department of Economic Development (DED) finance key economic development projects and provide policy direction across the State to strengthen New York businesses, industries, and overall economic growth throughout the state. This also includes the newly-created Office of Strategic Workforce Development which leads Governor Hochul's comprehensive effort to strengthen the skills and talents of New York's workforce. Other State agencies and public authorities also oversee programs and investments that support economic development throughout the State. The Economic Development portfolio at the Division of the Budget includes the administration of regionally based economic development programs; marketing and advertising activities to promote tourism; strategic business investment; and the administration of programs to expand university-based research and technology.

### CREATING JOBS AND GROWING THE ECONOMY

A key component of the State's strategy for investment and economic development has been the Regional Economic Development Council initiative, which is rooted in a bottom-up approach that partners with local leaders to utilize regional strengths to support community revitalization and business growth.

The State also utilizes performance-based programs, such as the Excelsior Jobs program, to attract businesses to New York State that require them to achieve specific employment and investment goals before they benefit from tax credits and other incentives.

### PROPOSED FY 2024 ECONOMIC DEVELOPMENT BUDGET ACTIONS

**Regional Economic Development Councils.** The Regional Economic Development Councils (REDC) will continue to play a key role in a regionally-driven strategy to support economic recovery and growth with a focus on businesses and industries most impacted by the ongoing public health emergency. The Executive Budget includes a wide spectrum of funding that will be coordinated with and driven by strategic plans developed by the REDCs at the ground level to ensure that available funding is matched with the unique sector-driven needs and priorities of each region. The Budget includes core REDC funding through \$150M in new capital grants and \$75M in new Excelsior tax credits through ESDC to fund high value regional priority projects, which is anticipated to be made available throughout the year to ensure that projects that are shovel-ready can be advanced in a timely fashion. The Executive Budget also includes downtown and community revitalization initiatives that will be coordinated with REDC-driven economic development strategies where appropriate.

**Downtown Revitalization.** Governor Hochul is committed to reviving New York State's downtowns, large and small, and recognizes that the strength of the State lies in its partnerships with local



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governments. By working together to create economically, socially, and environmentally healthy community centers through downtown revitalization, we can make life better for New Yorkers and help secure the long-term well-being of the State. To further revitalize our communities, the Executive Budget provides \$100 million for another round of the Downtown Revitalization Initiative (DRI), which has been transforming downtown neighborhoods into vibrant communities where the next generation of New Yorkers will want to live, work and raise families. Participating communities are nominated by the State's 10 REDCs based on the downtown's potential for transformation. Each winning community is awarded funding to develop a downtown strategic investment plan and implement key projects that advance the community's vision for revitalization.

**New York Forward.** To support a more equitable recovery across New York's rural communities, the State will invest in the NY Forward program, designed to advance the renaissance of our smaller downtowns. New York's hamlets and villages serve as commercial and social centers, and support our agricultural, recreational, and tourism economies. Recognizing the distinct needs of smaller communities and their niche historical and cultural assets, the Executive Budget includes \$100 million for the rural and smaller communities. Like the DRI program, NY Forward communities will be selected in partnership with the REDCs, and the Department of State (DOS) will lead the community through an abbreviated planning process to develop a slate of readily implementable projects. The State's investment in shovel-ready projects that demonstrate their ability to accelerate revitalization will strengthen the competitiveness of future community projects, overcoming barriers and closing the gap between the trajectory of New York State's small communities and larger urban centers.

**Continued Investment in Tourism.** Tourism is New York's third largest employment sector. To support this important industry, the Budget continues to make significant investments by providing \$58.5 million for the State's robust tourism and advertising campaigns, which attract visitors from around the world. These investments include an additional round of \$15 million in competitive funding through the

Market NY Program to support tourism marketing plans and other projects that best demonstrate regional collaboration among counties to promote regional attractions, as well as matching grants to assist counties and municipalities in local tourism efforts, the I Love NY marketing campaign, and other targeted investments.

**GO-SEMI.** To support and maximize New York's once in a generation partnership with Micron Technology, Inc., the State will create the Governor's Office of Semiconductor Expansion, Management, and Integration (GO-SEMI). GO-SEMI, led by Empire State Development (ESD), will be supported by experts from numerous State agencies and will work in coordination with our federal and local partners to help shepherd the Micron project. The Office will also oversee other associated investments in the semiconductor industry, and will shape and implement a broader, national model for maximizing industry and community returns on such public/private partnerships.

**EPIC.** Ensuring that the jobs of tomorrow are developed here in New York, the State will launch the Extended Prosperity and Innovation Campuses (EPIC) initiative to support the growth of new businesses and help form strong partnerships between the private sector and the State's leading educational centers. EPIC replaces the START-UP NY program and will: support a wider range of innovation businesses; be streamlined to remove barriers; and increase investments dedicated to growing innovation and creating jobs. Participating businesses will operate tax-free for 10 years on or near eligible university or college campuses. These partnerships will give businesses direct access to advanced research laboratories, development resources, and experts in key industries, resulting in increased commercialization of new technologies and ensuring mutually beneficial collaborations.

**Technology Innovation Matching Program.** The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs are competitive federal programs that incentivize small businesses to engage in research and development with the potential for commercialization. They are two of the nation's largest sources of early-stage funding

for startups and small businesses, providing over \$3.8 billion in awards in 2021. Currently, more than half of states have a matching grant program for their SBIR and SBTT applicants. New York does not, placing our state at a disadvantage when it comes to attracting and generating innovation investments. To remedy this, the State will create a Technology Innovation Matching Program, which will provide \$6 million dollars in matching grants for New York companies applying for SBIR and SBTT funding. This additional matching investment from New York will support the growth of small businesses and the development of new scientific advancements, while simultaneously creating jobs and keeping New York competitive.

**Cell and Gene Therapy.** Cell and Gene Therapy (CGT) is the treatment of diseases, such as cancer, by manufacturing reprogrammed patient cells to either repair those that cause disease or kill tumors. In 2021, national investments in CGT represented one third of all private investment into life sciences. New York is at the forefront of this rapidly growing life sciences industry, which has become a powerful growth engine for the State. New York will further support its leadership position in the life sciences industry by providing funding for two CGT hubs. One will be located upstate and will leverage existing institutions that conduct research and development of these therapies, and the other will be located downstate and provide direct access to CGT for large and diverse patient populations. Each center will engage in cutting-edge clinical research as well as co-locate vital CGT infrastructure, technology, and services - ultimately making New York a leading state for CGT development.

**Olympic Regional Development Authority (ORDA) Capital Improvements.** The Budget includes \$92.5 million in new capital funding for ORDA, including \$80 million for a strategic upgrade and modernization plan to support continued improvements to Olympic and other ORDA-owned facilities, \$10 million for critical maintenance and energy efficiency upgrades, and \$2.5 million appropriated from the Office of Parks, Recreation and Historic Preservation budget as part of the New York Works initiative. Additional investments in these assets located in the North

Country, Mid-Hudson, and Capital Region will continue to make New York State more competitive for winter recreation and travel, attracting large sporting events and International Championships, and ultimately driving year-round business and economic sustainability to the surrounding areas.

**Continued Investment for Arts and Culture.** The Executive Budget builds upon the prior year's record level support for arts and culture, including \$40 million for grants administered by the New York State Council on the Arts (NYSCA). This funding will provide critical aid to bolster nonprofit arts and culture organizations and artists as they continue a dynamic multi-year recovery process. In addition, NYSCA continues to disburse \$100 million in capital grant funds that have been made available to help improve nonprofit arts facilities across the state.



*Micron makes the largest single private investment in New York State history.*