S T A T E O F N E W Y O R K

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I N A S S E M B L Y

November 17, 2014

Introduced by COMMITTEE ON RULES -- (at request of M. of A. Buchwald) -- read once and referred to the Committee on Small Business

AN ACT to amend the urban development corporation act, in relation to establishing the New York state innovation voucher program; and making an appropriation therefor

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Short title. This act shall be known and may be cited as the "New York state innovation voucher program act".

S 2. Section 1 of chapter 174 of the laws of 1968, constituting the New York state urban development corporation act, is amended by adding a new section 16-x to read as follows:

S 16-X. NEW YORK STATE INNOVATION VOUCHER PROGRAM. (1) PROGRAM ESTABLISHED. THERE IS HEREBY ESTABLISHED A NEW YORK STATE INNOVATION VOUCHER PROGRAM UNDER THE PURVIEW OF THE EMPIRE STATE DEVELOPMENT CORPORATION. SUCH PROGRAM SHALL PROVIDE SMALL BUSINESSES WITH ACCESS TO RESEARCH AND DEVELOPMENT BY COLLEGES AND UNIVERSITIES, GOVERNMENT LABORATORIES AND PUBLIC RESEARCH INSTITUTES IN ORDER TO ASSIST SUCH BUSINESSES IN THE CREATION OF INNOVATIVE PRODUCTS OR SERVICES.

(2) DEFINITIONS. FOR THE PURPOSES OF THIS SECTION, THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANINGS:

(A) "ELIGIBLE RECIPIENT" SHALL MEAN SMALL BUSINESSES HAVING ONE HUNDRED OR FEWER EMPLOYEES, OPERATING IN NEW YORK STATE.

(B) "ELIGIBLE PROJECTS" OR "EXPENSES ELIGIBLE FOR REIMBURSEMENT" SHALL MEAN RESEARCH AND DEVELOPMENT COSTS LEADING TO INNOVATIVE PRODUCTS OR SERVICES, INCLUDING BUT NOT LIMITED TO DEVELOPMENT OF PROTOTYPES, FIELD TESTING, OR ENGINEERING. AN ELIGIBLE EXPENSE SHALL BE AN ELIGIBLE PROJECT THAT IS NOT AN INELIGIBLE EXPENSE.

(C) "INELIGIBLE EXPENSE" SHALL MEAN REIMBURSEMENT OF TIME SPENT BY THE EMPLOYEES OR OWNERS OF THE SMALL BUSINESS; GRANT OR VOUCHER APPLICATION COSTS; ROUTINE AND READILY-PREDICTABLE BUSINESS EXPENSES; DESIGN AND PRODUCTION OF MARKETING OR ADVERTISING MATERIALS; BASIC PROFESSIONAL SERVICES SUCH AS ONGOING ROUTINE ACCOUNTING, TAX OR LEGAL SERVICES; BUILDING OR EQUIPMENT CONSTRUCTION COSTS; FINANCING FEES; TRAVEL AND

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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ENTERTAINMENT COSTS; HOSPITALITY COSTS; AND ANY OTHER EXPENSES DEEMED INELIGIBLE BY THE EMPIRE STATE DEVELOPMENT CORPORATION.

(D) "RESEARCH PARTNER" SHALL MEAN COLLEGES, UNIVERSITIES, STATE AND NATIONAL GOVERNMENT LABORATORIES, AND PUBLIC RESEARCH INSTITUTES IN NEW YORK STATE.

(3) SELECTION OF ELIGIBLE RECIPIENTS. (A) ELIGIBLE RECIPIENTS SHALL BE SELECTED BY THE EMPIRE STATE DEVELOPMENT CORPORATION BASED ON THE STRENGTH OF THEIR PROPOSALS, INCLUDING EVALUATION OF THE INNOVATIVE NATURE OF THE PROJECT, ITS TECHNICAL FEASIBILITY, AND THE POTENTIAL IMPACT ON THE PEOPLE OF NEW YORK.

(B) SMALL BUSINESSES MAY IDENTIFY DESIRED OR POTENTIAL RESEARCH PARTNERS AS PART OF THEIR APPLICATIONS. ADVANCE DETERMINATIONS OF THE BUSINESS' RESEARCH PARTNER SHALL NOT BE A REQUIREMENT FOR RECEIPT OF AN INNOVATION VOUCHER.

(C) APPLICATIONS SHALL BE JUDGED BY AN ADVISORY COMMITTEE, OR REGIONAL ADVISORY COMMITTEE, APPOINTED BY THE PRESIDENT OF THE EMPIRE STATE DEVELOPMENT CORPORATION CONSISTING OF MEMBERS OF THE BUSINESS, HIGHER EDUCATION, SCIENCE AND TECHNOLOGY COMMUNITIES. MEMBERS OF AN ADVISORY COMMITTEE SHALL RECEIVE NO COMPENSATION APART FROM REIMBURSEMENT FOR ACTUAL AND NECESSARY EXPENSES.

(4) RESEARCH PARTNERS. THE EMPIRE STATE DEVELOPMENT CORPORATION SHALL IDENTIFY AND SUGGEST A PRELIMINARY SET OF RESEARCH PARTNERS IN NEW YORK STATE THAT HAVE APPROPRIATE FACILITIES AND RESOURCES TO PARTICIPATE IN THE INNOVATION VOUCHER PROGRAM AND ARE WILLING TO ACCEPT VOUCHERS AND MATCHING FUNDS FROM ELIGIBLE RECIPIENTS FOR PAYMENT OF THEIR SERVICES. SUCH SUGGESTED LIST OF POTENTIAL RESEARCH PARTNERS SHALL BE DISPLAYED ON THE EMPIRE STATE DEVELOPMENT CORPORATION'S WEBSITE, AND MAY BE SUPPLEMENTED FROM TIME TO TIME.

(5) VOUCHERS AND MATCHING FUNDS. (A) VOUCHERS AWARDED SHALL BE TEN THOUSAND DOLLARS FOR EACH ELIGIBLE PROJECT. UPON THE RECOMMENDATION OF AN ADVISORY COMMITTEE, THE PRESIDENT MAY AWARD A VOUCHER IN AN AMOUNT UP TO FIFTY THOUSAND DOLLARS WHERE A PROJECT IS DEEMED EXCEPTIONALLY INNOVATIVE. CRITERIA FOR THE DETERMINATION OF AWARDS SHALL BE ESTABLISHED BY THE EMPIRE STATE DEVELOPMENT CORPORATION. ELIGIBLE RECIPIENTS SHALL MATCH THE VALUE OF THE VOUCHER DOLLAR-FOR-DOLLAR AND SHALL APPLY SUCH AMOUNT TO THE VOUCHER-FUNDED PROJECT.

(B) IF AN APPLICANT IS APPROVED FOR A VOUCHER BASED ON THE APPROVAL OF AN ELIGIBLE PROJECT, SUCH ELIGIBLE RECIPIENT SHALL APPROACH THE RESEARCH PARTNER THE ELIGIBLE RECIPIENT WISHES TO WORK WITH. THE ELIGIBLE RECIPIENT SHALL NOTIFY THE EMPIRE STATE DEVELOPMENT CORPORATION OF THE RESEARCH PARTNER THEY WILL BE WORKING WITH ON THE ELIGIBLE PROJECT. PAYMENT OF THE VOUCHER SHALL BE MADE BASED ON A PAYMENT STRUCTURE ESTABLISHED BY THE EMPIRE STATE DEVELOPMENT CORPORATION.

(6) EVALUATION. THE EMPIRE STATE DEVELOPMENT CORPORATION SHALL EVALUATE RECIPIENTS OF THE INNOVATION VOUCHERS AT PERIODIC INTERVALS TO MEASURE: (A) WHETHER JOBS HAVE BEEN CREATED AS A RESULT OF THE MOMENTUM FOSTERED THROUGH THE VOUCHERS; AND (B) ANY OTHER PERFORMANCE METRICS, SUCH AS THE NUMBER OF PATENTS PRODUCED AS A RESULT OF THE COLLABORATIONS, THAT THE EMPIRE STATE DEVELOPMENT CORPORATION DETERMINES ARE USEFUL IN TRACKING THE PROGRAM'S SUCCESS.

(7) GUIDELINES. THE EMPIRE STATE DEVELOPMENT CORPORATION SHALL ESTABLISH GUIDELINES FOR THE IMPLEMENTATION AND ADMINISTRATION OF THE INNOVATION VOUCHER PROGRAM.

S 3. The sum of ten million dollars ($10,000,000), or so much thereof as may be necessary, is hereby appropriated to the Empire State Development Corporation out of any moneys in the state treasury in the general

fund to the credit of the local assistance account, not otherwise appropriated, and made immediately available. Such moneys shall be payable on the audit and warrant of the comptroller on vouchers certified or approved in the manner prescribed by law.

S 4. This act shall take effect on the one hundred eightieth day after it shall have become a law; provided, however, that any guidelines necessary for the timely implementation of this act on its effective date may be promulgated on or before such effective date.