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I N   A S S E M B L Y

November 17, 2014

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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 ASSEM-  
BLY, DO ENACT AS FOLLOWS:

1     Section 1. Short title. This act shall be known and may be cited as  
2     the "New York state innovation voucher program act".  
3     S 2. Section 1 of chapter 174 of the laws of 1968, constituting the  
4     New York state urban development corporation act, is amended by adding a  
5     new section 16-x to read as follows:  
6     S 16-X. NEW YORK STATE INNOVATION VOUCHER PROGRAM. (1) PROGRAM ESTAB-  
7     LISHED. THERE IS HEREBY ESTABLISHED A NEW YORK STATE INNOVATION VOUCHER  
8     PROGRAM UNDER THE PURVIEW OF THE EMPIRE STATE DEVELOPMENT CORPORATION.  
9     SUCH PROGRAM SHALL PROVIDE SMALL BUSINESSES WITH ACCESS TO RESEARCH AND  
10    DEVELOPMENT BY COLLEGES AND UNIVERSITIES, GOVERNMENT LABORATORIES AND  
11    PUBLIC RESEARCH INSTITUTES IN ORDER TO ASSIST SUCH BUSINESSES IN THE  
12    CREATION OF INNOVATIVE PRODUCTS OR SERVICES.  
13    (2) DEFINITIONS. FOR THE PURPOSES OF THIS SECTION, THE FOLLOWING TERMS  
14    SHALL HAVE THE FOLLOWING MEANINGS:  
15    (A) "ELIGIBLE RECIPIENT" SHALL MEAN SMALL BUSINESSES HAVING ONE  
16    HUNDRED OR FEWER EMPLOYEES, OPERATING IN NEW YORK STATE.  
17    (B) "ELIGIBLE PROJECTS" OR "EXPENSES ELIGIBLE FOR REIMBURSEMENT" SHALL  
18    MEAN RESEARCH AND DEVELOPMENT COSTS LEADING TO INNOVATIVE PRODUCTS OR  
19    SERVICES, INCLUDING BUT NOT LIMITED TO DEVELOPMENT OF PROTOTYPES, FIELD  
20    TESTING, OR ENGINEERING. AN ELIGIBLE EXPENSE SHALL BE AN ELIGIBLE  
21    PROJECT THAT IS NOT AN INELIGIBLE EXPENSE.  
22    (C) "INELIGIBLE EXPENSE" SHALL MEAN REIMBURSEMENT OF TIME SPENT BY THE  
23    EMPLOYEES OR OWNERS OF THE SMALL BUSINESS; GRANT OR VOUCHER APPLICATION  
24    COSTS; ROUTINE AND READILY-PREDICTABLE BUSINESS EXPENSES; DESIGN AND  
25    PRODUCTION OF MARKETING OR ADVERTISING MATERIALS; BASIC PROFESSIONAL  
26    SERVICES SUCH AS ONGOING ROUTINE ACCOUNTING, TAX OR LEGAL SERVICES;  
27    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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1 ENTERTAINMENT COSTS; HOSPITALITY COSTS; AND ANY OTHER EXPENSES DEEMED  
2 INELIGIBLE BY THE EMPIRE STATE DEVELOPMENT CORPORATION.

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

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

11 (B) SMALL BUSINESSES MAY IDENTIFY DESIRED OR POTENTIAL RESEARCH PART-  
12 NERS AS PART OF THEIR APPLICATIONS. ADVANCE DETERMINATIONS OF THE BUSI-  
13 NESS' RESEARCH PARTNER SHALL NOT BE A REQUIREMENT FOR RECEIPT OF AN  
14 INNOVATION VOUCHER.

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

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

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

37 (B) IF AN APPLICANT IS APPROVED FOR A VOUCHER BASED ON THE APPROVAL OF  
38 AN ELIGIBLE PROJECT, SUCH ELIGIBLE RECIPIENT SHALL APPROACH THE RESEARCH  
39 PARTNER THE ELIGIBLE RECIPIENT WISHES TO WORK WITH. THE ELIGIBLE RECIPI-  
40 ENT SHALL NOTIFY THE EMPIRE STATE DEVELOPMENT CORPORATION OF THE  
41 RESEARCH PARTNER THEY WILL BE WORKING WITH ON THE ELIGIBLE PROJECT.  
42 PAYMENT OF THE VOUCHER SHALL BE MADE BASED ON A PAYMENT STRUCTURE ESTAB-  
43 LISHED BY THE EMPIRE STATE DEVELOPMENT CORPORATION.

44 (6) EVALUATION. THE EMPIRE STATE DEVELOPMENT CORPORATION SHALL EVALU-  
45 ATE RECIPIENTS OF THE INNOVATION VOUCHERS AT PERIODIC INTERVALS TO MEAS-  
46 URE: (A) WHETHER JOBS HAVE BEEN CREATED AS A RESULT OF THE MOMENTUM  
47 FOSTERED THROUGH THE VOUCHERS; AND (B) ANY OTHER PERFORMANCE METRICS,  
48 SUCH AS THE NUMBER OF PATENTS PRODUCED AS A RESULT OF THE COLLAB-  
49 ORATIONS, THAT THE EMPIRE STATE DEVELOPMENT CORPORATION DETERMINES ARE  
50 USEFUL IN TRACKING THE PROGRAM'S SUCCESS.

51 (7) GUIDELINES. THE EMPIRE STATE DEVELOPMENT CORPORATION SHALL ESTAB-  
52 LISH GUIDELINES FOR THE IMPLEMENTATION AND ADMINISTRATION OF THE INNO-  
53 VATION VOUCHER PROGRAM.

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

1 fund to the credit of the local assistance account, not otherwise appro-  
2 priated, and made immediately available. Such moneys shall be payable on  
3 the audit and warrant of the comptroller on vouchers certified or  
4 approved in the manner prescribed by law.  
5 S 4. This act shall take effect on the one hundred eightieth day after  
6 it shall have become a law; provided, however, that any guidelines  
7 necessary for the timely implementation of this act on its effective  
8 date may be promulgated on or before such effective date.