STATE OF NEW YORK

322

2025-2026 Regular Sessions

IN SENATE

(Prefiled)

January 8, 2025

Introduced by Sen. S. RYAN -- read twice and ordered printed, and when printed to be committed to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the urban development corporation act, in relation to establishing the New York state innovation voucher program

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".

§ 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-bb to read as follows:

§ 16-bb. 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 that provide job retention and expansion.

(2) Definitions. For the purposes of this section, the following terms shall have the following meanings:

(a) "Eligible recipient" shall mean small businesses as defined in section one hundred thirty-one of the economic development law.

(b) "Eligible projects" for vouchers authorized pursuant to this section shall mean research and development projects leading to innovation of products or services. Eligible costs shall include, but not be limited to, the development of prototypes, field testing, engineering or other projects authorized by the corporation that enhance innovation of

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

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products or services that result in job growth and business expansion within the state.

(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 entertainment costs; hospitality costs; and any other expenses deemed ineligible by the corporation.

(d) "Research and development partner" shall mean colleges, universities, state and national government laboratories, and public research institutes in New York state.

(e) "Exceptionally innovative projects" shall mean projects that demonstrate a potential for substantial economic growth and job development in an emerging technology field, as defined by the corporation, through the promulgation of rules and regulations, as emerging technology fields from those fields listed in subparagraphs one, two, three, four and five of paragraph (b) of subdivision one of section thirty-one hundred two-e of the public authorities law.

(3) Selection of eligible recipients. (a) Eligible recipients shall be selected by the corporation based on the strength of their proposals, including evaluation of the innovative nature of the project, its technical feasibility, commercial viability and the potential impact on the retention and creation of new jobs.

(b) Small businesses may identify desired or potential research and development partners as part of their applications. Advance determinations of the business' research and development 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 corporation consisting of members of the higher education, science and technology, and business communities.

(4) Research and development partners. The corporation shall identify a list of potential research and development partners in New York state that have appropriate facilities and resources to participate in the innovation voucher program and are willing to accept vouchers from eligible recipients for payment of their services. The list of potential research and development partners shall be displayed on the corporation's website, and shall be reviewed and revised at least quarterly.

(5) Vouchers and matching funds. (a) The corporation, upon the recommendation of the advisory committee, may award vouchers up to ten thousand dollars for each eligible project. Upon the recommendation of the advisory committee, the corporation may award a voucher in an amount up to fifty thousand dollars where a project is deemed exceptionally innovative. Criteria for determination of awards shall be established by the corporation in rules and regulations. Eligible recipients shall match the value of the voucher on a dollar-for-dollar basis and shall apply such amount to the voucher-funded project.

(b) If an applicant is approved by the corporation for a voucher based on the merits of an eligible project, such eligible recipient shall be authorized to enter into a working agreement with the appropriate research and development partner. The eligible recipient shall notify the corporation of the research and development partner collaboration to be formed to further research and development. Payment of the voucher shall be made based on a payment structure established by the corpo-

ration in rules and regulations promulgated pursuant to section four of this act to administer a collaboration.

(6) Outreach. To ensure maximum awareness of the innovation voucher program, the corporation shall develop and implement a plan to disseminate information and materials to small businesses, including but not limited to minority- and women-owned enterprises and veteran-owned businesses.

(7) Reports. The corporation shall post quarterly reports stating: the number and monetary value of vouchers issued; the amount of program funding used for the vouchers; the recipient of the the vouchers and research and development partner; and any other appropriate metrics to measure the success of the program, including but not limited to, the number of jobs created or retained, the number of patents produced as a result of the collaboration, a description of the economic development impact and such other information as the corporation may deem necessary. Such quarterly reports shall also include a list of current advisory committee members and a list of current research and development partners approved by the corporation.

(8) Funding. The corporation is authorized, within available appropriations in the empire state development fund established pursuant to section sixteen-m of this act or from any other funds appropriated, to make innovative vouchers available to eligible recipients.

§ 3. Subdivision 1 of section 16-m of 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 paragraph (p) to read as follows:

(p) Vouchers to eligible entities as set forth in section sixteen-bb of this act to support the New York state innovation voucher program to assist small business access to research and development by colleges and universities, government laboratories and public research institutes to support such businesses in the creation of innovative products or services.

§ 4. Rules and regulations. The empire state development corporation is authorized to promulgate rules and regulations in accordance with the state administrative procedure act that are necessary to fulfill the purposes of this act. Such rules and regulations shall be completed within one hundred eighty days after the effective date of this act.

§ 5. This act shall take effect on the one hundred eightieth day after it shall have become a law; provided, however, that the amendments to subdivision 1 of section 16-m of section 1 of chapter 174 of the laws of 1968, constituting the New York state urban development corporation act, made by section three of this act shall not affect the expiration of such section and shall be deemed to expire therewith. Effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such effective date.