

1 BEFORE THE NEW YORK STATE SENATE FINANCE  
2 AND ASSEMBLY WAYS AND MEANS COMMITTEES

3 -----  
4 JOINT LEGISLATIVE HEARING

5 In the Matter of the  
6 2020-2021 EXECUTIVE BUDGET ON  
7 ECONOMIC DEVELOPMENT  
8 -----

9 Hearing Room B  
10 Legislative Office Building  
11 Albany, New York

12 February 13, 2020  
13 9:37 a.m.

14  
15 PRESIDING:

16 Senator Liz Krueger  
17 Chair, Senate Finance Committee

18 Assemblywoman Helene E. Weinstein  
19 Chair, Assembly Ways & Means Committee

20  
21 PRESENT:

22 Senator Pamela Helming  
23 Senate Finance Committee (Acting RM)

24 Assemblyman Edward P. Ra  
Assembly Ways & Means Committee (RM)

Senator Anna M. Kaplan  
Chair, Senate Committee on Commerce,  
Economic Development and Small Business

Assemblyman Robin Schimminger  
Chair, Assembly Committee on Economic  
Development, Job Creation, Commerce  
and Industry

Senator Diane J. Savino  
Chair, Senate Committee on Internet  
and Technology

1 2020-2021 Executive Budget  
2 Economic Development  
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3 PRESENT: (Continued)

4 Assemblyman Al Stirpe  
Chair, Assembly Committee on Small Business

5 Senator Joseph P. Addabbo Jr.  
6 Chair, Senate Committee on Racing, Gaming  
and Wagering

7 Senator James Skoufis  
8 Chair, Senate Committee on Investigations  
and Government Operations

9 Assemblyman Kenneth Zebrowski  
10 Chair, Assembly Committee on Governmental  
Operations

11 Senator John Liu

12 Assemblyman Harvey Epstein

13 Assemblyman Robert Smullen

14 Assemblyman Billy Jones

15 Senator Brad Hoylman

16 Assemblywoman Marianne Buttenschon

17 Assemblyman Christopher S. Friend

18 Senator Luis R. Sepulveda

19 Assemblyman Steve Stern

20 Assemblyman Chris Tague

21 Senator James Tedisco

22 Assemblyman Brian D. Miller

23 Assemblywoman Mathylde Frontus

24

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3 PRESENT: (Continued)

4 Senator George M. Borrello

5 Assemblywoman Inez Dickens

6 Assemblyman Robert J. Rodriguez

7 Assemblyman Charles Barron

8 Senator Rich Funke

9 Assemblyman Daniel J. O'Donnell

10 Assemblywoman Alicia Hyndman

11 Senator Shelley B. Mayer

12 Assemblyman Walter T. Mosley

13

14

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 18 President, CEO & Commissioner  
 18 Empire State Development  
 19 New York State Department of  
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20 RoAnn M. Destito  
 21 Commissioner  
 21 NYS Office of General Services  
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1                   CHAIRWOMAN KRUEGER:        Good morning.  
2   We're ready as we're going to be, was the  
3   answer.        This is Day 13 -- Hearing 13,  
4   sorry --

5                   CHAIRWOMAN WEINSTEIN:       Day 11, I  
6   think.

7                   CHAIRWOMAN KRUEGER:        Whatever it is.  
8   We're in a blur.

9                   (Laughter.)

10                  CHAIRWOMAN KRUEGER:        But you know who  
11   you are, and you'll be introducing  
12   yourselves.     For example, I'll read this  
13   sheet and let you know that I am Liz Krueger  
14   and this is the budget hearing on economic  
15   development.

16                  I chair the Senate Finance Committee.  
17   I'm cochair of today's budget hearing.        Today  
18   is the 12th of 13 hearings conducted by the  
19   joint fiscal committees of the Legislature  
20   regarding the Governor's proposed budget for  
21   state fiscal year 2020-2021.

22                  These hearings are conducted pursuant  
23   to the New York State Constitution and  
24   Legislative Law.

1           Today the Senate Finance Committee and  
2           the Assembly Ways and Means Committee will  
3           hear testimony concerning the Governor's  
4           proposed budget for the New York State  
5           Department of Economic Development,  
6           Empire State Development Corporation; the  
7           New York State Office of General Services,  
8           and the New York State Council on the Arts.

9           Each representative of the agencies  
10          will be introduced as it is their time to  
11          testify. Following each testimony, there  
12          will be some time for questions from the  
13          chairs of the fiscal committees and other  
14          related committees based on the  
15          commissioners.

16          After the final question-and-answer  
17          period, there will be an opportunity for  
18          members of the public to briefly express  
19          their views on the proposed budget  
20          discussion.

21          I know that there's quite a bit of  
22          snow in various parts of the state, so for  
23          people who may have hoped to get here and  
24          have not, please be assured if you submit

1 testimony any time in the next seven days,  
2 that will be treated as testimony to the  
3 committees. It will go up online for  
4 everyone to have a chance to look at and  
5 review.

6 We have standard rules that we apply  
7 to all of our testifiers. One, please play  
8 clo -- please play -- please pay -- I didn't  
9 have the coffee yet, I apologize --

10 (Laughter.)

11 CHAIRWOMAN KRUEGER: -- close  
12 attention to the time clocks, because it lets  
13 you know how much time you have to speak and  
14 then it will glow yellow when you're getting  
15 close to the end, and then it will glow red  
16 and ring, letting you know your time is up.

17 Chairpersons of relevant committees  
18 have a 10-minute allotment for questions and  
19 answers of the government witness. All other  
20 legislators who are members of the relevant  
21 committees receive five minutes to ask  
22 questions of government.

23 Except for the five minutes for  
24 relevant chairs, there will be no second



1 rounds of questioning. Any legislator who  
2 feels the need to ask an additional follow-up  
3 question, please present themselves to Helene  
4 Weinstein if they're an Assemblymember, or  
5 myself if they're a Senator.

6 For nongovernmental witnesses, all  
7 legislators have three minutes to ask their  
8 questions.

9 There may be some people who want to  
10 protest in some way -- occasionally, they  
11 do -- this afternoon, or maybe they'll show  
12 up early. We just urge people that there are  
13 successful ways to quietly protest versus  
14 noisy disruptive ways to protest. We urge  
15 people to explore the quieter ways of  
16 protest. Because if not, people who work for  
17 the state will actually ask you to leave.

18 I'm just going to start off by  
19 introducing members of the Senate, and then  
20 Helene Weinstein will introduce members of  
21 the Assembly.

22 I see Senator Brad Hoylman, Senator  
23 Diane Savino, Senator Joe Addabbo, Senator  
24 Luis -- excuse me, I'm losing my mind --

1 Luis Sepulveda. I decided to blend you and  
2 John Liu into one Senator. Senator John Liu.  
3 Senator Anna Kaplan, who's actually the chair  
4 of the two relevant committees today for  
5 Economic Development and Small Business  
6 Services.

7 And filling in for Jim Seward, who  
8 could not be here, is Senator Pam Helming,  
9 who will introduce her members.

10 SENATOR HELMING: Joining me today we  
11 have Senator Jim Tedisco.

12 CHAIRWOMAN KRUEGER: Great.

13 And the Assembly?

14 CHAIRWOMAN WEINSTEIN: For the  
15 Assembly we have Assemblyman Schimminger,  
16 chair of the Economic Development Committee;  
17 Assemblyman Stirpe, chair of our Small  
18 Business Committee; Assemblyman Jones,  
19 Assemblyman Rodriguez, Assemblyman Stern,  
20 Assemblyman Epstein, Assemblywoman Frontus,  
21 Assemblyman Barron, and Assemblywoman  
22 Buttenschon.

23 Assemblyman Ra will introduce the  
24 members of his conference, our ranker.

1 ASSEMBLYMAN RA: We're joined this  
2 morning by Assemblyman Chris Friend, ranking  
3 member on the Economic Development Committee,  
4 as well as Assemblyman Smullen, Assemblyman  
5 Tague, and Assemblyman Brian Miller.

6 CHAIRWOMAN KRUEGER: Thank you.

7 And we're beginning with Eric Gertler,  
8 commissioner of the Empire State Development  
9 Corporation and the Department of Economic  
10 Development.

11 Welcome. You have 10 minutes; feel  
12 free.

13 COMMISSIONER GERTLER: Great. Thank  
14 you.

15 Good morning, Chairwoman Krueger,  
16 Chairwoman Weinstein, and distinguished  
17 members of the Legislature. My name is  
18 Eric Gertler, and I serve as the acting  
19 commissioner of the New York State Department  
20 of Economic Development and as president and  
21 CEO-designate of Empire State Development,  
22 ESD.

23 It is a privilege to have been  
24 selected for this role, and I'm honored to

1 appear before you today -- I might add it is  
2 my first time -- to discuss the Governor's  
3 fiscal year 2020-2021 Executive Budget,  
4 alongside ESD's chief operating officer,  
5 Kevin Younis.

6 ESD, as the state's chief economic  
7 development agency, continues to grow  
8 New York's economy using a strategy built on  
9 four pillars: Creating vibrant communities,  
10 training our workforce, incentivizing the  
11 growth of export-oriented industries, and  
12 fostering innovation to create the jobs of  
13 the future.

14 For our communities, this budget  
15 proposes funding for a tenth round of the  
16 Regional Economic Development Council -- the  
17 REDCs -- initiative, the state's bottom-up  
18 approach to economic growth that has  
19 supported more than 8,300 projects and will  
20 create or retain at least 240,000 jobs  
21 statewide.

22 Additionally, the Executive Budget  
23 supports a fifth round of the Downtown  
24 Revitalization Initiative, enabling more

1 communities to recreate their urban centers.

2 ESD is also investing in people, to  
3 ensure every New Yorker has an opportunity to  
4 participate in our growth. Beyond our  
5 continued partnership on the Workforce  
6 Development Initiative, recently completed  
7 projects like the Northland Workforce  
8 Training Center in Buffalo and the Center for  
9 Advanced Manufacturing Skills in Troy, are  
10 improving regional talent pipelines.

11 Our state's diversity is also our  
12 strength. And ESD will continue to improve  
13 New York's Minority and Women-Owned Business  
14 Enterprise Program by reducing red tape and  
15 maximizing participation.

16 During this administration, nearly  
17 \$16 billion in state contracts have been  
18 awarded to MWBEs, more than 8,000 firms have  
19 been certified, and our contract utilization  
20 rate of over 29 percent is the nation's  
21 highest.

22 To attract the export-oriented  
23 industries of the future, the Governor's  
24 budget proposes to extend the

1 performance-based Excelsior Jobs Program  
2 under which nearly \$1.4 billion in tax credit  
3 awards have secured financial commitments of  
4 almost \$10 billion and the creation of  
5 roughly 82,000 jobs.

6           The Executive Budget would also  
7 establish enhanced benefits for green economy  
8 projects to help ensure that the state's  
9 ongoing transition to carbon neutrality will  
10 benefit both our economy and environment.

11           ESD also continues to grow the  
12 innovation economy.    Our Division of Science,  
13 Technology and Innovation -- NYSTAR --  
14 supports more than 70 funded centers that  
15 foster the commercialization of technology  
16 and ideas.    The Executive Budget would  
17 transition NYSTAR's Center of Excellence to  
18 Centers for Advanced Technology framework,  
19 ensuring that future designations are awarded  
20 competitively and maximizing the state's  
21 return on investment.    Furthermore, a newly  
22 established Innovation Hub would encourage  
23 greater collaboration among the centers.

24           Investing strategically in

1 communities, workforce development, tradable  
2 sectors and innovation enables ESD to  
3 continue generating opportunities for  
4 New Yorkers across the state. We look  
5 forward to working with you as our  
6 legislative partners to build on our  
7 nine-year record of sustainable, bottom-up,  
8 and regionally led economic growth.

9 With that, I am happy to take your  
10 questions.

11 CHAIRWOMAN KRUEGER: Thank you.

12 Our first questioner will be Anna  
13 Kaplan.

14 SENATOR KAPLAN: Good morning --  
15 (Microphone off.)

16 SENATOR KAPLAN: Good morning. Good  
17 morning, Commissioner. Thank you for coming  
18 in today and testifying.

19 And can you talk a little bit about  
20 the CATs and COEs, their differences, and  
21 also in the budget having -- trying to  
22 combine the two together and reducing their  
23 funding. And what do you propose?

24 COMMISSIONER GERTLER: Right. Of

1 course. So if we look at the Small Business  
2 Division -- and those centers are within the  
3 Small Business Division. Of course they also  
4 work with larger companies, but primarily  
5 small businesses. Ninety-eight percent of  
6 our businesses in the state are small  
7 businesses representing over 50 percent of  
8 our employment.

9 And in terms of what we seek to do in  
10 terms of small business, I put that into  
11 three buckets. First of all, we help small  
12 businesses raise capital. We also help small  
13 businesses with the assistance they need.  
14 And in the third bucket, we help businesses  
15 commercialize their technology. So within  
16 that third bucket, we think about the CATs  
17 and the COEs.

18 To get to the proposal, the idea is  
19 that -- following the budget, the idea is to  
20 competitively bid the COEs. The reason for  
21 doing that is that we want to lead to a more  
22 forward-looking perspective. We want to be  
23 able to invest into the industries of the  
24 future, the jobs of the future. And what we



1 want to do is put an emphasis on industry  
2 benefits instead of just merely the center  
3 benefits.

4 In doing so, we want to make sure that  
5 we ensure that these new CATs, they're  
6 nimble, they're agile, and they allow for  
7 greater collaboration, especially with this  
8 new Innovation Hub. And this Innovation Hub  
9 will allow for additional monies to be able  
10 to ensure that there's greater collaboration  
11 and also to -- and also to make sure that we  
12 can make the right bets on the industries of  
13 the future.

14 This is all in the context that we're  
15 looking to maximize state resources, we're  
16 looking to maximize return on investment.  
17 And in terms of ROI, we want to make sure  
18 that we have ability to invest into the  
19 industries of the future and ensure that  
20 we're creating jobs, and in that way making  
21 sure that we have the highest ROI.

22 I can also address your question on  
23 money, but I --

24 SENATOR KAPLAN: Please. Go ahead.

1           COMMISSIONER GERTLER:     Okay.     So in  
2     doing so, because of the nature of how we  
3     look at, you know, the way this would be kind  
4     of competitively bid, we believe that there's  
5     sufficient funding under our proposal --  
6     because, you know, when you rely on that sort  
7     of collaboration, you rely on the technology  
8     that is being used in a growing technological  
9     economy, one that's often sort of  
10    knowledge-based, we believe that you can run  
11    the centers, you know, with the funds that  
12    we've proposed.     We believe that there's  
13    greater efficiencies in doing so.

14           And again, what we are trying to do is  
15    ensure that we're looking to maximize state  
16    resources, we're looking to get the highest  
17    return on our investment that we can and  
18    focusing on job creation.

19           SENATOR KAPLAN:     Thank you.

20           So I've had the pleasure of actually  
21    visiting some of these Centers of Technology  
22    and Centers of Excellence, and I have to say  
23    they really do amazing work.     And the  
24    partnership between private, state, and maybe

1 also some of them federal, is amazing to see.  
2 And it's amazing to see the kinds of minds  
3 that it attracts, people coming from all over  
4 to use these centers.

5           And having 15 Centers of Technology  
6 and 13 Centers of Excellence, that's a total  
7 of 28.    And last year we put in a million for  
8 each of these centers, so that brings the  
9 total to 28 million, as opposed to the  
10 19.5 million that the Executive has put into  
11 the budget.

12           I personally feel those centers really  
13 have a great infrastructure that is already  
14 there, that's making New York very  
15 competitive in terms of technology, and it  
16 attracts a lot of great minds to come here to  
17 do the research, and also in terms of  
18 products that they are able to produce.

19           You don't think that it's -- we're  
20 really shooting ourselves in the foot by  
21 making that even less, and to give those  
22 opportunities for the private money that's  
23 coming into those centers and us giving them  
24 this platform, the 28 million, for the great

1 work that they're doing?

2 COMMISSIONER GERTLER: So certainly in  
3 today's day and age those public/private  
4 partnerships are critical. And, you know, I  
5 couldn't -- I couldn't agree with you more.

6 In this case, what we're saying is  
7 that those COEs, after the budget, can  
8 competitively bid to become CATs. So all  
9 we're indicating is that in the new format we  
10 believe that there's now sufficient funds for  
11 these to be operating efficiently, to have  
12 the sort of return that we believe is  
13 possible to ensure that we have the type of  
14 growth in industry that we need.  
15 Particularly in, you know, industries of the  
16 future -- quantum computing, things like  
17 that -- that we know that New York's economy  
18 has grown tremendously because we've invested  
19 in these industries of the future.

20 That's what we're looking to do.  
21 We're looking to do it in a way that we can  
22 ensure that we're using our resources in the  
23 most efficient way possible.

24 SENATOR KAPLAN: Thank you.

1           Could you also address and tell us a  
2 little bit about the Entrepreneurship Centers  
3 that are throughout the state, the  
4 24 centers, how they get funded, and what are  
5 the benefits that you're seeing from those  
6 programs.

7           COMMISSIONER GERTLER:     Sure.     Well, on  
8 a personal level, you and I had the  
9 opportunity to visit the entrepreneurial --  
10 the EAC at Hofstra.

11          SENATOR KAPLAN:     Yes.

12          COMMISSIONER GERTLER:     No question  
13 that, you know, small business is the  
14 backbone of our economy.     There are -- and we  
15 met many of these younger entrepreneurs,  
16 first-time entrepreneurs trying to build  
17 their businesses.

18          Those centers are important to make  
19 sure that we can provide the type of  
20 entrepreneurial assistance that they need.  
21 We are continuing to run and fund those EACs.  
22 And, you know, as I said up front, 98 percent  
23 of the businesses in this state are small  
24 businesses.     We want to make sure that the

1 small businesses can thrive, you know, in  
2 this economy. And so we'll continue to  
3 operate these EACs.

4 SENATOR KAPLAN: Okay. I agree with  
5 you. I think those centers really do amazing  
6 work, helping people who couldn't really do  
7 this on their own, and developing these small  
8 businesses and helping some of those small  
9 businesses really flourishing and growing,  
10 which helps in fact to grow the economy  
11 within the communities that they're in and  
12 adding into more of our economy and also our  
13 workforce.

14 Do you think the \$75,000 help that  
15 they get, funding that they get, is  
16 sufficient? Or do you think we can possibly  
17 add a little bit to their funding for the  
18 great work that they do?

19 COMMISSIONER GERTLER: You know, I  
20 think -- when we look at it, we think it's  
21 sufficient to be able to provide the types of  
22 assistance and resources that these companies  
23 need.

24 I mean, sometimes it's just helping

1 with a thought, an idea; sometimes it's more.  
2 But on the whole, we do believe that we have  
3 sufficient funds for these centers.

4           SENATOR KAPLAN:     I have to say those  
5 programs are really amazing, some of the  
6 stories that I heard throughout the state,  
7 from Buffalo all the way to Brookhaven.         And  
8 it was just really great to see how these  
9 centers help, especially minorities and  
10 women-owned businesses, to pick up and really  
11 start their businesses, come up with the idea  
12 and a plan and follow through.

13           Thank you.

14           COMMISSIONER GERTLER:         Thank you.

15           CHAIRWOMAN KRUEGER:         Thank you.  
16           Assembly.

17           CHAIRWOMAN WEINSTEIN:        We've been  
18 joined by Assemblyman O'Donnell.

19           And we go to Assemblyman Schimminger,  
20 chair of Economic Development.

21           ASSEMBLYMAN SCHIMMINGER:       Thank you  
22 very much, Chair Weinstein.

23           And welcome to your first budget  
24 hearing, Commissioner.

1                   COMMISSIONER GERTLER:    Thank you, sir.

2                   ASSEMBLYMAN SCHIMMINGER:    It may be my  
3 last, but your first.

4                   I wanted to ask questions in three  
5 areas.     First, the RiverBend SolarCity-Tesla  
6 project; secondly, the "database of deals";  
7 and thirdly, the very important area of the  
8 centers of Excellence and the CATs.

9                   At this hearing last year there was a  
10 lot of talk about the Amazon project.     The  
11 hearing was just prior to Valentine's Day,  
12 and Amazon sent our state quite a valentine  
13 on Valentine's Day saying that they weren't  
14 interested.     But that project was a  
15 performance-based project, it really was.  
16 The Excelsior tax credits, performance-based.  
17 Assistance and construction was based upon  
18 the construction occurring, okay?     That  
19 project had a lot of pluses to it.

20                   Many years ago in our state this  
21 administration did a project called the  
22 RiverBend project in Buffalo, attracting some  
23 solar power-related companies.     One became  
24 the next, the next became the next.     And



1 finally SolarCity, owned by Tesla, occupies  
2 this space, which was built and equipped by  
3 the state to the tune of anywhere -- the  
4 numbers vary anywhere from \$750 million in  
5 expense to \$950 million in expense. Almost a  
6 billion dollars to build a facility, lease it  
7 for them for a dollar a year, okay.

8         There are certain commitments in terms  
9 of jobs to be created, 1460 jobs by the  
10 middle of April next year -- next month.  
11 Time flies. And there's a penalty if they  
12 don't do that. That's the only  
13 performance-based aspect of this RiverBend  
14 project. The penalty is a 41.2 million  
15 penalty recurring year to year to year that  
16 they are short of their obligations.

17         Last year at this hearing I asked  
18 Commissioner Zemsky -- because many times  
19 with these clawbacks, the agency figures out  
20 a way to -- well, maybe there was some  
21 extenuating circumstance, an extenuating  
22 circumstance. Zemsky was very clear in his  
23 answer to my question. When I asked "Will  
24 you enforce this clawback?" he said "Yes."

1 Okay?

2 So, Commissioner, my first question to  
3 you is, will you enforce this clawback? And  
4 talk to us about how you're going to  
5 calculate the 1460 jobs.

6 COMMISSIONER GERTLER: Well, thank  
7 you, sir.

8 Let me give you some context first  
9 about RiverBend, although I know you're very  
10 well familiar with the history. I had an  
11 opportunity to go to the RiverBend facility  
12 last week, did a tour. I was pleased to see  
13 the facility hustling and bustling, and  
14 really excited when someone told me that that  
15 used to be a steel factory many years ago.

16 And so to see a facility that is  
17 focusing on the importance of the green  
18 economy, which is an industry of the  
19 future -- a critical priority for our agency,  
20 a critical priority for the Governor, a  
21 critical priority for the Legislature -- was,  
22 you know, exciting to see.

23 There are, as you point out, very  
24 strict job requirements. Last year there

1 were 500 that were -- as a requirement; they  
2 surpassed that. There was also an investment  
3 that needed to be done as well of  
4 \$130 million. This year, as you rightly  
5 point out, on April 30th they need to reach  
6 1460 jobs. They also need to make an  
7 investment of \$472 million cumulative  
8 investment.

9 I can tell you -- and I was pleased to  
10 see -- they are, from all accounts, looking  
11 to do a lot of hiring. They have done a lot  
12 of hiring. Their quarterly report indicated  
13 that they've done a lot of hiring. They've  
14 hired individuals from some of the training  
15 centers in and around Buffalo, which is  
16 exciting to see that the whole ecosystem is  
17 working, that it's playing an anchor role in  
18 terms of hiring, you know, young individuals  
19 to be part of that. And as you know, it's  
20 also expanding its production lines. So  
21 there is a lot going on.

22 All that being said, I certainly  
23 understand that I'm in a role where I need to  
24 protect state resources. There was a lot of

1 money that has been devoted towards that. We  
2 are in the business of jobs. I want to, you  
3 know -- I certainly like, as an agency, us  
4 focusing on growing jobs. But at the same  
5 time, I've read that provision, and I  
6 certainly know that there is a penalty  
7 clause. And if by April 30th they do not,  
8 they do not reach those 1460 jobs, then as  
9 you point out, and as my predecessor has  
10 said, we're going to have to look to enforce  
11 that penalty.

12 ASSEMBLYMAN SCHIMMINGER: And how will  
13 you verify -- let's say that on April  
14 whatever it is, mid-April, the 15th, or  
15 April 30th --

16 COMMISSIONER GERTLER: April 30th,  
17 sir.

18 ASSEMBLYMAN SCHIMMINGER: -- April  
19 30th, they say "We have 1460." You going to  
20 believe them? You going to verify it? You  
21 going to talk to the Tax Department, Labor  
22 Department? How do you know that they  
23 actually have 1460?

24 COMMISSIONER GERTLER: Well, certainly

1 there's a number of different ways that we  
2 can do so. You know, ultimately from the  
3 Department of Labor we can verify that.

4 Our team -- and I will assure you that  
5 the ESD team is focused on making sure that  
6 they do that hiring. And, you know, we will  
7 have to perform our duty to make sure that  
8 they reach that 1460 number.

9 ASSEMBLYMAN SCHIMMINGER: Okay.  
10 Database of deals. The history on this is  
11 that we in the Legislature attempted to get  
12 this into the budget for a number of years, a  
13 statute that would clearly delineate what a  
14 database of deals would look like.

15 At the end of the day, last year in  
16 the budget, there was simply a half a million  
17 dollars put into the budget with a sentence  
18 or two saying that there shall be created a  
19 database of deals. Your agency has proceeded  
20 to do that, or proceeded along that path.

21 My greatest interest is in the  
22 framework that is used. If I were creating a  
23 database of deals, I would create the  
24 framework and then plug in the data, let the

1 data -- let the chips fall where they may.

2 The idea is objectivity and transparency.

3       You've got a company that's now doing  
4 this work. What process are they using? Are  
5 they first building the framework, sans the  
6 data, or are they building a framework around  
7 the data so that maybe things will look good?  
8 What approach are they taking?

9       COMMISSIONER GERTLER: Well, let me  
10 give you a little bit of progress on that  
11 end, although I know that you are aware of  
12 some of the progress.

13       So first of all, \$500,000, our board  
14 approved the monies for that project. We've  
15 hired the contractor, the IT contractor. It  
16 was an MWBE company who is working towards  
17 creating and completing that database. The  
18 goal is to have that completed by the end of  
19 this year.

20       And as you point out, it's critically  
21 important that that database is searchable,  
22 that it is transparent, that it reflects a  
23 number of the data points that the  
24 Legislature has wanted. And simply making

1 sure, most important, you know, funder,  
2 recipient, monies, location, benefits to  
3 community, you know, jobs et cetera -- so all  
4 of that is important.

5 To do so, you need to create that  
6 framework to be able to put the data in. You  
7 need to know what are the fields that you  
8 need to build towards before you put, you  
9 know, the data in. So they're in the process  
10 of doing that work now.

11 You know, this is, you know, important  
12 for the agency. We want to make sure that  
13 our deals are searchable and transparent.  
14 Certainly in our annual report each year we  
15 disclose all of those deals, they all become  
16 public. But with a database that is  
17 searchable, it just makes it that much easier  
18 so that the public, the Legislature,  
19 legislators, can have easy access to see all  
20 the information that you want.

21 ASSEMBLYMAN SCHIMMINGER: I think it  
22 was Ben Franklin who said leave well enough  
23 alone, sometimes, when something is working.

24 Our Centers of Excellence and CATs,

1 they're working, they're a budget bargain,  
2 historically flat appropriations. They do a  
3 lot with less. I'm a little mystified why  
4 we're going to reform these two programs.  
5 But maybe you can summarize an answer in the  
6 next four seconds --

7 COMMISSIONER GERTLER: You know,  
8 times --

9 ASSEMBLYMAN SCHIMMINGER: -- two  
10 seconds -- one second?

11 COMMISSIONER GERTLER: Times -- times  
12 change.

13 (Laughter.)

14 CHAIRWOMAN KRUEGER: You're going to  
15 get asked that question again, don't worry.

16 (Laughter.)

17 ASSEMBLYMAN SCHIMMINGER: And again  
18 and again and again.

19 (Laughter.)

20 CHAIRWOMAN KRUEGER: Senator Joe  
21 Addabbo.

22 SENATOR ADDABBO: Commissioner, good  
23 morning. Thank you so much for your time  
24 today.



1           COMMISSIONER GERTLER:    Good morning,  
2    Senator.

3           SENATOR ADDABBO:    We appreciate it.

4           I chair the Racing, Gaming and  
5    Wagering Committee, and projected for 2020 is  
6    \$4 billion for our state in terms of  
7    receipts, which is roughly a \$300 million  
8    increase from last year.    I know that of that  
9    \$4 billion, it is estimated the localities  
10   will get 211 million, to localities, which is  
11   also an increase from the prior year, about a  
12   140 million increase from last year.

13           So the gaming industry is a great  
14    economic generator for our state, as we even  
15    look this year to other potential avenues,  
16    initiatives, like mobile sports betting.    I  
17    guess my question is, your interaction, your  
18    department's interaction with the Gaming  
19    Commission, do you have regular conversations  
20    on how maybe possibly to improve gaming  
21    revenues and its distribution throughout the  
22    state?

23           COMMISSIONER GERTLER:    Thank you, sir.

24           So I'm going to let our COO,

1 Kevin Younis, shed light on this. Thank you.

2 ESD COO YOUNIS: That's actually a  
3 pretty easy one. The answer is we don't have  
4 significant interaction with them on a  
5 regular basis. We were --

6 CHAIRWOMAN KRUEGER: Would you talk  
7 into the microphone, Kevin?

8 ESD COO YOUNIS: We don't have  
9 significant -- we recognize the value of the  
10 industry, and certainly the Governor was  
11 supportive of bringing those casinos and  
12 other opportunities to New York, but not  
13 regularly.

14 SENATOR ADDABBO: You know, again,  
15 given that the potential is there not only to  
16 realize what we are currently realizing, but  
17 certainly to increase that, to maximize the  
18 potential for revenue -- which in turn is  
19 educational funding and, again, Aid to  
20 Localities -- I encourage your department, as  
21 you are acting commissioner, to reach out to  
22 maybe Rob Williams and talk to the Gaming  
23 Commission about how to better maximize,  
24 again, that revenue and again, in turn,

1 benefit our residents.

2 As we go through, again, ideas about  
3 how to expand credibly, in a very methodical  
4 and very analytical way, how to expand the  
5 gaming revenues that our state could realize.  
6 So I appreciate the efforts.

7 COMMISSIONER GERTLER: Duly noted,  
8 sir.

9 SENATOR ADDABBO: Thank you very much.  
10 Thank you, Madam Chair.

11 CHAIRWOMAN KRUEGER: Thank you.  
12 Assembly.

13 CHAIRWOMAN WEINSTEIN: We go to  
14 Assemblyman Stirpe.

15 ASSEMBLYMAN STIRPE: Good morning.

16 COMMISSIONER GERTLER: Good morning,  
17 sir.

18 ASSEMBLYMAN STIRPE: Let's go back to  
19 the Centers of Excellence and CATs. In your  
20 statement you said that you were combining  
21 them and making them compete for grants  
22 because you wanted them to focus on relevant  
23 technologies or, you know, things of the  
24 future with good jobs.

1           But aren't all the Centers of  
2 Excellence already -- their missions are  
3 identified with future technologies? I mean,  
4 you have optoelectronic systems, you have  
5 indoor environmental stuff, you have  
6 alternative energy, healthy water. I mean,  
7 all these things I think are pretty  
8 important, and they're going to be things we  
9 still need to do in the future, so why are we  
10 changing this?

11           COMMISSIONER GERTLER: So I guess I'll  
12 be a little bit repetitive, and I apologize.

13           But, you know, the -- in today's  
14 economic world, things by virtue of  
15 technology, by virtue of globalization -- you  
16 know, the world is changing. You know, in  
17 wanting to maximize our state dollars and  
18 putting the benefit not just on the center  
19 but more on industry to ensure that we're  
20 creating more jobs but also being able to  
21 ensure more collaboration -- which is really,  
22 you know, what is needed today as these  
23 industries become more knowledge-based  
24 focused, to ensure that there's a lot more

1 collaboration -- that is why we're looking at  
2 doing that.

3           With this structure, with the  
4 Innovation Hub to allow for greater  
5 innovation, to allow for the dollars to be  
6 put to make, you know, better ROI on these  
7 industries, you know, it's really at a time  
8 when we're looking at, you know, how is the  
9 world changing and how do we maximize our  
10 dollars.

11           What I might do is I might have Kevin  
12 add to what I'm saying since, you know, I  
13 want to make sure that you sort of understand  
14 sort of the differences that we see in terms  
15 of investing and placing greater emphasis on  
16 the industry benefits, on collaboration, on  
17 making sure that these centers -- which are  
18 vitally important, which support, you know,  
19 public-private partnerships, to ensure that  
20 we see the collaboration and the ROI that we  
21 seek in today's world.

22           ESD COO YOUNIS:       Thanks, Eric.

23           Assemblyman, I think, as Eric said,  
24 the point of the changes primarily focus on

1 one competition, so that the centers are all  
2 competing for designation. And we think  
3 competition is always good.

4 Currently the COEs are lined out in  
5 the budget annually. So that that's one  
6 thing, to put all of the centers into one  
7 system -- to Eric's point about changing  
8 technology, when we rebid the CATs, typically  
9 we do a review of the technology. So for  
10 example, today we don't have any centers in  
11 quantum computing. That would be something,  
12 you know, that we'd need to focus on.

13 I guess one other thing is the  
14 \$1.5 million for the hub is really, as Eric  
15 said, is about bringing the centers together  
16 to focus on a problem.

17 So currently the centers are  
18 relatively isolated. They all do great work,  
19 the Centers of Excellence, CATs. But  
20 bringing together to focus on, say, for  
21 example, smart cities, multiple technology  
22 nodes that multiple centers should be  
23 contributing to.

24 ASSEMBLYMAN STIRPE: All right, before

1 I run out of the time --

2 ESD COO YOUNIS: Sorry.

3 ASSEMBLYMAN STIRPE: I mean, let me  
4 just state, you know, \$26.7 million for all  
5 the CATs and all the Centers of Excellence --  
6 between 2017-2019, they have helped created  
7 or retain 9,816 jobs. They have created  
8 related economic impacts of \$2.57 billion.  
9 Their annual return on investment is anywhere  
10 between 25 to 1 and 45 to 1. I don't know  
11 any other economic development program the  
12 state has that has that kind of return on  
13 investment.

14 And still I can't understand why we  
15 would change how they're working. Because, I  
16 mean, they're working extremely well with  
17 just, you know, a little bit of money. I  
18 mean, the smart thing to do, if anybody in  
19 the private sector was doing this, would be  
20 to double the investment in that and get an  
21 even bigger return.

22 CHAIRWOMAN KRUEGER: Thank you.

23 Senator Helming.

24 SENATOR HELMING: Thank you,

1 Senator Krueger.

2 Commissioner, thank you for being here  
3 this morning.

4 COMMISSIONER GERTLER: Thank you.

5 SENATOR HELMING: I represent an area  
6 in upstate New York, and I just want to talk  
7 for a moment about small businesses and their  
8 struggles in upstate. I was reading a report  
9 by the Empire Center last night -- it was  
10 published in January of this year. It stated  
11 that since the recession has ended, upstate  
12 New York has gained private-sector jobs at  
13 one-third the national rate and less than  
14 one-quarter of the downstate rate.

15 During the same period, only three  
16 states in our nation -- Connecticut,  
17 West Virginia, and Wyoming -- have lower  
18 private job creation rates than the upstate  
19 region.

20 As you know and I think most people on  
21 this panel know, upstate businesses and  
22 communities face many, many challenges.  
23 Business owners, including so many farmers,  
24 have talked with me and shared with me their



1 concerns about New York State's high taxes,  
2 high energy costs, onerous and duplicative  
3 regulations -- and I've seen this myself, the  
4 inconsistent interpretation of rules by  
5 regulators, long wait periods for permits,  
6 and even you mentioned the MWBE program. Try  
7 and get a certification or a recertification  
8 processed in a timely manner. It's just not  
9 happening.

10 Community leaders, elected officials  
11 that I talk with, they're frustrated by the  
12 inadequate infrastructure that limits their  
13 ability to attract new businesses and for  
14 existing companies in their communities to  
15 grow. Funding for our local roads and  
16 bridges falls far too short, and the same is  
17 true for upgrades or expansions of public  
18 water and public sewer systems that  
19 businesses need. And of course we're all too  
20 familiar with the lack of broadband services  
21 throughout many areas of our state.

22 Commissioner, in your presentation you  
23 mentioned workforce developments and the  
24 important pipeline that's created to help us

1 address the workforce shortage. I don't  
2 think I'm going to have time to ask a  
3 question about it; I will later on with some  
4 of the other folks who will be here.

5 But I'm concerned about, in the  
6 Executive's budget, he talks about changes to  
7 our BOCES program, which creates a wonderful  
8 pipeline of skilled workers primarily focused  
9 on trades. It's a great opportunity for our  
10 youth. But I'm going to reserve that for  
11 later.

12 I want to return for a moment to the  
13 Centers of Excellence. I understand  
14 everything you've said. I understand that  
15 when the Executive proposed this  
16 consolidation, he's reducing the funding for  
17 the centers by almost \$4 million. I've been  
18 able to see the excellent, excellent work  
19 that the Centers of Excellence do, up close  
20 and personal, through the Center of  
21 Excellence for Food and Agriculture, which is  
22 located right around the corner from my  
23 district office.

24 If the reason for the proposed

1 consolidation is to better focus on centers  
2 with the highest performance, does the  
3 Executive Budget also propose the elimination  
4 of START-UP NY or any of the other economic  
5 development programs that have drastically  
6 underperformed on their job creation goals?  
7 Or does this budget really only target the  
8 Centers of Excellence?

9 COMMISSIONER GERTLER: Thank you,  
10 Senator. A lot to address.

11 Let me start off with your comment  
12 about upstate New York and the investments  
13 that this Governor has been making. I  
14 think -- you know, I think the Governor has  
15 made more investments in upstate New York  
16 than almost any other governor. And, you  
17 know, we've seen this and we've seen the --  
18 you know, the fruits of that investment in  
19 many different ways, and certainly through  
20 the REDC program, where we've had a bottom-up  
21 approach. So really an opportunity to listen  
22 to the regions, to help us determine what is  
23 best for those regions.

24 And if we look across some of the

1 statistics and certainly some of the  
2 statistics that I look at, unemployment is  
3 low across the board --

4 SENATOR HELMING: Commissioner, I  
5 don't want to be rude and interrupt. We have  
6 less than a minute.

7 If you can answer the question on  
8 whether or not the Executive Budget proposes  
9 the elimination of START-UP NY or, like I  
10 said, any other economic development programs  
11 that are underperforming, I'd appreciate it.

12 COMMISSIONER GERTLER: So with respect  
13 to -- with respect to START-UP NY, we have  
14 seen successes with START-UP NY, certainly in  
15 the Buffalo area.

16 At a time when you need sort of that  
17 confluence of private sector and public  
18 partnership, we've seen many different  
19 businesses grow on the campuses in Buffalo.

20 We value START-UP NY as a tool in our  
21 toolbox to help ensure that we help create  
22 additional job growth. So I think from our  
23 standpoint, and certainly many of the  
24 businesses we've seen up in the north -- I'm

1 just using, you know, that region -- we've  
2 seen successes there.

3 SENATOR HELMING: Thank you.

4 CHAIRWOMAN KRUEGER: Thank you.  
5 Assembly.

6 CHAIRWOMAN WEINSTEIN: We go to  
7 Assemblyman Jones.

8 ASSEMBLYMAN JONES: Good morning,  
9 Commissioner, and thank you for being here.

10 I have a couple of questions for you,  
11 so I'm going to let it rip here. I want to  
12 touch back on broadband and where are we with  
13 that program.

14 Broadband is extremely important to  
15 all of our state, but in the North Country  
16 where I am from, we have a lack of access to  
17 broadband. And every year I come here and I  
18 ask this question and we say we're 98, we're  
19 99.5 percent covered. And a lot of that  
20 coverage comes from satellite technology, in  
21 my area especially, and that's just not  
22 acceptable to my residents.

23 I want to ask where we are with the  
24 broadband rollout. I've worked very closely

1 with your office, with the Broadband Office.  
2 I appreciate their work. But I want to know  
3 where we are with that.

4 And I also serve on the Upstate  
5 Cellular Task Force that the Governor put  
6 together, with some of my colleagues from  
7 upstate. I am pleased that the Governor had  
8 mentioned upstate cellular and coverage  
9 during his budget presentation and his State  
10 of the State. But in going through the  
11 budget itself, I did not really see any  
12 specifics there related to helping us get  
13 cellular service. We all know that broadband  
14 and cellular service is extremely important  
15 to our economy.

16 And one other point I have to make, I  
17 have to get back on MWBE, the requirements.  
18 I am okay with the requirements, but over and  
19 over and over again I have businesses coming  
20 to me that say they can't get certified, they  
21 can't get recertified. It's almost an insult  
22 to them what that office is asking of them.  
23 The investigators often tell them, over and  
24 over again, they need more documents, they

1 need more of this, they need more of that.

2 People come to me, I know they're  
3 women-owned businesses, I know they're  
4 minority-owned businesses. How can we  
5 convince that office that they are, so they  
6 can get certified and recertified? That is  
7 actually hurting the economy where I am from,  
8 because they can't meet the standards on  
9 state contracts, they have to go other places  
10 in the state or, even worse, out of state to  
11 meet those requirements.

12 So please, we need some help in that  
13 area, we really do. There's not a week that  
14 goes by that I don't have minority- or  
15 women-owned business that say they can't get  
16 certified or recertified. We just really  
17 need to follow up on that.

18 But if you could touch on those in the  
19 limited time that we have.

20 COMMISSIONER GERTLER: Okay, sir. Let  
21 me take it in order: Broadband, Cellular  
22 Task Force, then MWBE.

23 ASSEMBLYMAN JONES: I know it's a lot,  
24 I apologize. But it's important to my

1 residents.

2 COMMISSIONER GERTLER: I'll try and  
3 get through it, sir. And of course always  
4 happy to talk to you afterward.

5 With respect to broadband, we  
6 certainly understand, the Governor  
7 understands that broadband is critical as far  
8 as the infrastructure. Accessibility today  
9 is critical. You know, if you look at where  
10 the state was before this program, 30 percent  
11 did not have access to broadband -- upstate,  
12 65 percent. So those numbers were, you know,  
13 unacceptable. We realize that.

14 We have been working to improve that  
15 now. We have completed 98 percent of  
16 broadband accessibility.

17 But -- and I think you may know  
18 this -- I actually earlier in my career  
19 worked as an attorney in the broadband area.  
20 Laying fiber, the infrastructure fiber, is  
21 extremely expensive. And in some areas, in  
22 rural areas, it's cost-prohibitive. But we  
23 still need to make sure that people have  
24 access to broadband. Through fiber, that's



1 often 100 megabits. On satellite,  
2 25 megabits, you know, is certainly extremely  
3 helpful in making sure that individuals get  
4 accessibility.

5 And so we're trying to be creative to  
6 ensure that people have that access. We  
7 can't always do fiber. The ROI is just  
8 prohibitive. And that's why in certain areas  
9 we've turned to satellite functionality. And  
10 by the way, there are other advantages to  
11 having, you know, satellite always on and so  
12 on.

13 Let me move quickly to Cellular Task  
14 Force. The Governor has also focused on the  
15 need for cellular coverage. For a whole host  
16 of reasons, we get it. You know, the  
17 connectivity on cellular is critical.  
18 There's safety reasons why you want people to  
19 be able to be in touch with their loved ones.

20 Same thing in the cellular business,  
21 there are patches where for a variety of  
22 different reasons the ROI does not make  
23 sense. What we're looking to do to help that  
24 process is we're easing the permitting, we're

1 easing the regulatory part, we're easing a  
2 whole bunch of different efforts that don't  
3 necessarily require the monies to help to  
4 ensure that coverage is present.

5 CHAIRWOMAN WEINSTEIN: Thank you.  
6 Senate?

7 ASSEMBLYMAN JONES: Okay. Please look  
8 into the MWBE requirements. It's very  
9 important.

10 COMMISSIONER GERTLER: I'm happy to  
11 discuss that with you, sir.

12 ASSEMBLYMAN JONES: Thank you, sir.

13 CHAIRWOMAN KRUEGER: Thank you.  
14 Senator John Liu.

15 SENATOR LIU: (Pause for mic.) Thank  
16 you. I've got it. It takes five seconds.  
17 Thank you, Madam Chair.

18 Welcome, Commissioner. It was great  
19 to walk over the Brooklyn Bridge with you  
20 last month against hate and antisemitism.  
21 And congratulations.

22 COMMISSIONER GERTLER: Thank you, sir.

23 SENATOR LIU: And I'll just give you  
24 advance condolences, if you ever feel the

1 need to accept condolences on your new  
2 position.

3 COMMISSIONER GERTLER: (Laughing.)

4 SENATOR LIU: You testified that the  
5 program will have \$1.4 billion in tax credit  
6 awards. That's -- is that part of this  
7 year's budget, \$1.4 billion?

8 COMMISSIONER GERTLER: The -- you're  
9 saying with respect to the -- with respect to  
10 the tax credits?

11 SENATOR LIU: Excelsior, yup.

12 COMMISSIONER GERTLER: So the  
13 reference was to the amount of tax credits  
14 that have been provided in the past. I'm  
15 just going to make sure.

16 But, you know, on an annual basis,  
17 those tax credits are really -- look at it as  
18 being fiscally neutral. I mean, you know,  
19 they're investments into businesses, into  
20 jobs, and have a positive ROI, so.

21 SENATOR LIU: Okay. But they're  
22 actually expenditures, right? Even though  
23 you're not actually writing any checks, it's  
24 just \$1.4 billion less revenue coming in.

1           COMMISSIONER GERTLER:       Well --

2           SENATOR LIU:           I understand you're  
3 arguing that it's because of \$10 billion of  
4 financial -- securing financial commitments  
5 of \$10 billion.

6           COMMISSIONER GERTLER:       Correct.

7           SENATOR LIU:           But it's still costing  
8 \$1.4 billion.

9           COMMISSIONER GERTLER:       So, you know,  
10 we look at it from a different perspective.  
11 You know, we look at it that those have been  
12 leveraged.   It's creating revenue that  
13 wouldn't otherwise have existed without those  
14 tax credits.

15           So, you know, it's a net plus by  
16 providing those tax credits.

17           SENATOR LIU:           Yeah.   I mean, if I was  
18 a small business person and I wanted to  
19 generate -- I wanted to open up a business in  
20 the State of New York and potentially  
21 generate, you know -- I'll be aggressive  
22 here, generate a million dollars in taxes for  
23 the State of New York, would I be able to get  
24 \$140,000 back?    Because that's basically what

1 you're saying here: \$10 billion of revenue  
2 that would not be generated, presumably, if  
3 you didn't provide the \$1.4 billion of tax  
4 credits.

5 So my question is, well, what if I  
6 just wanted to generate \$1 million? Can I  
7 get a 14 percent discount on my taxes?

8 COMMISSIONER GERTLER: Well, you know,  
9 with due respect, we just look at it  
10 differently. That small business may not be  
11 in the State of New York, you would not have  
12 those dollars --

13 SENATOR LIU: I know but I'm saying I  
14 will --

15 COMMISSIONER GERTLER: -- those jobs  
16 would not necessarily have been created.

17 SENATOR LIU: I'm coming to Empire  
18 State Development Corporation and saying,  
19 Hey, I want to open up a business, and I  
20 guarantee you X number of jobs, \$1 million of  
21 tax revenues a year. Can I get a 14 percent  
22 discount?

23 Sir, the answer is no, the state would  
24 never do that. Yet it would do so for very

1 large companies, obviously, like Amazon and  
2 other companies that the state thinks will  
3 create a lot of jobs.

4 I will tell you -- Assemblymember  
5 Schminger {sic} asked you about the -- I'm  
6 sorry. I'm sorry for brutalizing your name.  
7 Schimminger.

8 ASSEMBLYMAN SCHIMMINGER:  
9 Schwarzenegger.

10 (Laughter.)

11 SENATOR LIU: Assemblyman Schimminger  
12 asked you about the Tesla plant. And by all  
13 indications, they're not going to make it.  
14 In fact, they've been cutting jobs.

15 So I would definitely join  
16 Assemblymember Schimminger in asking your  
17 team to be ready to clawback that money,  
18 because they're not going to make it. I'll  
19 make you a -- how much you want to make a  
20 dollar bet that they're not going to make it.

21 All right. So anyway -- I can't  
22 believe how quickly five minutes goes. I  
23 want to say that -- and I join some of my  
24 colleagues in saying that the Centers for

1     Advanced Technology and the Centers of  
2     Excellence, they are really good investments.  
3     I mean, that's where we should be putting  
4     money -- not in tax breaks for specific  
5     companies, but building our development  
6     infrastructure.     And to cut that when we're  
7     trying to create even more jobs, that's just  
8     penny-wise, pound-foolish.

9             But there's even a bigger problem.  
10    Many of these centers are located on SUNY  
11    campuses.     What do you think you need to --  
12    at these SUNY campuses to make these centers  
13    actually work?     Yes, you need private-sector  
14    partners, but at the end of the day, they're  
15    located in universities because that's where  
16    our talent, that is where our intellectual  
17    talent is.     And I'm talking about not only  
18    the faculty, but students.

19             And yet we don't invest in SUNY and  
20    CUNY nearly enough.     We're missing the forest  
21    for the trees when we're just looking at  
22    developing these centers -- which we should  
23    do more of -- but making it less and less  
24    accessible to the students of this state.

1 The state is paying less and less of the  
2 operating costs of our SUNY and CUNY campuses  
3 and having the students shoulder more of it.

4 Madam Chair, thank you for your  
5 indulgence. But please, I know you're  
6 committed to economic development and  
7 creating jobs, you said so yourself, jobs in  
8 this state. We need to invest in education.  
9 Thank you.

10 CHAIRWOMAN KRUEGER: Thank you.  
11 Assembly.

12 CHAIRWOMAN WEINSTEIN: Assemblyman  
13 Stern.

14 ASSEMBLYMAN STERN: Thank you,  
15 Madam Chair.

16 Good morning, Commissioner.

17 I wanted to focus on the definition of  
18 public works to include construction projects  
19 that receive an amount of public funds and/or  
20 public benefits. I wanted to focus a couple  
21 of questions this morning particularly on  
22 clarity and definitions and procedural  
23 requirements going forward which could  
24 potentially have an impact on my home region



1 of Long Island when it comes to attracting  
2 and maintaining jobs, and have an adverse  
3 impact on economic development particularly  
4 when it comes to the creation of workforce  
5 housing.

6 And I'm going to make three points.  
7 I'll ask the three points in the interest of  
8 time, and perhaps then get your response.

9 First, IDA incentives don't directly  
10 offset construction costs. They offset the  
11 real property tax costs, purchase of  
12 materials, the mortgage recording costs for  
13 purchase of property.

14 The question is if the value of an IDA  
15 incentive is included in the numerator for  
16 purposes of the 30 percent formula, are the  
17 property costs, materials purchased and all  
18 the property taxes paid during the life of  
19 the abatement going to be included in the  
20 denominator? Is there going to be that  
21 offset in the formula?

22 And I would ask that we consider not  
23 just construction costs but total project  
24 costs when it comes to plugging in those

1 numbers.

2           My second point is many IDA incentives  
3 are provided to mixed-use development and/or  
4 adaptive reuse projects across all of  
5 New York State. They provide much-needed  
6 market-affordable workforce housing, IDA  
7 incentives, and they function very much the  
8 same way as 421-a exemptions do in New York  
9 City.

10           So my question here is, why would  
11 421-a exemptions be exempted but IDA  
12 incentives are included, again in terms of  
13 this formula?

14           Lastly, an IDA property tax  
15 abatement -- it's not received at the time of  
16 or during the construction of a project, it's  
17 provided over many years, depending on the  
18 duration of the PILOT. The value of an  
19 incentive at the time of approval varies  
20 greatly over time.

21           So my question is, is there any  
22 consideration to the present value of an  
23 incentive versus the value of that same  
24 incentive over the length of the abatement?

1 These are moving estimates. And so going  
2 forward, perhaps over a long-term abatement  
3 period, how is it being considered that there  
4 is a present value or a future value for  
5 purposes, again, of creating the formula?

6 Thank you.

7 COMMISSIONER GERTLER: I'm going to  
8 sort of provide a general structure. I'm  
9 going to have my colleague Kevin Younis get  
10 into some of the specifics.

11 You know, obviously your question  
12 raises the point about prevailing wages and  
13 how do we structure that for -- under the new  
14 proposal. So obviously a minimum \$5 million  
15 cap and then 30 percent, as you point out, if  
16 there's 30 percent of public funding -- well,  
17 let me put it another way. If it's less than  
18 30 percent of public funding, there will be  
19 no prevailing wages attached to that project.

20 You identified a number of different  
21 types of projects. And, you know, under the  
22 proposal there are certain exclusions. You  
23 talked about affordable housing. Affordable  
24 housing would be one of those that would be

1 excluded. And, you know, and just one more  
2 point before I turn it over to my colleague.

3 On the flip side, in terms of the  
4 balance and ensuring that we're also under  
5 prevailing wages ensuring that we are  
6 obviously under that formula paying workers  
7 more but also realize that, by doing so,  
8 we're able to get higher-skilled, more expert  
9 labor on those projects, which could in  
10 fact -- and I've seen this in many cases --  
11 make the project more efficient, more  
12 effective.

13 Now let me turn to my colleague to  
14 talk to some of the specifics that you raise  
15 on the funding threshold.

16 ESD COO YOUNIS: Thanks, Eric.

17 Assemblyman, the one thing I would add  
18 to Eric's point is that our understanding of  
19 the bill is both the incentives and the  
20 project costs that are in the calculation are  
21 those related specifically to construction.

22 And I think that was a point you made  
23 in terms of the numerator/denominator. Our  
24 understanding is that those are both numbers

1 that are constrained to construction costs  
2 and to construction-related incentives.

3 CHAIRWOMAN WEINSTEIN: Thank you.  
4 We've been joined by Assemblyman  
5 Epstein.

6 We go to the Senate.

7 CHAIRWOMAN KRUEGER: Senator Jim  
8 Tedisco.

9 SENATOR TEDISCO: Thank you,  
10 Commissioner, for being here today and for  
11 your service.

12 I really like how you started out and  
13 appreciate those four vibrant pillars you  
14 talked about for economic development. I was  
15 wondering if you thought we could consider  
16 you, as the leader of our economic  
17 development programs, and the Governor and  
18 the Legislature adding a fifth vibrant  
19 pillar, and that would be a pillar that  
20 incentivized New Yorkers to stay, live, work,  
21 build a business, create jobs, get their  
22 kids' educations in New York, and attract and  
23 incentivize others to come to New York.

24 Basically what I'm talking about is an

1 issue that's probably better called the  
2 elephant in the room, or in every room in  
3 New York State. It's the exodus of people  
4 leaving New York State, and how it might  
5 relate to economic development and the work  
6 you do, the work we do, and the work the  
7 Governor does.

8 I know you probably know the  
9 statistics: 1.4 million people left the  
10 State of New York in the last decade;  
11 189,000 walked out last year alone. Number  
12 one in outmigration for the Empire State.  
13 Mr. Commissioner, if we continue in this  
14 trend, we won't be the Empire State, we'll be  
15 the Empty State.

16 We have to change course direction I  
17 think in some ways as it relates to a lot of  
18 issues, but economic development I think is  
19 one of those. The statistics which are  
20 really disconcerting and dangerous to us, I  
21 think, is the fact that the people who are  
22 leaving -- and the statistics show this --  
23 are those who are \$150,000 in income or more.  
24 These are the people that can afford to leave

1 New York State now. The people who are  
2 staying, I think it's 8.2 percent, are those  
3 in the lower-income brackets.

4 The real concern I think you should  
5 have and we should have and the Governor  
6 should have is how can we balance a  
7 \$170 billion budget if we're no longer "I  
8 love NYS" but "I leave NYS." We have to  
9 retain people who live here and attract  
10 others to come here, especially those who  
11 want to build and grow a family, create jobs,  
12 create a small business, and those economic  
13 leaders in the state.

14 Infrastructure, education, our  
15 libraries, our senior citizens, our most  
16 vulnerable populations, healthcare -- those  
17 are all programs built into a \$170-plus-  
18 billion budget. We're not going to be able  
19 to afford budgets -- there won't be a  
20 \$6.1 billion deficit if we continue this  
21 trend, we'll go bankrupt in New York State.

22 So I think my question to you is, how  
23 do you square what's happening with economic  
24 development in New York State with the trend

1 of people being number one -- 189,000 walking  
2 out of New York State -- of all 50 states in  
3 the nation in losing population?

4 And it relates primarily to where I  
5 live in upstate New York. I think the city  
6 is doing pretty well attracting individuals.  
7 Long Island has probably stabilized. But the  
8 fact of the matter, when someone says it  
9 could be the weather, it might be somewhat,  
10 but the statistics show 16 percent are  
11 walking out and going to New Jersey. Now,  
12 Commissioner, that's not exactly the sunny or  
13 balmy place in the Northeast United States.  
14 So it can't be blamed on the weather  
15 unconditionally. There's got to be a lot of  
16 other issues.

17 So what I would ask you is what do you  
18 think you, I, we, the Governor can change in  
19 New York State as it relates to economic  
20 development that can induce people to say, I  
21 want to continue to live in New York State, I  
22 don't want to walk out and go to New Jersey  
23 or Florida or South Carolina or  
24 North Carolina -- incentivize them to stay



1 here and live here and attract others. How  
2 do you square the good things in economic  
3 development we're discussing and you pointed  
4 to with people number-one in leaving the  
5 state?

6 COMMISSIONER GERTLER: So, sir, we  
7 obviously look at the data, that data is  
8 extremely important. Population trends  
9 statewide, cities, regions are extremely  
10 important to us. So the data that we have  
11 since the last census count, we've actually  
12 seen a slight increase in terms of population  
13 for New York State.

14 Now, over the last number of years we  
15 have seen an outmigration. There's a number  
16 of different factors that is -- that is the  
17 result of, and certainly we've seen some  
18 outmigration to some of the southern states.  
19 There's also been, you know, a change of  
20 policy at the federal level. No doubt the  
21 change in the SALT deductions, state and  
22 local tax deductions have had an effect --

23 SENATOR TEDISCO: Well, this is  
24 10 years, Commissioner, 1.4 million. It

1 can't be SALT over a 10-year period.

2 COMMISSIONER GERTLER: Well, sir,  
3 we've -- you know, we've certainly seen an  
4 effect of SALT.

5 We've also seen, you know, this is a  
6 state that is proud of our immigrant  
7 heritage, a high percent of the residents in  
8 New York are from -- are immigrants. We've  
9 had a high percentage. There's been, you  
10 know, really a war on immigrants; that's also  
11 affected things.

12 There's more data I can give you. I  
13 know we're out of time, so thank you, sir.

14 SENATOR TEDISCO: Thank you.

15 CHAIRWOMAN KRUEGER: Thank you.  
16 Assembly.

17 CHAIRWOMAN WEINSTEIN: Assemblyman  
18 Rodriguez.

19 ASSEMBLYMAN RODRIGUEZ: Thank you.  
20 And welcome, Commissioner.

21 I just wanted to focus on one of the  
22 areas of investment that are particularly  
23 time-sensitive with respect to 2020 Census.

24 So in 2018, Fiscal Policy Institute

1 came out with a report stating that separate  
2 from other state investments, we would need  
3 approximately \$40 million to go to community  
4 groups to be able to really address the  
5 hard-to-count population. So last year we  
6 appropriated \$20 million to begin those  
7 efforts.

8 Can you tell us a little bit about  
9 what our timeline is? The Census starts  
10 beginning to take online applications on  
11 March 12th. And it's my understanding thus  
12 far that we have not released any of that  
13 money to community groups to begin to do the  
14 counting efforts and activities and ramp up  
15 for Census.

16 And then separate from that, in this  
17 year's budget you have a \$10 million  
18 appropriation to address Census. If you  
19 could tell us how that money is planned to be  
20 spent, what's the timeline for that, and how  
21 quickly is that going to go?

22 And then just to continue to reiterate  
23 that, there are hundreds of billions of  
24 dollars at stake in terms of our share, in

1 addition to, you know, reapportionment  
2 considerations. But most importantly, you  
3 know, these are funding dollars that we rely  
4 on from the federal government. So if we get  
5 this wrong, there are billions of dollars at  
6 stake.

7 And I think thus far we're missing the  
8 mark, our money is not out the door. You  
9 know, we begin in earnest on March 12th but  
10 then April 1st is the legislative deadline.  
11 And for us to get this right this year, you  
12 know, money has to be in the hands of those  
13 people who can help in our communities, in  
14 our hard-to-count areas to be able to do  
15 that.

16 So if you could speak to that.  
17 Needless to say, members of the Legislature  
18 are concerned that thus far, the investment  
19 is insufficient and from a time perspective,  
20 you know, we're not responsive comparative to  
21 some other partners.

22 COMMISSIONER GERTLER: Sure. Let me  
23 state at the outset that we share your  
24 outlook, that we understand that the Census

1 count is extremely important, both in terms  
2 of the dollars that are at stake as well as  
3 sort of the political calculus in terms of  
4 how electoral maps get done and so on.

5 So we are an economic agency, so we'll  
6 certainly -- so from an economic standpoint  
7 we want to -- we want to have the maximum  
8 number of dollars coming into New York State.

9 You know, to your point, the way we  
10 look at it, there was a \$20 million  
11 appropriation, there's \$40 million of  
12 services and work through the agencies, and  
13 the Governor added another \$10 million. And  
14 I -- you know, I agree that that money is  
15 extremely important to make sure that we get  
16 to all the hard-to-reach New Yorkers. We  
17 want to make sure that we can count every  
18 single New Yorker.

19 In terms of the process, I can tell  
20 you that the application for counties, that  
21 is up right now. I think you referred to the  
22 dates; we have April 1st is when the actual  
23 counting begins. So we are, you know, on top  
24 of sort of the process.

1           We are in -- you know, we are working  
2 right now to determine all of the trusted  
3 voices to ensure that we can rely on  
4 nonprofits that have been designated to help,  
5 through the counties, to be able to use those  
6 fundings to identify hard-to-reach New  
7 Yorkers. We're working with our sister  
8 agencies to make sure that we are  
9 coordinated.

10           I'm going to ask my colleague Kevin to  
11 add to, you know, some of the efforts and  
12 some of the process that we're working on as  
13 well.

14           ESD COO YOUNIS: Sure. Thanks, Eric.

15           I would add, as Eric said, the  
16 applications are online today and due  
17 March 2nd.

18           We have -- for maybe lack of a better  
19 term, but the way we have allowed for the  
20 money to flow would be typically we do things  
21 on a reimbursement basis. This funding will  
22 front essentially 70 percent of the available  
23 funding, and then the next 20 will be  
24 available by some demonstration of the first

1 70 percent having been spent.

2 So we'll move the money very quickly  
3 to the agencies --

4 ASSEMBLYMAN RODRIGUEZ: Sorry, I have  
5 to interrupt, just because I only have  
6 15 seconds.

7 I would say reconsider that  
8 investment. You have 30-day amendments where  
9 you can make revisions to that number. I  
10 mean, I think more money needs to go to  
11 community groups to be able to do this work.  
12 And the reimbursement efforts are sometimes  
13 challenging for some of these organizations  
14 that are smaller and without a clear time  
15 frame for, you know, when that's going to  
16 happen.

17 So I would say March 10th I think is  
18 when you're approving these applications for  
19 something that happens on April 1st, which  
20 means organizations are not going to move  
21 unless they know they're going to get  
22 something, until that point, which I think  
23 puts us, you know, in a precarious position  
24 to meet our goals and our deadlines. So I

1 think more resources are going to be needed,  
2 and I suggest you make the corrections in the  
3 30-day amendments.

4 COMMISSIONER GERTLER: Thank you.

5 CHAIRWOMAN WEINSTEIN: Thank you.

6 We go to the Senate.

7 CHAIRWOMAN KRUEGER: Thank you. I  
8 think it's my turn. Welcome.

9 COMMISSIONER GERTLER: Thank you.

10 CHAIRWOMAN KRUEGER: So the Governor  
11 recently announced --

12 (Calls of "mic.")

13 CHAIRWOMAN KRUEGER: Sorry. Thank  
14 you. We are going to get new ones next year  
15 for you.

16 THE REPORTER: Thank you.

17 CHAIRWOMAN KRUEGER: The Governor  
18 recently announced a billion-dollar  
19 public/private partnership with a company  
20 called Cree up in Marcy, New York, where --  
21 I'm just looking for the stats, but I believe  
22 the estimate was this would cost us a million  
23 dollars per job.

24 One, can you tell me about this? Two,



1 can you let me know how much the state spent  
2 on this facility previously on deals that  
3 didn't go through? And three, what are they  
4 going to make there?

5 COMMISSIONER GERTLER: I'm sorry, the  
6 last part is what are they going to make  
7 there?

8 CHAIRWOMAN KRUEGER: What are they  
9 going to make in this factory?

10 COMMISSIONER GERTLER: Okay, sure.

11 So Cree is a silicon carbide company  
12 that's based in North Carolina, and it was --  
13 they were looking for a new facility to  
14 create their new -- call it their silicon  
15 carbide wafers and their chips. This is an  
16 industry of the future. This is an area that  
17 New York State has invested in previously,  
18 and we as an economic development perspective  
19 see huge investment opportunity in this  
20 particular industry.

21 So in the announcement that was made  
22 back in September, Cree decided that it would  
23 move to -- move and create its facility in  
24 New York State, really based on two reasons.

1 One is that they could develop their  
2 production line at the SUNY Poly site near  
3 Albany, and also the site that was in the  
4 Marcy area was ideal for what they were  
5 looking to do.

6 The way the deal was structured in our  
7 announcement, Cree would invest a billion  
8 dollars to build the site, to bring 614 jobs,  
9 to bring thousands of construction jobs to  
10 create a facility that would really become  
11 one of the most important factors for these  
12 chips, which should -- in an era where we're  
13 going into autonomous vehicles, smart cars  
14 and things like this, this facility would be  
15 manufacturing a high percentage of the chips  
16 needed for that business.

17 Going back to the deal, as they  
18 completed -- complete the site, jobs, they  
19 would be eligible for the \$500 million that  
20 went to support their location in upstate  
21 New York.

22 CHAIRWOMAN KRUEGER: I'm going to cut  
23 you off there for a second, just because I  
24 see my clock ticking.

1           So the 500 million is going to them as  
2 tax credits for jobs, not actually the State  
3 of New York handing them money?    Which is it?  
4 Because I thought they were getting --

5           COMMISSIONER GERTLER:    I'm sorry, I  
6 couldn't --

7           CHAIRWOMAN KRUEGER:    My understanding  
8 was there was 500 million plus Excelsior  
9 credits if jobs are created.       So the  
10 500 million, that's not us handing them  
11 500 million?

12          ESD COO YOUNIS:        Senator, the  
13 500 million is only a grant.       There is a  
14 nominal Excelsior tax credit associated with  
15 the project.

16          Primarily, as you know, when a company  
17 receives Excelsior tax credits, they are able  
18 to get -- some of the energy companies will  
19 provide a waiver on the tariff for energy  
20 usage, and so that's -- so almost all -- all  
21 grant.

22          CHAIRWOMAN KRUEGER:    But the  
23 500 million is a grant.

24          ESD COO YOUNIS:        Is a grant.

1           CHAIRWOMAN KRUEGER:    So in your budget  
2 documents, and it's follow-up on Senator  
3 Liu's question earlier, where would I see  
4 that 500 million?

5           ESD COO YOUNIS:        It's in the  
6 reappropriations.    It's probably called Nano  
7 Utica or something like that.

8           This was -- I think to your previous  
9 question about whether funding was provided  
10 to other companies that didn't locate, there  
11 was a company announced at that site some  
12 years ago that didn't ultimately come, so  
13 that funding was appropriated.    I don't know  
14 the year, but '15, 2015, 2016.    And so this  
15 funding was available -- none of that money  
16 went to that project, but the funding that  
17 was originally identified for that was used  
18 here.

19          CHAIRWOMAN KRUEGER:    So we legislated  
20 this database of deals -- that's the  
21 shorthand name for it.    Is that up and  
22 running?    Can I look up this project and all  
23 the other projects that we might have nowhere  
24 else to go to see what kind of deal's been

1 made, how much state money has been promised,  
2 and what's out the door?

3 COMMISSIONER GERTLER: So going back  
4 to your question on the database of deals,  
5 that database will be completed by the end of  
6 the year. We're in the process of working on  
7 that. We've identified a company, an IT  
8 contractor, to do that, it's an MWBE firm.  
9 They're in the process of working on that,  
10 and that will be completed by the end of the  
11 year.

12 CHAIRWOMAN KRUEGER: Okay.

13 COMMISSIONER GERTLER: But we've  
14 certainly announced that. It's been, you  
15 know, in our reports. We've made that  
16 information public already.

17 CHAIRWOMAN KRUEGER: Can you tell me  
18 something about the Opportunity Zones  
19 program? Is it costing us money? I know  
20 it's a federal program, but the design of the  
21 zones and where they are was the ESDC, so we  
22 decided where the zones were going to be.

23 Are we spending any state money in  
24 addition to whatever the package is from the

1 feds? How many deals have been made?

2 COMMISSIONER GERTLER: So as you  
3 correctly noted, it is a federal program. We  
4 were involved in designating the various  
5 Opportunity Zones, I think somewhere in the  
6 range of 600-plus Opportunity Zones.

7 The reality is it's a federal program,  
8 so I don't have access to that federal data.  
9 So I'm unable to --

10 CHAIRWOMAN KRUEGER: So they don't  
11 have to file anything with the State of  
12 New York if they're going to claim that  
13 they're an Opportunity Zone project?

14 COMMISSIONER GERTLER: No, we don't  
15 have access to that data.

16 ESD COO YOUNIS: No, we don't have any  
17 involvement with the program. Other than the  
18 initial designation, as you said.

19 CHAIRWOMAN KRUEGER: So there's no  
20 matching program with the state that you are  
21 trying to offer people or package in some  
22 way? It's just something the feds did? The  
23 newspaper articles around the country are  
24 it's a really bad deal, but it's not

1 something that the State of New York is  
2 involved in?

3 COMMISSIONER GERTLER: No, it's -- to  
4 the best of my -- no, it's a federal tax  
5 program, so we have no more involvement after  
6 the designation of those zones.

7 CHAIRWOMAN KRUEGER: Okay. Prior to  
8 your getting here, there were a number of  
9 fairly major scandals associated with  
10 subsidiary corporations set up, run through  
11 mostly SUNY Polytech or SUNY Research  
12 Foundation or a combination therein. And  
13 when I say subsidiary companies, I guess  
14 not-for-profit companies, but I've been told  
15 they are now under your authority.

16 Can you tell me what's going on and  
17 how you have ensured that the bad business  
18 practices of the old regime do not continue?

19 COMMISSIONER GERTLER: So the team at  
20 ESD has been involved since about 2016, and  
21 have worked diligently in terms of, you know,  
22 writing and sort of, you know, rethinking  
23 many of these projects.

24 The most important -- we've had a

1 number of accomplishments recently. I mean,  
2 this has been a program where the team at ESD  
3 has worked very hard over the last number of  
4 years, has done a lot of good and positive  
5 work to right the ship.

6 This -- these projects are now under a  
7 nonprofit called NY CREATES, which now  
8 governs both the projects at Fuller Road and  
9 Fort Schuyler. We have also now, you know,  
10 brought in an individual, Doug Grose, who  
11 oversees that. So these are under a  
12 separate, you know, nonprofit that now has  
13 good governance, it's got transparency, it  
14 has all the things that you would want that  
15 we like to see in our deals.

16 We've also taken a leading role in  
17 terms of bringing new clients into it to help  
18 ensure that there's a greater financial  
19 stability. We have also looked to refinance  
20 some of the debt, working on that to make  
21 that more effective.

22 I'm also going to have my colleague  
23 Kevin, who has also worked diligently on this  
24 over the last number of years, to add to some



1 of that effort.

2 ESD COO YOUNIS: Thanks.

3 I think to your question, Senator, and  
4 Eric -- as Eric said, the steps that we have  
5 taken to promote integrity of the  
6 organization -- so we don't technically  
7 manage those organizations at a legal  
8 perspective, but we have worked with them to  
9 reform their board, to ensure open meetings,  
10 to ensure FOIL, you know, compliance with the  
11 Public Officers Law.

12 And so we've taken a number of steps  
13 to really address the issues I think you're  
14 concerned about.

15 CHAIRWOMAN KRUEGER: You don't manage  
16 them. Are they -- they're independent in  
17 what way?

18 ESD COO YOUNIS: The NY CREATES is --  
19 it's an independent 501(c)(3), as were the  
20 Fort Schuyler and Fuller Road entities.

21 CHAIRWOMAN KRUEGER: I believe you owe  
22 the Legislature a report on the broadband  
23 program. Do you know when that will be  
24 coming out? There was a piece of legislation

1 requiring a New NY Broadband Program.

2 COMMISSIONER GERTLER: So we'll look  
3 into it and we'll be -- we'll ensure that the  
4 Legislature gets that report.

5 CHAIRWOMAN KRUEGER: Okay. And just  
6 in closing, quickly, I'd like to agree with  
7 my colleagues who emphasized and expressed  
8 their frustration over the proposed changes  
9 ending Centers for Excellence, not focusing  
10 on investing in the infrastructure needed for  
11 entrepreneurs and small businesses to start  
12 up and stay open in New York, but rather  
13 these giant megadeals that statistically has  
14 been proven don't work, and we waste a lot of  
15 money.

16 And I don't think anyone on these  
17 panels thinks we have any money to waste in  
18 New York State.

19 Thank you. Assembly?

20 CHAIRWOMAN WEINSTEIN: We go to  
21 Assemblyman Barron.

22 ASSEMBLYMAN BARRON: Thank you. Thank  
23 you very much.

24 You know, I sit here really trying to

1 be patient, but when I look at what's  
2 happening in black and brown neighborhoods,  
3 and we look at this so-called economic  
4 development plan, it's not reaching our  
5 neighborhoods. We're in a crisis in our  
6 neighborhoods. We've got an occupant in the  
7 White House that just released a  
8 4.8-trillion-dollar budget cutting food  
9 stamps, Medicaid, Medicare, cutting  
10 everything in sight. It's a reverse Robin  
11 Hood budget, robbing from the poor to give to  
12 the rich.

13           And when we look at this occupant in  
14 the State House, blaming everything on  
15 Medicaid, \$6 billion deficit, looking to cut  
16 Medicaid -- but they don't call them cuts.  
17 Neither two of those gentlemen call them  
18 cuts. They call them savings. Savings. So  
19 that we can think that we are saving money,  
20 we're not cutting stuff.

21           This plan doesn't do anything for  
22 poverty in our neighborhoods. I don't think  
23 if you all been to the neighborhoods of East  
24 New York and Brownsville and Harlem and see

1 the poverty and the unemployment. And when  
2 you give unemployment statistics and say  
3 unemployment is down, you need to look at the  
4 statistics that show "not in the workforce,"  
5 how many people are not in the workforce,  
6 because unemployment statistics are based  
7 upon those getting unemployment benefits.

8 So when I look at the 421-a program in  
9 this state that got major, major tax breaks,  
10 subsidies -- if you add up all of the  
11 subsidies in this state that rich white male  
12 developers got, you wouldn't need to touch  
13 Medicaid. We'd have a surplus if you cut  
14 that out.

15 So when you look at economic  
16 development, we can't look at START-UP NY,  
17 that's the Governor's pet program for  
18 developers that he's fond of. START-UP NY.  
19 It ain't starting up nothing in East  
20 New York.

21 So I'm really livid that we go through  
22 this year after year, \$178 billion of  
23 All-Funds spending budget in this state,  
24 \$178 billion.

1           And when I look at the Regional  
2 Economic Development Councils awards for a  
3 youth workforce development program in  
4 Brooklyn, \$25,000.     For a cultural program  
5 that teaches African dance and develops the  
6 mind and the cultural enlightenment for young  
7 people so that they can do better in the  
8 workforce, \$32,000.

9           But yet billions of dollars are given  
10 out to white, male, rich developers.  
11 Billion-dollar deals, partnerships -- it  
12 never comes down to our neighborhoods.     And  
13 I'm sick of going through these budgets --  
14 that's why I don't have a question for you,  
15 because you know how to answer all the  
16 questions, or you don't answer the questions,  
17 or you talk long enough so our time runs out  
18 and you never get to the questions.

19           MWBEs cannot get certified or  
20 recertified.     You never addressed that  
21 adequately, and won't.     So I'm not asking you  
22 any question, I'm saying to you that we need  
23 to do way better than this.

24           This is a shame that we have that kind

1 of money, \$4.8 trillion in the federal  
2 budget, \$178 billion in the state budget,  
3 \$95 billion in the city budget, 30 percent  
4 poverty in my beloved East New York. Thirty  
5 percent poverty in Harlem. Forty percent  
6 poverty in the South Bronx. Brownsville,  
7 impoverished. None of this addresses that.

8 You and the Governor should be ashamed  
9 of yourselves coming forth with this annual  
10 budget for economic development. What  
11 economic development? In our neighborhoods  
12 it's not happening. The rich -- this is a  
13 fact -- the rich are getting richer in  
14 New York, and the poor are getting poorer in  
15 New York.

16 So I'm hoping that we in the state  
17 legislature, my colleagues up here, we should  
18 definitely not accept this nor this  
19 \$178 billion budget that blames all of the  
20 problems in the budget on Medicaid. The most  
21 vulnerable people in this state are being  
22 blamed for the budget deficit. This is a  
23 shame.

24 CHAIRWOMAN WEINSTEIN: Thank you,

1 Assemblyman.

2 The Senate has no more questions, so  
3 we go to -- oh, sorry. Sorry. We go back  
4 to --

5 CHAIRWOMAN KRUEGER: I'm so sorry.  
6 Anna Kaplan, as chair, has a second  
7 round.

8 SENATOR KAPLAN: It's not a question,  
9 really, it's just my understanding the  
10 matching grant program in NYSTAR is closed,  
11 and I'm sure you're aware of that. I would  
12 ask that ESD fund a new matching grant  
13 program so that our universities can continue  
14 to work with the private entrepreneurs to  
15 help start high-tech companies.

16 These public and private partnerships  
17 are the engine that will continue to keep  
18 New York State at the forefront of innovation  
19 and industry, and we need to do everything we  
20 can to support these programs that have been  
21 so successful and helped with a lot of small  
22 businesses also.

23 Thank you.

24 CHAIRWOMAN KRUEGER: (Inaudible.)

1           SENATOR KAPLAN:    I'm good.    You could  
2 go ahead.

3           CHAIRWOMAN KRUEGER:        I'm sorry.  
4           Assembly.

5           CHAIRWOMAN WEINSTEIN:       We go to  
6 Assemblyman Tague.

7           ASSEMBLYMAN TAGUE:        Well, good  
8 morning, good afternoon, Commissioner.

9           First of all, I just want to thank you  
10 for your service and for testifying here  
11 today.

12           I do take a little bit of issue with  
13 one thing that you said.        I'm kind of on the  
14 same page as Senator Tedisco.        I don't  
15 believe that the SALT tax deduction is the  
16 reason why people are leaving New York State.  
17 I would more look at it that it's people are  
18 leaving New York State due to high taxes,  
19 overregulation, and better jobs.

20           So, you know, I don't buy the argument  
21 about the SALT deduction, because I think  
22 Senator Tedisco said it best, the SALT  
23 deduction wasn't around in 2010 and it's  
24 since 2010 that we've lost between



1 1.4 million residents.

2 But with that being said, I want to  
3 talk about the climate, just a little bit  
4 different type of climate. I want to talk  
5 about the business climate.

6 Our tens of thousands of pages of  
7 business regulations have led to our  
8 oppressive business climate here in New York  
9 State, and many prominent companies have been  
10 leaving for more business-friendly states.  
11 And I want to just go over some rankings with  
12 the State of New York.

13 Tax Foundation, "2020 State Business  
14 Tax Climate," New York ranks 49th. CNBC,  
15 "America's Top State for Businesses 2019,"  
16 New York ranks 42nd for the cost of doing  
17 business. And "2019 Thumbtack, Small  
18 Business Friendly: A Survey," New York got a  
19 grade of D.

20 You know, simply, here in New York  
21 State we're last where we should be first and  
22 first where we should be last. So I'm going  
23 to ask you a couple of questions here.

24 Number one, what regulatory burdens

1 affecting small businesses are your top  
2 priorities to address this year? And  
3 secondly, how does New York compare to other  
4 states when it comes to our regulatory  
5 environment?

6 And thirdly, Governor Cuomo states  
7 that New York has 8.3 million private-sector  
8 jobs, which is an all-time high. However,  
9 between October 2011 and October of 2019,  
10 New York lost 25,000 manufacturing jobs, for  
11 a decrease of 5.7 percent. During the same  
12 time period, over 1 million manufacturing  
13 jobs were created nationwide.

14 Why does New York continue to lose  
15 manufacturing jobs to other states? And how  
16 can we here in New York be more competitive  
17 here in the manufacturing industry?

18 COMMISSIONER GERTLER: Thank you.

19 So I think there's certainly a number  
20 of different things that we at ESD and the  
21 Governor has done to improve the business  
22 climate. And certainly, you know, having  
23 record high private-sector employment is an  
24 indication that these policies are working.

1           And on the flip side --

2           ASSEMBLYMAN TAGUE:           Doesn't that have  
3 to do nationwide?   Aren't we experiencing  
4 nationwide record employment levels?    You  
5 know, it doesn't seem just here in New York,  
6 it's kind of a trend throughout the whole  
7 country.

8           COMMISSIONER GERTLER:       Well, I think  
9 the policies that we're putting into place  
10 from the REDCs, where we're relying on input  
11 from regional -- from various regions; the  
12 fact that we have a diversified economy  
13 across the state, where we have biotech in  
14 Long Island, we got financing tech in  
15 New York City, we've got, between Mohawk and  
16 the Capital Region -- I'm sorry, Central  
17 New York, we've got unmanned -- you know,  
18 drone technology.   We talked about silicon  
19 carbide, those industries.

20           The fact that we've got this  
21 diversified set of industries, investments in  
22 jobs of the future, an innovative, growing  
23 economy -- we also have a budget in which the  
24 Governor has decreased taxes for small

1 businesses, decreased taxes for corporations,  
2 decreased taxes for manufacturers.

3 So there's a lot of different things  
4 that we are doing to ensure that we can  
5 continue to grow jobs, grow small businesses,  
6 ensure that we're investing into the future.  
7 There are a whole host of different things  
8 that we do in New York State that other  
9 states do not do. The types of strategic  
10 bets that we've done. All of that together  
11 ensures that we're creating a strong and  
12 vibrant economy and one that I think is very  
13 well positioned, you know, for the future.

14 In addition to the fact that life  
15 sciences -- I mean, I could continue. But I  
16 think there's a whole host of different ways  
17 that we're ensuring that this economy is  
18 growing.

19 CHAIRWOMAN WEINSTEIN: Thank you.

20 The Senate has no more questions, so  
21 we go to Assemblywoman Buttenschon.

22 ASSEMBLYWOMAN BUTTENSCHON: Thank you  
23 very much for being here.

24 I represent the 119th Assembly

1 district, which is in upstate New York, the  
2 Utica-Rome area. And I appreciate your  
3 comments in regards to the collaboration that  
4 you discussed with the Excelsior Jobs Program  
5 and enhancing exports in the State of  
6 New York.

7 I had the opportunity, under the  
8 direction of our Chair Schimminger, to hold  
9 roundtables throughout the State of New York  
10 with many businesses that have been here and  
11 are rooted here. With this input that you've  
12 provided this morning in regards to the  
13 statement of linking these and attracting  
14 export industry into the state, I would also  
15 ask that you reflect on the importance of the  
16 businesses that are here and have been stable  
17 and would like to be a part of these tax  
18 credits. Which I know that this program  
19 doesn't completely link with that, but that  
20 is something that was requested through these  
21 roundtables.

22 In addition, my colleagues had talked  
23 about the various issues they see with the  
24 women-owned and minority business

1 technicalities that they're seeing in regards  
2 to the processing. So I know that my fellow  
3 colleagues have brought that up. I would  
4 just reemphasize the importance of  
5 considering that. I also hear from  
6 businesses that have to travel at great  
7 lengths to utilize various businesses due to  
8 the processing being slow.

9 And finally, the importance of the  
10 linkage to education through apprenticeships,  
11 internships that tied directly whether it's  
12 in secondary ed, through our BOCES, as well  
13 as through higher ed in regards to how we  
14 ensure that that pipeline remains  
15 significant.

16 So if you could just highlight a  
17 little bit on the Excelsior job program and  
18 its linkage to export, please.

19 COMMISSIONER GERTLER: Sure.

20 So the -- you know, the Excelsior Jobs  
21 Program, when our team at ESD evaluates any  
22 particular company, we do a very serious  
23 analysis. We take the fact that we can  
24 provide tax credits very seriously. We do,

1 you know, a very detailed analysis of is this  
2 company appropriate for these investments,  
3 will we see the types of returns that we  
4 expect.

5 What we have discovered, and where we  
6 put the emphasis, is on what we call tradable  
7 sectors. So these are growing sectors, you  
8 know, export-oriented, to help to ensure that  
9 we're seeing sort of, quote, even more bang  
10 for the -- more bang for the buck.

11 So I think that's -- we're always  
12 making sure that those tax credits are used  
13 wisely and efficiently and that they're  
14 performance-based. And then we make sure  
15 that there are certain sectors, like I talk  
16 about, that will be able to avail themselves  
17 of those credits.

18 ASSEMBLYWOMAN BUTTENSCHON: Well, many  
19 of them were small business owners that  
20 attended the roundtables. So they would be  
21 able to be a part of this, as stated with  
22 your opening statements in regards to  
23 ensuring that the small businesses would have  
24 access to this?

1           COMMISSIONER GERTLER:     So I can't talk  
2 to those specific companies.       Certainly  
3 there's been small, growing companies that  
4 have received tax credits where -- you know,  
5 again, performance- based.       They need to hit  
6 their targets, hit their results.     And these  
7 are after an analysis of what we've done.

8           So, you know -- I don't know if you  
9 want to add to that, but --

10          ESD COO YOUNIS:     The program is  
11 definitely available to small businesses.  
12 There's a job-creation requirement, but the  
13 number is, in many instances, like 5 to 10  
14 jobs.    So they -- depending on their  
15 industry, they can be eligible.

16          ASSEMBLYWOMAN BUTTENSCHON:     And also I  
17 want to ensure that I address the  
18 agricultural industry, that is very prevalent  
19 within the district that I represent, that  
20 are concerned about that and embrace in  
21 joining the export industry in regards to  
22 their products not only leaving this country  
23 but, more importantly, staying throughout the  
24 states.    So we use the word "export" not only



1 internationally, but within the United States  
2 also.

3 COMMISSIONER GERTLER: Right. All I  
4 can say to that is there are a number of  
5 different programs where we work closely with  
6 Commissioner Ball at Agriculture. We have a,  
7 you know, good relationship and we look to  
8 support each other, and we understand the  
9 importance of agriculture in this state, so.

10 ASSEMBLYWOMAN BUTTENSCHON: Thank you  
11 very much.

12 CHAIRWOMAN WEINSTEIN: We go to  
13 Assemblyman Epstein.

14 ASSEMBLYMAN EPSTEIN: I want to thank  
15 you for being here.

16 And I just have to really discuss our  
17 economic development policy in New York  
18 State. And I see it as a huge failure for  
19 New York. I see what you're doing is  
20 focusing on large corporations, giving  
21 giveaways to big conglomerates, and not  
22 focusing on where the real economic engine is  
23 in New York, where it's small businesses.  
24 They're the business drivers, they're the

1 ones who are helping the middle class, sort  
2 of keeping jobs in the community.

3           Whether it's, you know, what happened  
4 recently at Atlantic Yards, what is going on  
5 with Amazon -- I really want to ask about the  
6 Atlantic Yards, because literally in 2003  
7 there was a deal that happened where we were  
8 getting 1242 units of affordable housing.       In  
9 August of 2019, you worked with a new  
10 billionaire who's going to purchase, you gave  
11 him an extra 100,000 square feet of retail  
12 space.       No additional affordable housing in  
13 that project.       They resell and sell the  
14 project.

15           And so we're seeing lots of giveaways  
16 to businesses and big corporations, with no  
17 comeback for our community.       I'm wondering  
18 how that can be a positive economic  
19 environment where New Yorkers, as we're  
20 seeing, we've heard, you know, middle-class  
21 people are leaving, nonstop, across the  
22 state.       And when you're focusing your  
23 economic development projects on these large  
24 projects that are giveaways to large

1 corporations.

2 COMMISSIONER GERTLER: So as a general  
3 matter, as a general matter, let me sort of  
4 talk about, you know, our Excelsior program  
5 and how we -- how we think about, you know,  
6 that type of economic development tool.

7 Because when we evaluate companies  
8 that will be -- who are potentially able to  
9 access some of these credits, you know, you  
10 used the word "giveaway." I mean, what we  
11 do -- and we make sure that these are  
12 performance-based incentives that --

13 ASSEMBLYMAN EPSTEIN: I just have to  
14 interrupt you. A hundred thousand square  
15 feet of retail space given to the  
16 Atlantic Yards developer, given away with no  
17 new commitment for affordable housing for our  
18 community. No new commitment.

19 We need affordable housing. And the  
20 decision you all made in August of 2019 is  
21 just the same continuation of a policy that's  
22 a failed policy that gives away billions to  
23 large corporations, that doesn't impact  
24 communities and doesn't impact real

1 employment opportunities for low-income  
2 people or middle-income people.

3           There's no plan in place to ensure  
4 that the middle class can stay in New York  
5 and have good jobs when you could really be  
6 investing in community-based organizations,  
7 investing in neighborhoods, investing in  
8 small businesses. But the model that you  
9 create creates a system that benefits the  
10 large corporations.

11           COMMISSIONER GERTLER:       So, you know,  
12 when we undertake all of our deals and ensure  
13 the process by which we go through, we make  
14 sure that there are those types of community  
15 benefits. They change project by project.  
16 You know, it may be transportation upgrades,  
17 there may be public parks, there's an  
18 emphasis on MWBE requirements -- there's a  
19 whole host of different types of community  
20 benefits that we make sure happen as part of  
21 these projects.

22           ASSEMBLYMAN EPSTEIN:       So why no  
23 affordable housing in Atlantic Yards when you  
24 made a deal last summer? Why no new

1 affordable housing?

2           ESD COO YOUNIS:       In terms of the  
3 specifics, I don't have all of those at my  
4 fingers.       But I would just say I think  
5 oftentimes the big projects, folks have a  
6 misconception that is primarily what we do.  
7 It's not.

8           I mean, the reality is is that ESD has  
9 over 30 programs which are targeted to small  
10 businesses.       Our EAC centers, we have capital  
11 access programs, we -- I would tell you that  
12 the majority of the people that work at ESD  
13 and the majority of our programs do focus on  
14 small businesses.

15           ASSEMBLYMAN EPSTEIN:       I have to say  
16 that the small businesses in my district and  
17 the small businesses I hear from who are  
18 trying to get support from ESD, they can't  
19 get the support they need.

20           We talk to micro-lending programs that  
21 were helping small businesses, and they need  
22 support, and they're not being able to get  
23 the support.       We've heard a lot of problems  
24 with MWBE.       It's like I understand what

1 you're saying, but the reality on the ground  
2 is very different.

3           So just -- I want you to hear that.  
4 And the expectation from communities is  
5 that's how we have -- that's the engine we  
6 need to support.

7           And the idea that we're giving money  
8 or additional FAR to places like  
9 Atlantic Yards without making any commitment  
10 to more affordable housing is really  
11 antithetical to what we need in New York when  
12 we have 90,000 homeless people in New York  
13 State and you have the leverage in that  
14 moment to get more affordable housing.

15           And I know my time is up, but thank  
16 you.

17           CHAIRWOMAN WEINSTEIN:       Thank you.

18           We go to -- well, first, we've been  
19 joined by Assemblywoman Hyndman and  
20 Assemblyman Zebrowski.   And we go to  
21 Assemblyman Friend.

22           ASSEMBLYMAN FRIEND:        Thank you,  
23 Madam Chair.

24           I just want to say congratulations on

1 your new appointment.

2 COMMISSIONER GERTLER: Thank you.

3 ASSEMBLYMAN FRIEND: I'm going to jump  
4 right back to SolarCity. I mean, that's a  
5 billion-dollar project, practically, that  
6 spent on building the facility as well as  
7 equipping it.

8 So I just want to know, do you have an  
9 idea of how much of that facility is actually  
10 being utilized? Are there actually large  
11 pieces that are open? I don't know that the  
12 lease that we gave the -- well, not  
13 SolarCity, the availability for the state to  
14 be able to step in and build a -- lease that  
15 out to other companies that would love to use  
16 that?

17 COMMISSIONER GERTLER: So again, you  
18 know, with respect to the RiverBend facility,  
19 I had the opportunity to visit the facility,  
20 I guess last week, took a tour. I was  
21 impressed with the hustle and bustle of the  
22 facility, the -- all of the workers working  
23 on different production lines. From what I  
24 saw on the tour, it was being well-used, it

1 was, you know, fairly busy. They've added  
2 different lines.

3 I mean, if we look at the history of  
4 this deal, it went from Silevo, one company,  
5 to SolarCity, to Tesla. We've seen, you  
6 know, businesses change slightly, and yet  
7 they're still doing the solar panel business,  
8 but they've now added a production line on  
9 charger stations. So they're doing other  
10 things. They are relying on the ecosystem to  
11 make investments into that facility.

12 But to go back to your main question,  
13 is the facility being used, it is. It's  
14 being, I think, well used --

15 ASSEMBLYMAN FRIEND: But are we at  
16 50 percent utilization, 75 percent?

17 COMMISSIONER GERTLER: There is -- as  
18 we know, Panasonic is also in that facility.  
19 But in terms of percentage, I -- I -- you  
20 know, again, it's hard to see as you walk  
21 around, because it seemed to be pretty  
22 full -- but certainly a high, very high  
23 majority of it, if not almost complete.

24 ASSEMBLYMAN FRIEND: Just to kind of



1 jump to if it's being underutilized -- again,  
2 in future contracts, if we can't do it  
3 here -- if we're doing these big deals like  
4 this, to be able to step in and say if you're  
5 not utilizing that space, then the state has  
6 an opportunity -- because I know there are  
7 businesses up in the Buffalo region, as well  
8 as our universities, the COEs, the CATs,  
9 would love to be able to jump in and use  
10 that.

11           What about the equipment that we  
12 bought for production?       Is that being used?  
13 I mean, again, that's hundreds of thousands  
14 of dollars, millions of dollars are being  
15 spent.     Did they use it, or is it just  
16 sitting there idle?

17           COMMISSIONER GERTLER:    Do you want to  
18 address the equipment?

19           ESD COO YOUNIS:    Thanks, Assemblyman.

20           Certainly some of the equipment  
21 ultimately, you know, in that transition from  
22 Silevo to SolarCity to Tesla, ultimately  
23 wasn't used.     But certainly the majority of  
24 it is, or is no longer being used.

1           In addition, Tesla has invested some,  
2 you know, hundreds of millions of dollars in  
3 additional equipment that it has brought  
4 along to the folks on the solar panel -- the  
5 development of the solar roof tile.

6           ASSEMBLYMAN FRIEND:        Okay.    And then  
7 when we're looking at this 1460 FTEs that  
8 need to be counted, are we going to allow  
9 them to count the Panasonic that they're  
10 subcontracting to?    Will that be part of the  
11 1460?    Or do they have to have all of their  
12 own employees?

13          COMMISSIONER GERTLER:       So, you know,  
14 again, under the contract, 1460 jobs by  
15 April 30th.    You know, the Panasonic jobs are  
16 not included in that.

17          ASSEMBLYMAN FRIEND:        Okay.    Just to  
18 jump into -- again, back to small business.  
19 Again, we're focusing on a lot of the big  
20 glitzy stuff with the technology, which is  
21 great.    It keeps people kind of motivated and  
22 interested.    But we do have a lot of the  
23 smaller businesses that really aren't as  
24 glitzy that really need support in my region,

1 whether it's from paving driveways, resealing  
2 driveways, plumbing, electricians.

3           So a lot of times those small  
4 businesses have one or two or three employees  
5 and because of all the regulatory framework  
6 that's involved, they may end up having to  
7 put one employee just to kind of keep up with  
8 that regulation.     And is there anything that  
9 you can discuss to maybe give them an amnesty  
10 period if they haven't hit that regulation  
11 and they're hit with a fine, to allow them to  
12 comply with that and not be penalized?

13           COMMISSIONER GERTLER:     You're saying  
14 for the Tesla jobs?

15           ASSEMBLYMAN FRIEND:     No, no, no.     For  
16 small businesses.     Just, again, jumping away  
17 from big companies to really small companies  
18 who don't have many employees that are just  
19 trying to make the economy work, going out  
20 there and starting up their own business.

21           COMMISSIONER GERTLER:     I'm not  
22 sure I -- I apologize, I'm not sure I  
23 understand the question, so --

24           ASSEMBLYMAN FRIEND:     Oh, I can reach

1 out to you there.

2 I just, before my time's up, want to  
3 comment on MWBE. We did great strides in  
4 work with that last year. It's still a big  
5 issue across the Southern Tier, because we  
6 don't fit into that 30 percent framework  
7 because of the application processes. I  
8 appreciate that the Governor is going to try  
9 to streamline that process, but what would be  
10 even more helpful? To encourage more  
11 diversity across the state.

12 To have more MWBEs in every region of  
13 the state would have MWBE certification and  
14 qualifications based on a region to, again,  
15 keep MWBEs in each region of the state, not  
16 just in the cities, which is what we're kind  
17 of seeing happen. As well as more  
18 certification that they're not just a  
19 pass-through, that they're actually providing  
20 some sort of skill and subset so that they're  
21 learning and hiring wage-earners --

22 CHAIRWOMAN WEINSTEIN: Thank you,  
23 Assemblyman.

24 ASSEMBLYMAN FRIEND: Thank you,

1 Madam Chair.

2 CHAIRWOMAN WEINSTEIN: We've been  
3 joined by Senator Borrello, who has a --  
4 we'll go to him for a question.

5 (Discussion off the record.)

6 SENATOR BORRELLO: Okay, I'm on now,  
7 thank you.

8 First of all, thank you for your  
9 testimony today. Appreciate it.

10 You know, I know we've already -- that  
11 somebody's brought up Amazon and the issues  
12 there. And my question is, you know -- and  
13 I, as a former county executive, and having  
14 our county IDA and sitting on the REDC board,  
15 I know how difficult it is to have  
16 conversations with people that aren't already  
17 doing business in New York State, trying to  
18 convince them to come here with a, you know,  
19 a hostile environment when it comes to  
20 business. And it's a challenge that we've  
21 all faced in local government for a long  
22 time.

23 But now, in light of what happened  
24 with Amazon, my question is, how are

1 conversations going with big companies that  
2 you're trying to attract to New York, knowing  
3 that you could have -- you know, be  
4 politically derailed outside of what's  
5 happening within your organization? Are you  
6 having difficulty talking to companies,  
7 trying to attract them to New York, because  
8 of the hostile political environment that  
9 created the Amazon situation?

10 COMMISSIONER GERTLER: Thank you,  
11 Senator. So we as an agency, and I, were --  
12 we talk to companies all the time. And you  
13 know, as you can imagine, different companies  
14 have different issues, you know.

15 Let's take one of the companies we  
16 talked about, Cree, which was a silicon  
17 carbide manufacturer that was based in  
18 North Carolina. They made the decision to  
19 come to New York State because they felt it  
20 was the best place for them to build their  
21 next-generation facility.

22 I had conversations with their CEO,  
23 who is delighted with where they're locating  
24 the factory. They were pleased with the fact

1 that they could identify and obtain the type  
2 of talent that they needed. They were  
3 pleased with the universities around there.  
4 In fact, they are -- even before they are  
5 opening up their facility, they are taking a  
6 group of potential future workers down to  
7 North Carolina to train them for the  
8 summer -- summer jobs, so that they can be  
9 ready to work in New York.

10 So my point being is that different  
11 companies invest and come to New York for all  
12 sorts of reasons. Our team is focused on  
13 recruiting, attracting companies from all  
14 around the world. So, you know, at -- at  
15 this point, you know, we continue to, you  
16 know, have good conversations with companies  
17 who are looking to come to New York.

18 SENATOR BORRELLO: You know, in my  
19 area we have a company, Truck-Lite, that just  
20 announced that they're going to be moving  
21 their manufacturing out of Falconer, New  
22 York, where they've been since they started  
23 in 1955. One of the reasons that they cited  
24 to me when I met with them personally was the

1 increasing minimum wage.

2 Now, this is a union organization that  
3 does not pay a single employee minimum wage.  
4 But the pressure, the upward pressure of  
5 minimum wage has affected their ability and  
6 their profitability because of negotiations  
7 with the union.

8 So are you seeing the rising minimum  
9 wage as an impact and a difficulty and a  
10 challenge in being able to attract people and  
11 keep people here because of that upward  
12 pressure?

13 COMMISSIONER GERTLER: So, you know,  
14 it's a balance when you're implementing  
15 economic development. On the one hand, the  
16 Governor has reduced taxes -- corporate  
17 taxes, manufacturing taxes, taxes for small  
18 businesses have all come down. That  
19 certainly helps.

20 On the -- on the other side, looking  
21 to uplift workers with increased wages,  
22 increased benefits. To the extent that you  
23 are recruiting higher-skilled workers, that  
24 helps businesses. So I think it -- in many



1 cases it depends on the specific business.

2 But, you know, that balance seems to be  
3 working.

4 And, you know, I've cited the  
5 statistic frequently today, but jobs --  
6 private-sector jobs are at an all-time high.  
7 So I think that balance is working  
8 effectively in New York State. We're able to  
9 ensure that we're having a diversified  
10 economy, we're making bets in jobs of the  
11 future throughout the whole state. And I  
12 think that, you know, our program of cutting  
13 taxes, of uplifting workers, of using  
14 investments through REDCs has been, in large  
15 part, very effective.

16 SENATOR BORRELLO: Well,  
17 private-sector jobs are up, but not in  
18 upstate New York. In fact, if you remove the  
19 Capital Region, there's a net loss over the  
20 last 10 years. And it's a challenge that we  
21 face, and a lot of it has to do with  
22 regulations and taxes, you know, that come  
23 out of Albany.

24 You know, for example, I'm constantly

1 hearing about the cost of workers'  
2 compensation and the many multiples it is  
3 over the state of Pennsylvania, which my  
4 district borders, 20 times higher in New York  
5 State than it is in the state of  
6 Pennsylvania.

7 So those are huge challenges for us  
8 that haven't solved any problems in upstate  
9 New York at this point.

10 Thank you.

11 CHAIRWOMAN WEINSTEIN: Thank you.

12 We go to Assemblyman Ra.

13 ASSEMBLYMAN RA: Thank you,  
14 Commissioner. I just want to go back to the  
15 Centers of Excellence and Centers of Advanced  
16 Technology. And the conversation about Cree  
17 I think underscores the point. My  
18 understanding is that, you know, the Center  
19 for Advanced Technology at SUNY Poly was  
20 instrumental in attracting that type of  
21 investment into our state.

22 In terms of this process and the  
23 competitive funding, I know these entities --  
24 I mean, it really runs the gamut of the

1 different types of technology they're  
2 researching and studying. You know, it could  
3 be healthcare-related, it could be energy.

4 So what are the criteria that are going to be  
5 used to determine who will get that funding?

6 COMMISSIONER GERTLER: So, you know,  
7 what we have, you know, discussed is -- and  
8 I've addressed this previously today -- by  
9 doing the competitive bidding, what we're  
10 looking to do is to, you know, achieve a  
11 number of different things. We're looking to  
12 focus on forward-looking job creation and  
13 industries.

14 You know, the reality is is that the  
15 business world is changing, it's changing  
16 rapidly. We want to make sure that we're  
17 well-positioned for some of these new  
18 industries like quantum computing. We want  
19 to make sure that we are maximizing our  
20 resources in a way that leads to the highest  
21 ROI in terms of industry growth, in terms of  
22 jobs. And in -- doing so in a very  
23 collaborative way, which is why we have the  
24 Innovation Hub, which can help each of the

1 CATs be able to invest appropriately in these  
2 different areas.

3 Now, we like the competitive bidding  
4 process. I'm going to have Kevin address  
5 some of the, you know, the specifics related  
6 to that, which will happen after the budget  
7 session has concluded. But the reality is  
8 that in a world where things are changing so  
9 rapidly, we want to make sure that we have  
10 these CATs that are focusing on industry as  
11 opposed to -- as opposed to the centers  
12 themselves. Because in that way we can  
13 assure that we're using our investment  
14 dollars to achieve the maximum ROI in terms  
15 of job creation.

16 If you want to go through some of the  
17 specifics on the competitive bidding and how  
18 we're thinking about it.

19 ESD COO YOUNIS: I think we have a  
20 limited time base.

21 But quickly, the CATs currently are  
22 competitively bid. And that process includes  
23 leverage -- you know, an analysis of  
24 leveraging private-sector support, what is

1 the technology, right, what are the  
2 applications for that technology,  
3 opportunities for that technology to use --  
4 to be used in New York. And we would imagine  
5 the same criteria being used on -- as we move  
6 the COEs to the CAT program.

7 ASSEMBLYMAN RA: Okay, thank you.

8 I just want to go back for a minute to  
9 something my colleague Assemblyman Friend was  
10 talking about at the end of his remarks,  
11 MWBEs and, you know, the 30 percent goal.

12 You know, we just renewed the program,  
13 as Assemblyman Friend said, there's been some  
14 changes made. But, you know, I hear  
15 constantly from colleagues in upstate areas  
16 about their frustrations and inability to  
17 find contractors to meet that. So is that  
18 something the department is looking at, or  
19 would the department, you know, support some  
20 type of regional approach where the goal  
21 is -- takes into account the availability of  
22 certified MWBE contractors within that  
23 particular region of the state?

24 COMMISSIONER GERTLER: You know, I can

1 tell you on -- you know, on our MWBE program,  
2 I mean, it has been one where we've seen, you  
3 know, increases year after year. And as you  
4 point out, you know, almost 30 percent of our  
5 contracts are to MWBE firms. Nearly  
6 \$3 billion of our contracts are going to MWBE  
7 firms. So, you know, that's nation-leading.

8 And we're constantly looking for ways  
9 that we can improve that program, make it  
10 easier on applicants. In one sense we're a  
11 victim of our own success -- 1200 MWBE firms  
12 are being certified every year.

13 We continue to think about different  
14 ways. So, you know, we are reducing the  
15 amount of documentation. We've looked to  
16 reduce that documentation by 30 percent.  
17 We've looked at increasing the time frame for  
18 the validity of those certifications from  
19 three to five years. We're adding more  
20 staff. We're continuing to look for  
21 different ways that we can make that program  
22 more accessible to the community.

23 ASSEMBLYMAN RA: Thank you.

24 CHAIRWOMAN WEINSTEIN: Senate?

1 CHAIRWOMAN KRUEGER: Thank you.

2 Next, Senator Skoufis.

3 SENATOR SKOUFIS: Thank you very much,  
4 Madam Chair.

5 Thank you, Commissioner, for your  
6 service.

7 My idea of economic development  
8 incentives is, as such, it must fit one of  
9 these two categories to be appropriate.  
10 Either it is to attract a business to  
11 New York that would otherwise not come to  
12 New York without said incentive, or to retain  
13 a business here in the state that otherwise  
14 would genuinely leave New York without said  
15 incentive.

16 Do you agree that those are the only  
17 two categories that would make an incentive  
18 appropriate?

19 COMMISSIONER GERTLER: So I can tell  
20 you that when our team looks at the potential  
21 to award incentives, we look at it, you know,  
22 very seriously. We do an entire analysis to  
23 make sure that, you know, first and foremost  
24 we're investing in the right types of

1 companies that will help to grow the economy.

2 You know, tradable sectors --

3 SENATOR SKOUFIS: I have a number of  
4 questions, so with all due respect, I mean,  
5 just -- it's really a yes or no question.  
6 Are those the two instances by which you  
7 would deem an incentive appropriate?

8 COMMISSIONER GERTLER: So, look, I  
9 will tell you in terms of we try to do our  
10 best efforts. Certainly we don't want  
11 businesses to leave the state, so that's  
12 certainly a good way of using incentives. We  
13 also use them to attract -- you know, attract  
14 businesses.

15 But, you know, there may be other  
16 ways. I don't have a whole list, you know,  
17 in front of me. But we want to make sure,  
18 again, that we're using those incentives in a  
19 constructive way that's performance- based,  
20 to ensure that we're helping those companies,  
21 you know, invest in a way that we think is  
22 appropriate.

23 SENATOR SKOUFIS: Okay. It sounds  
24 like perhaps there -- you disagree with my



1 assessment, but that's okay.

2 So let's say that a business that  
3 exists in New York State comes into ESD and  
4 says, Well, I'm looking to leave to  
5 New Jersey, I'm looking to relocate to  
6 Pennsylvania. What do you do to scrutinize  
7 those threats?

8 COMMISSIONER GERTLER: So we do --

9 SENATOR SKOUFIS: Do you have  
10 investigators within ESD?

11 COMMISSIONER GERTLER: We have a team  
12 that looks at exactly that. When we're  
13 looking at approving for a company that has  
14 said that they're going to leave the state,  
15 we go, we make -- we undertake research, we  
16 look at where the potential is that they're  
17 saying that they're going.

18 I can assure you that we have a team  
19 of people at ESD who take this role very,  
20 very seriously, who do a deep financial  
21 analysis and also look at the other  
22 opportunities that these companies may have  
23 to leave. So we are doing that type of  
24 research.

1                   SENATOR SKOUFIS:     Back in September,  
2     the New York Times reported that down in  
3     New Jersey there were a dozen companies that  
4     made such threats to leave to New York, but  
5     what was peculiar was that all 12 companies  
6     cited a threat to relocate to a very specific  
7     business park in Pearl River, Rockland  
8     County.

9                   Are you familiar with this story that  
10    I'm referencing?

11                  COMMISSIONER GERTLER:     I did read that  
12    story.

13                  SENATOR SKOUFIS:     Yeah.    And the  
14    New York Times seems to have done the  
15    investigative work that the New Jersey  
16    Economic Development Office should have been  
17    doing in speaking with the real estate agents  
18    for the office park and actually going there  
19    and, you know, trying to identify were they  
20    even here looking at space.

21                  Do you do that?     Does ESD do what  
22    New Jersey did not do?

23                  COMMISSIONER GERTLER:     As I said, you  
24    know, we have a team dedicated, hardworking,

1 that when a company says that they're looking  
2 to move to another location, they follow that  
3 lead, they make sure that those -- that, you  
4 know, that sort of, quote, unquote, threat is  
5 real, and they do the necessary due diligence  
6 before we approve that.

7 SENATOR SKOUFIS: I have no doubt that  
8 they're hardworking. I guess my question is,  
9 you know, if I were to or someone else was to  
10 FOIL, for example, travel vouchers at ESD,  
11 would we see that your men and women are  
12 traveling to other states on the ground,  
13 looking at spaces that businesses are  
14 threatening to leave to, speaking to realtors  
15 on the ground in these other states? Would  
16 we find that that activity exists at ESD?

17 COMMISSIONER GERTLER: So again, I  
18 mean, it is a -- there's a number of  
19 different ways that our team looks at  
20 ensuring that the incentives are being  
21 provided, are being done so in an appropriate  
22 way, in ensuring that we're taking the tax  
23 credits that we award to companies seriously,  
24 in a very serious way, that we're respecting

1 the role that we have to provide these  
2 companies --

3 SENATOR SKOUFIS: Okay, yeah --

4 COMMISSIONER GERTLER: And I will tell  
5 you that I have asked the question to the  
6 team, you know, how sure are we? What work  
7 have we done? There's always follow-up,  
8 there's always calls, there's always  
9 information, they request information from  
10 the company.

11 So we do the best that we can to  
12 ensure -- we want to make sure --

13 SENATOR SKOUFIS: I got it. One last  
14 question.

15 COMMISSIONER GERTLER: -- that those  
16 tax credits, when awarded, are done so  
17 seriously and effectively.

18 SENATOR SKOUFIS: One last question.  
19 I know ESD, in the Executive Budget, you're  
20 looking to extend by I think 15 years the  
21 Excelsior job tax credit program.

22 Do you think that we're getting the  
23 return on investment that we should be  
24 getting with that program? What do you think

1 the price tag per job ought to be that would  
2 deem this program a good return on  
3 investment?

4 COMMISSIONER GERTLER: We are  
5 absolutely seeing an ROI, a positive ROI on  
6 the investment that we're making.

7 CHAIRWOMAN KRUEGER: You know what?  
8 We would love that answer in writing, because  
9 I think we'd all love the answer to that.  
10 And that allows you to put your thinking on  
11 paper for all of us. There were a lot of  
12 questions today people had that I don't think  
13 you fairly had time to answer, so we look  
14 forward to written responses.

15 And I know Senator Skoufis will look  
16 forward to it. But we'll share it with  
17 everyone involved besides. Thank you.

18 You're done, Assembly?

19 CHAIRWOMAN WEINSTEIN: No.

20 CHAIRWOMAN KRUEGER: Assembly.

21 CHAIRWOMAN WEINSTEIN: So I have just  
22 a couple of questions on areas that haven't  
23 been touched yet.

24 In Market New York the Executive

1 proposal provides \$15 million for Market  
2 New York, split between operating and  
3 capital. What's the estimated direct  
4 economic impact created by the program, and  
5 what types of initiatives do these funds  
6 support? And are there new initiatives or  
7 locations planned? If so, where are they?

8 ESD COO YOUNIS: Thank you,  
9 Assemblymember.

10 We -- I don't have the direct ROI. We  
11 can certainly get the leveraged investment  
12 against those. As you noted, it is a split  
13 between operating and capital, and the two --  
14 the reason for that split is the operating  
15 tends to support what you're marketing,  
16 right? So it might be the marketing of a  
17 particular cultural event in a region.

18 And then on the other side, the  
19 capital funds are used to support what we  
20 would think of as the tourism infrastructure.  
21 Sometimes it's the improvement of a hotel up  
22 in Lake Ontario. So it's -- that's the type  
23 of projects that are supported with those  
24 funds.

1           CHAIRWOMAN WEINSTEIN:     So maybe along  
2 with some of the other material that you'll  
3 be -- responses that you'll be sending us,  
4 you could give us a little bit more detail  
5 about where the past funding has gone and  
6 where the new proposals are.

7           And I see for the first time there's a  
8 new \$2 million fund to support diversity  
9 efforts within the state's motion picture and  
10 television industry.    Can you give us any  
11 insight as to how the fund will operate, and  
12 how will the effectiveness of the fund be  
13 evaluated?

14           COMMISSIONER GERTLER:     So, you know,  
15 the film industry is an important industry to  
16 New York State.    We've seen, certainly at a  
17 time when there's been robust -- robust  
18 creation of content in this area -- in fact,  
19 it's one of the great times for content  
20 creation, all the shows that are being done,  
21 film -- it's an important industry to New  
22 York State.

23           We want to make sure that we are  
24 training the workforce of tomorrow in the

1 industry. We also want to make sure that we  
2 have a, you know, diversified workforce.  
3 That is what the money's going to go to, as  
4 well as 0.25 percent is going to be dedicated  
5 to fulfilling that. That's part of some of  
6 the -- some of the changes that were done for  
7 the program.

8 CHAIRWOMAN WEINSTEIN: Thank you.

9 And then I have a question on behalf  
10 of Senator Helming.

11 There have been a number of localized  
12 natural disasters in recent years throughout  
13 the state, and we spoke at our environmental  
14 hearing about the "Restore Mother Nature"  
15 Bond Act proposed in the Executive Budget.  
16 But does ESD have any thought to creating  
17 permanent programs to assist businesses that  
18 are impacted by natural disasters with either  
19 loans, grants, even if they're not eligible  
20 for federal aid?

21 COMMISSIONER GERTLER: So you make a  
22 very important point that we are seeing more  
23 and more, you know, climate -- storms that  
24 are having severe impact on communities



1 throughout New York State. You know, these  
2 storms that used to happen once every several  
3 hundred years now seem to be happening every  
4 few years, sometimes every year. And I think  
5 in line with that, I think that's part of the  
6 reason why the CLCPA was passed with the  
7 Legislature.

8 But it's also a reason why we need to  
9 continue to invest in the green economy, why  
10 that needs to be a priority. That's  
11 certainly a priority that the Governor has  
12 made. It's something that ESD will focus on.  
13 There are right now -- from our standpoint,  
14 we've seen job growth in the green economy  
15 grow over the last few years by almost  
16 10 percent, 160,000 jobs in the green  
17 economy. And we want to continue that, we  
18 want to double down on that to make sure that  
19 we continue our nation-leading efforts in the  
20 green economy.

21 So part of the increase in the  
22 incentives that we talked about are to ensure  
23 that we've got even higher incentives to help  
24 companies invest and focus on the green

1 economy. So both in terms of a percentage of  
2 wages, in terms of R&D, in terms of  
3 investment, all of those are enhanced to  
4 ensure that we can continue to make the type  
5 of investments that are critical so that our  
6 economy is one that is led by a green economy  
7 and to ensure that we are creating those jobs  
8 of the future.

9 CHAIRWOMAN WEINSTEIN: I think part of  
10 the question really is though for businesses  
11 that are negatively impacted by a natural  
12 disaster such as flooding, like we had at  
13 Lake Ontario, is there some relief that could  
14 come to help support them through ESD?

15 COMMISSIONER GERTLER: So the -- I was  
16 a cochair of the Lake Ontario resiliency, and  
17 there are monies that ESD is dedicating to  
18 help businesses be able to become more  
19 resilient for the future. Thirty million  
20 dollars was set aside. We've received  
21 applications, we'll look at processing those.  
22 And, you know, obviously it's critical that  
23 we make sure that businesses are prepared for  
24 the next storm.

1           So I apologize for not answering that  
2     in the last go-round, but that is an  
3     important part of ensuring that those  
4     businesses that have seen the effects of that  
5     flooding are able to be prepared for the next  
6     storm.

7           CHAIRWOMAN WEINSTEIN:    I guess some of  
8     the question relates to the fact that as you  
9     said, with seeing in our state increasing  
10    effects of climate change, rather than being  
11    reactive to a disaster, to be proactive and  
12    have something in the budget that could  
13    relate to -- that would keep in mind that we  
14    may have more of these disasters in the  
15    future and that we can have something readily  
16    available to interact with businesses that  
17    are impacted, rather than have to wait to,  
18    post-disaster, come up with some relief.

19           So that's just something I think the  
20    agency should think about.

21           COMMISSIONER GERTLER:    Well, thank  
22    you.    And that certainly was the approach  
23    that we took in this particular case in  
24    helping -- you know, in being prospective in

1 ensuring that the funds that we were using  
2 toward these businesses would help them be  
3 more resilient for the future.

4 CHAIRWOMAN WEINSTEIN: Thank you.

5 CHAIRWOMAN KRUEGER: Thank you.

6 Senator Savino.

7 SENATOR SAVINO: Thank you,

8 Senator Krueger.

9 Good afternoon -- is it afternoon?

10 It's almost afternoon. I want to -- I'll be  
11 very brief. I just want to talk to you a bit  
12 about some of the challenges that we have  
13 attracting businesses to New York. It's been  
14 referenced before. And I know one of the  
15 things that when people want to relocate to  
16 New York and we want to incentivize them to  
17 come, is they're looking for a well-educated,  
18 well-trained workforce.

19 One of the criticisms of the Amazon  
20 proposal in Long Island City -- which I  
21 supported, I was not opposed to it -- but one  
22 of the concerns was that Amazon was going to  
23 come in, or a big company like Amazon would  
24 come in and because in New York we have a

1 huge training gap with respect to technology  
2 professionals, that those jobs that were  
3 going to be created would not go to actual  
4 New Yorkers, and the people who lived there  
5 would be saddled with the increased cost of  
6 housing and the effects of having a major  
7 employer come in like that.

8           What do you see as the role of ESD  
9 with respect to closing that tech gap?       It's  
10 been reported on.    The Center for an Urban  
11 Future just released a study that shows that  
12 New Yorkers by and large are falling way  
13 behind on technology training.

14           What can we do to improve those  
15 circumstances so that we do have the best  
16 workforce and we're going to be able to  
17 attract those companies who come here, stay  
18 here, and actually hire New Yorkers?

19           COMMISSIONER GERTLER:    So there is no  
20 doubt that when we are talking to businesses  
21 that are looking to locate in New York State,  
22 one of the principal differentiators is that  
23 we do have a skilled workforce, that we have  
24 an educated workforce.    And if you look at

1 any of these statistics in terms of, you  
2 know, NIH grants and so on, New York always  
3 ranks, you know, at the top, near top, and  
4 it's because we do have an incredible  
5 education system, we're producing skilled  
6 workers.

7           But, you know, we want to still make  
8 sure that we have the next generation of  
9 workers that -- just because we're at -- you  
10 know, enjoying an economy with the highest  
11 private-sector employment, that does not mean  
12 that we rest on our laurels and don't help to  
13 train.

14           In many cases -- and I come from, you  
15 know, many years in the private sector --  
16 it's led by companies. We need to know what  
17 the companies need. And so when we're able  
18 to bring companies like an Amazon to  
19 New York, they will hire -- they will hire  
20 current New Yorkers, but by definition they  
21 also must train those New Yorkers too. And  
22 that's why, you know, it's critically  
23 important that we are bringing these types of  
24 companies to New York State.

1           I've talked about Cree, which is a  
2 silicon carbide company. They chose their  
3 location near Marcy in part because of the  
4 workforce that was around their facility,  
5 their ability to help to work with some of  
6 the training centers and some of the  
7 community colleges. And, you know, their CEO  
8 is very proud that they are taking a group of  
9 interns down to their facility in North  
10 Carolina to train them there so they can see  
11 how the process works and then come back to  
12 New York.

13           So, you know, this is a -- you know,  
14 it's a partnership. And at the end of the  
15 day, the idea behind workforce is to make  
16 sure that we're training the types of people  
17 that these companies need. Bringing more  
18 companies in and working with those companies  
19 is a critical part of ensuring that we're  
20 doing that.

21           Now, I will also tell you that there  
22 is a \$175 million workforce development  
23 initiative that's focused on centers of the  
24 future, that's focused on, you know,

1 apprenticeship, focused on training  
2 individuals for the future. That too -- that  
3 too is important. But in all cases it --  
4 and, you know, and we have our workforce  
5 centers, like Northland in -- near Buffalo.  
6 It's -- it's all of those things that we need  
7 to do to make sure that we are training those  
8 individuals for the future.

9 SENATOR SAVINO: Well, I'm happy to  
10 hear that.

11 I would suggest you take a look at  
12 this report, it was just released this week,  
13 from the Center for an Urban Future, and it  
14 outlines where the gaps are in training, and  
15 maybe you guys can help close that. Thank  
16 you.

17 COMMISSIONER GERTLER: Great. Thank  
18 you so much.

19 CHAIRWOMAN WEINSTEIN: Senator Funke.

20 CHAIRWOMAN KRUEGER: Senator Funke.

21 SENATOR FUNKE: Thank you,  
22 Madam Chair.

23 Thank you, Commissioner.

24 COMMISSIONER GERTLER: Thank you,



1 Senator.

2 SENATOR FUNKE: A quick question for  
3 you -- a couple of quick, very quick  
4 questions for you.

5 How long does it take ESD to put a  
6 package of incentives together for a business  
7 that may want to relocate to New York State?  
8 I've heard like in North Carolina, as an  
9 example -- you mentioned North Carolina --  
10 that they can have a package together in  
11 48 hours, but that here in New York State it  
12 takes laborious hours to get something put  
13 together here.

14 So what would you say? Is there a  
15 time frame that is accurate, or does it vary  
16 from business to business?

17 COMMISSIONER GERTLER: I will tell you  
18 that we'll take, you know, sufficient time to  
19 make sure that we're doing it properly, that  
20 we're doing it effectively.

21 As I've said before, we take very  
22 seriously the fact that we are utilizing tax  
23 credits, and at times, you know, there's  
24 different committees that it goes through,

1 there's questions that ESD workers will have,  
2 there will be questions that I'll have. We  
3 want to make sure that we've answered all  
4 those questions before we provide a package  
5 for a company.

6 SENATOR FUNKE: Is there a way to  
7 streamline that process, in your mind?

8 ESD COO YOUNIS: Senator, Kevin  
9 Younis.

10 The one thing I would say, in my  
11 experience, generally speaking, we're waiting  
12 for the business. We move more quickly in  
13 terms of our incentives. You know, we do  
14 what -- as Eric said, we do the process  
15 appropriately. But more often than not we  
16 are -- we're very quick, we're very  
17 responsive. And we are, as often as not,  
18 waiting for the next step from the business  
19 in terms of documentation or a decision.

20 SENATOR FUNKE: One of the impediments  
21 that we hear about, you know, from businesses  
22 is the 750,000 regulations we have on the  
23 books. Is it ever within your purview to  
24 look at those regulations and make

1 recommendations to the Legislature about  
2 getting rid of some of them?

3 COMMISSIONER GERTLER: So I'm new on  
4 this job. And, you know, our focus is to --  
5 again, we're focused on jobs, we're focused  
6 on all the different ways that we can help  
7 jobs grow in New York State.

8 To the extent that we believe that  
9 there are ways to do something better, we'll  
10 certainly, you know, look to -- you know,  
11 through either others in the administration  
12 or directly provide, you know, those ideas.

13 SENATOR FUNKE: Given all your time in  
14 the --

15 COMMISSIONER GERTLER: You know, we're  
16 focused on job creation, as is everyone else.

17 SENATOR FUNKE: We're all ears on how  
18 we can, you know, best improve the business  
19 climate. But you came from the private  
20 sector, so I'm curious to know what you think  
21 of the business climate in New York State and  
22 how you would improve it.

23 COMMISSIONER GERTLER: So, you know, I  
24 had a wonderful career in the private sector,

1 but it's a privilege to serve the people of  
2 this state, to serve -- you know, to serve  
3 the Governor.

4 I have to say that, you know, on  
5 personal level I've been, you know, impressed  
6 with, you know, the programs, with how New  
7 York State is doing. You know, there's areas  
8 that, you know, we're looking to, you know,  
9 focus on, areas of passion. For example, you  
10 know, life sciences; the Governor has made a  
11 commitment to life sciences. I think that,  
12 you know, that is an industry that has -- you  
13 know, already we're seeing benefits -- has  
14 enormous potential. We have seen some of the  
15 best science that's being done in the world  
16 here in New York State.

17 So -- but, you know, as I and the team  
18 figure out better ways to, you know, grow  
19 industry, grow jobs, we're not shy. I've  
20 had, you know, for example, many  
21 conversations, I've gone around the state,  
22 I've listened to businesses. There's many  
23 suggestions that we've had from businesses  
24 from around the state, and, you know, we take

1 those to heart.

2           SENATOR FUNKE:           I mentioned this last  
3 night, late last night.       But several years  
4 ago the Legislature passed, the Governor  
5 signed into law the creation of an innovation  
6 technology center in the State of New York,  
7 similar to what North Carolina has, to allow  
8 high-tech companies to come down and test  
9 their wares, pilot programs and so on.       And  
10 we've got a lot of smart people in our state  
11 that should be able to come down here and  
12 test what innovation, what technology they  
13 have on big data.

14           This program has never been funded.  
15 The technology center does not exist.       It's  
16 been on the books for two years.       I would  
17 encourage you, your agency, to do whatever  
18 you can to fund that program, because I think  
19 it would be a big win.       In North Carolina,  
20 the first year, they saved \$6 million just  
21 through the efforts of the private sector,  
22 being able to show them what they can do.

23           COMMISSIONER GERTLER:       All right,  
24 thank you.

1 CHAIRWOMAN KRUEGER: Thank you.

2 I think that is it for you gentlemen.

3 Thank you very much for being with us today.

4 COMMISSIONER GERTLER: Thank you so  
5 much.

6 CHAIRWOMAN KRUEGER: We look forward  
7 to your responses in writing.

8 COMMISSIONER GERTLER: Thank you.

9 CHAIRWOMAN KRUEGER: We are making an  
10 announcement that clearly this hearing is not  
11 going to be over now, since we have everyone  
12 else. So for those who have been sitting  
13 here patiently, hoping for a -- Taxes is  
14 scheduled for 1, likely 2:00, 2:30, if people  
15 want to go out and enjoy our fabulous food  
16 offerings on the Concourse, or other  
17 activities.

18 Oh, mic. Yet again. This hearing  
19 will not be over at 1:00 --

20 (Laughter.)

21 CHAIRWOMAN KRUEGER: -- this hearing  
22 will probably be over at 2:00 to 2:30, with  
23 Taxes starting then.

24 So those of you who were really

1 waiting for Hearing II, enjoy our wonderful  
2 food on the Concourse or anywhere else of  
3 your choosing. Although since OGS is coming  
4 up, and they're responsible for food on the  
5 Concourse, you can let them know whether it's  
6 wonderful or not in your own ways.

7 (Laughter.)

8 CHAIRWOMAN WEINSTEIN: We've been  
9 joined by Assemblyman Mosley.

10 CHAIRWOMAN KRUEGER: I don't think we  
11 have any new Senators right now.

12 Hello.

13 COMMISSIONER DESTITO: Hello. Thank  
14 you for the comments.

15 CHAIRWOMAN KRUEGER: Absolutely, a  
16 little pitch.

17 So we are joined by the New York State  
18 Office of General Services Commissioner RoAnn  
19 Destito, who was previously an Assemblywoman,  
20 so she always gets a lot of love when she's  
21 here.

22 (Laughter.)

23 COMMISSIONER DESTITO: Thank you,  
24 Senator.

1           Good morning to you, Chairs Krueger  
2 and Weinstein, Ranking Members Ra and I see  
3 Senator Helming, and the distinguished  
4 members of the committees. I am Commissioner  
5 RoAnn Destito. I'm pleased to be here today  
6 to provide testimony about the Office of  
7 General Services.

8           I really would like to talk with you  
9 today about some of the exciting things  
10 happening at OGS. Our Procurement Services  
11 group continues to lead the way in new and  
12 innovative procurements. In August they were  
13 nationally recognized by Governing magazine  
14 as a top-five procurement organization in the  
15 United States. This was one of seven  
16 national accolades for our OGS procurement  
17 this past year.

18           We maintain the largest information  
19 technology catalogue contracts in the  
20 country, attracting New York-based small,  
21 MWBE, and SDVOB businesses, as well as many  
22 of the largest technology companies in the  
23 world. We have approximately 500 MWBE and  
24 SDVOB vendors in the IT space alone.



1           In 2019, we did approximately 40  
2 trainings and outreaches, educating over  
3 5,000 government employees on our contracts,  
4 and 3,000 businesses on how to do business  
5 with New York State, and did trainings and  
6 outreaches for over 8,000 government  
7 employees. And we maintained an Amazon-like  
8 electronic catalogue of over 10 million items  
9 to purchase from, and facilitated employing  
10 individuals with disabilities on  
11 approximately 216 service and commodity  
12 projects across the state.

13           We added contracts for community  
14 solar, intelligent security systems and  
15 solutions, statewide laundry and linen  
16 services, and telecommunication connectivity  
17 services, to name a few, and we continued our  
18 success with contracts such as centralized  
19 resources for project labor agreement studies  
20 and contracts for translation services across  
21 state agencies and local governments.

22           When the Legislature modernized the  
23 voting process by authorizing early voting  
24 and electronic poll books, our team built a

1 single centralized contract supporting all  
2 58 local boards of elections, and even found  
3 a way to reduce the list of the necessary  
4 associated hardware that resulted in  
5 administrative savings.

6 In Buffalo, a dynamic downtown  
7 revitalization is underway. OGS, working  
8 with state and local officials, determined  
9 that in the current competitive and robust  
10 Buffalo real estate market, the highest and  
11 best use of the Senator Walter J. Mahoney  
12 State Office Building is no longer a state  
13 office space and that it will be sold at  
14 auction later this year. State employees  
15 will remain in the downtown Buffalo footprint  
16 that currently encompasses more than 600,000  
17 square feet of space leased by the state.

18 Here in Albany, as part of our work to  
19 meet the Governor's clean energy goals, NYPA  
20 and OGS have unveiled a new project that  
21 takes into consideration legislative,  
22 community, and expert feedback, budgetary  
23 constraints, and the need to replace obsolete  
24 equipment at the Sheridan Hollow Steam Plant.

1           The project has five major components.  
2   First, very happily, we have demolished the  
3   old steel smokestack at the former ANSWERS  
4   plant.    Second, we are replacing the existing  
5   obsolete emergency generators with quiet,  
6   state-of-the-art emission-controlled units.  
7   Third, we are going to electrify one of the  
8   on-site steam-driven chillers at the Empire  
9   State Plaza chill plant -- and electrifying  
10   this one chiller will reduce local gas use  
11   and emissions by 18 percent.    Fourth, we are  
12   installing LED lighting technology throughout  
13   the entire plaza complex to reduce energy and  
14   statewide greenhouse gas emissions.   And  
15   fifth, we are in the process of establishing  
16   a 38-megawatt solar photovoltaic project at  
17   the former Oriskany Airport, a property now  
18   owned by OGS.    This project would be financed  
19   through a power purchase agreement and would  
20   generate over 50 percent of the electricity  
21   used by the Empire State Plaza.

22           We are also working on a project at  
23   the Capitol Courtyard, which serves as a roof  
24   over the basement mechanical space of this

1 building. The original roof has had multiple  
2 layers of reroofing over the past hundred  
3 years; the project will repair the leaking  
4 roof and reintroduce windows along the  
5 Hawk Street passage.

6 I hope you've noticed the new  
7 grab-and-go lunch stop in the LOB, and that  
8 is serving up fresh salads, sandwiches and  
9 snacks on session days. We've also begun a  
10 multiyear phased project to renovate and  
11 modernize the public bathrooms in the  
12 Legislative State Office Building. All of  
13 the renovated bathrooms will meet modern ADA  
14 standards, including a family restroom with  
15 an adult changing station.

16 In conjunction with other agency  
17 partners, OGS has launched the Employee Zero  
18 Emissions Vehicle Charging Pilot Program in  
19 targeted OGS parking facilities throughout  
20 downtown Albany, the Harriman State Campus,  
21 with a total of 64 charging ports. In  
22 addition, we have completed the installation  
23 of fleet charging stations at our building on  
24 Wolf Road in Albany and will complete similar

1 installations at the Roosevelt Office  
2 Building in Poughkeepsie. Additional  
3 charging stations are in development.

4 OGS is also participating in the  
5 Governor's Resiliency and Economic  
6 Development Initiative, or the REDI program.  
7 In addition to serving on the REDI committee  
8 and advancing multiple projects for the  
9 initiative, OGS is directly managing the  
10 \$15 million navigation dredging initiative,  
11 which is part of the Governor's efforts to  
12 dredge 20 sites in navigable waterways and  
13 harbors and keep them operational.

14 In an effort to expand savings and  
15 efficiencies for New York State taxpayers,  
16 OGS would like the legislature to consider  
17 granting expansion of its design-build  
18 authority to additional state entities, just  
19 as the Legislature did last year for a number  
20 of New York City agencies. Granting OGS full  
21 DB authority would allow parity for OGS to  
22 consider alternative delivery methods, just  
23 as other comparable state construction  
24 agencies do.

1           OGS does an excellent job also at  
2 growing businesses.     In 2011, the OGS  
3 eligible MWBE utilization rate was  
4 14 percent, and we are very proud to say that  
5 we now have exceeded the Governor's goal of  
6 30 percent.     As an example, in that time  
7 MWBEs have received in excess of \$702 million  
8 from contracts associated with our D&C group  
9 alone -- up from \$538 million at this time  
10 last year.

11           Our success implementing the SDVOB  
12 program continues.     We have now approximately  
13 770 certified businesses in a wide range of  
14 categories, from construction and financial  
15 services to commodities.     Over the 12 months  
16 ending September 30th, New York State  
17 disbursed over \$103 million to SDVOBs, which  
18 represents an 83 percent growth over last  
19 year.     One great example is Walker Diving  
20 Underwater Construction, owned by a post-9/11  
21 veteran who was awarded the largest SDVOB  
22 contract, at \$9.8 million.

23           Providing an exceptional visitor  
24 experience is a source of pride for the OGS

1 team. I'm very pleased to report that we  
2 have completed renovations at the  
3 Adam Clayton Powell Building in Harlem, and  
4 we opened up the community room and art  
5 gallery, and the Harlem Art Collection has  
6 made its first return to the building in over  
7 25 years.

8           In the mid-1990s a majority of these  
9 works in the collection were moved to storage  
10 in the basement of the building, where we  
11 found them to be damaged by water. The  
12 collection was then moved to the building's  
13 13th-floor storage area, where it remained in  
14 poor condition and hidden from public view.  
15 In 2012, the collection was rediscovered --  
16 while I was touring the building -- and we  
17 temporarily relocated it to Albany, where the  
18 condition of the artwork was assessed and  
19 individual pieces were cleaned and conserved.

20           Portions of the collection were  
21 returned to the Adam Clayton Powell state  
22 office building for the 2019 exhibition,  
23 titled "Harlem Roots," and most recently for  
24 the exhibit "Harlem Art Then and Now: A

1 Celebration of Community and Contemporary  
2 Art."

3 Over the next year, in addition to  
4 sharing this newly renovated space with the  
5 community, we will be hosting new public  
6 exhibits with additional works from the  
7 collection. Also, this year's Black History  
8 Month exhibit marks the first time works from  
9 the Harlem Collection have been displayed in  
10 the State Capitol.

11 As commissioner, I'm honored to lead  
12 the hardworking and dedicated team at the  
13 Office of General Services. Their service to  
14 the people of New York State never wavers and  
15 can be counted on at all times. Thank you  
16 for listening, and I'd be glad to answer any  
17 questions.

18 CHAIRWOMAN KRUEGER: Thank you.

19 Any Senators? Anna Kaplan -- excuse  
20 me, not just any Senator, but the chair of  
21 the appropriate committee, Senator Anna  
22 Kaplan.

23 SENATOR KAPLAN: Thank you,  
24 Commissioner. Thank you for being here --



1           COMMISSIONER DESTITO:     Thank you,  
2     Senator.

3           SENATOR KAPLAN:     -- and presenting  
4     testimony, and also for serving.

5           Honestly, I had some questions which  
6     you already answered in your opening  
7     statements.     But if you -- I might have  
8     missed this part.     If you can give us a  
9     little bit of an update on capital spending  
10    for the microgrid, an efficient energy system  
11    for the Empire State Plaza that was first  
12    appropriated in 2017.

13          COMMISSIONER DESTITO:     Yes.     We  
14    have -- the microgrid project that we did  
15    with NYPA, we halted the CHP -- the CHP  
16    project and we went into a -- the five things  
17    that we did.     We listened to -- we listened  
18    to the people, we listened to all of the  
19    feedback that we received, because we went  
20    out and we listened.

21          So we demolished the steel smokestack.  
22    We're replacing the -- our emergency  
23    generators, which are needed desperately in  
24    the complex, with state-of-the-art

1 emission-controlled units, and we are  
2 electrifying an on-site steam-driven chiller  
3 at the Empire State Plaza. So this  
4 electrification will reduce our local gas use  
5 by 18 percent, so we are very proud of that.

6 And the LED lighting is included now  
7 in this project. And fifth, and more  
8 importantly, is we're in the process of  
9 establishing the 38-megawatt solar  
10 photovoltaic project, which will in fact --  
11 we're financing it through a power purchase  
12 agreement with NYPA, and it will generate  
13 over 50 percent of the electricity we use  
14 here at the Empire State Plaza. And we're  
15 always looking at more projects like that  
16 with our partner at NYPA.

17 SENATOR KAPLAN: Thank you.

18 No further questions.

19 CHAIRWOMAN KRUEGER: Thank you.  
20 Assembly.

21 CHAIRWOMAN WEINSTEIN: We go to  
22 Assemblyman Zebrowski, chair of the  
23 Government Operations Committee.

24 ASSEMBLYMAN ZEBROWSKI: Good morning,

1 Commissioner.

2 COMMISSIONER DESTITO: Good morning,  
3 Assemblyman.

4 ASSEMBLYMAN ZEBROWSKI: Great to see  
5 you.

6 COMMISSIONER DESTITO: It's good to  
7 see you.

8 ASSEMBLYMAN ZEBROWSKI: Let me just  
9 first compliment you on all your  
10 accomplishments and all the things OGS has  
11 done, both invisible and visible, in terms of  
12 modernization, in terms of efficiency and  
13 many of the things that I think, if you walk  
14 around the Capitol complex, you certainly  
15 see. So I appreciate all your efforts.

16 COMMISSIONER DESTITO: Thank you very  
17 much.

18 ASSEMBLYMAN ZEBROWSKI: I just have a  
19 few questions related to some sort of  
20 technical procurement and other related  
21 things in the Governor's budget, if we could  
22 just handle those.

23 The Governor's budget authorizes the  
24 Correctional Industries Program of the

1 Department of Corrections to provide services  
2 as a preferred source. Are you aware of what  
3 type of services the department is sort of  
4 envisioning to be provided as a preferred  
5 source?

6 COMMISSIONER DESTITO: We are not  
7 aware of what services. But I will tell you  
8 that we are all very much -- our goal is to  
9 employ people with disabilities. But any  
10 service that they propose will have to come  
11 back to the Procurement Council, of which the  
12 Senate and the Assembly do have membership,  
13 you designate someone on the Procurement  
14 Council.

15 So just giving them the approval --  
16 any service application that they want will  
17 come back to the Procurement Council, and we  
18 will review it for the authorization.

19 ASSEMBLYMAN ZEBROWSKI: Okay. So are  
20 there any existing MOUs that are currently in  
21 effect or that are -- through this budgetary  
22 proposal, that are expected? Or is this just  
23 a blanket sort of authorization and we'll  
24 figure out what later?

1           COMMISSIONER DESTITO:     It's  
2 authorization.    It's authorization to allow  
3 them to provide additional services.     But  
4 again, the services will have to be -- they  
5 will have to provide an application, as  
6 everyone -- any of our preferred sources do,  
7 and they will have to go in front of the  
8 Procurement Council.

9           ASSEMBLYMAN ZEBROWSKI:    Okay.     So it's  
10 safe to say, though --

11          COMMISSIONER DESTITO:     And be  
12 considered by the Procurement Council and go  
13 through all of the -- you know, the rigid  
14 explanation and the process that we go  
15 through.

16          ASSEMBLYMAN ZEBROWSKI:    Okay.     So it's  
17 safe to say that OGS is supportive of the  
18 authorization.

19          COMMISSIONER DESTITO:     We're always  
20 supportive of employing and making sure that  
21 there are jobs for people with disabilities.

22          ASSEMBLYMAN ZEBROWSKI:    Okay, thanks.

23                 The technology service contracts,  
24 there's a part of the budget that authorizes

1 the director of ITS to issue comprehensive  
2 technology service contracts. Could you sort  
3 of talk about how OGS currently procures  
4 technology services, how other agencies  
5 procure that? Do you do that for them? And  
6 what would change as a result of that  
7 proposal?

8 COMMISSIONER DESTITO: So we have  
9 centralized contracts that we put out there,  
10 whether they're our umbrella contracts, our  
11 HBITS contracts, our project-based contracts  
12 -- HBITS being our hourly-based IT services  
13 or project-based IT services. We have  
14 centralized contracts that agencies can use,  
15 ITS can use, our authorized users can use,  
16 which is anybody -- is in a municipality, and  
17 many not-for-profits. So those are our  
18 centralized contracts that we have.

19 The proposal that I have seen that  
20 will give another tool to ITS is to procure  
21 large technology system contracts. And it is  
22 my understanding that this bill is not  
23 intended to replace any OGS contracts. So  
24 our contracts are out there, they're

1 competitive, they're -- you know, we have  
2 transparency.

3           These are for larger contracts.       And  
4 they still may -- ITS may still procure using  
5 the traditional state finance 163 process.  
6 So it's not intended to eliminate any of our  
7 contracts, because our contracts are used by  
8 more than just ITS.

9           ASSEMBLYMAN ZEBROWSKI:    Okay.    Yeah, I  
10 asked that question of the ITS director  
11 yesterday and asked for maybe some follow-up  
12 information from him related to this --

13           COMMISSIONER DESTITO:     We certainly  
14 could also work with -- it was Jeremy  
15 Goldberg; correct?

16           ASSEMBLYMAN ZEBROWSKI:    Yeah, I think  
17 so.

18           COMMISSIONER DESTITO:     We work with  
19 Jeremy quite a bit, and --

20           ASSEMBLYMAN ZEBROWSKI:    Okay.

21           COMMISSIONER DESTITO:     -- and we will  
22 look -- we will look to provide you with any  
23 information that you would like.    And we'd  
24 like to certainly show you what our contracts

1 look like, if there was any time you would  
2 like to see them.

3 ASSEMBLYMAN ZEBROWSKI: Sure. Great.  
4 Great.

5 Just in relation to that sort of  
6 further information, there's like a provision  
7 related to cost increases, and we were sort  
8 of wondering is that a common issue with  
9 technology contracts that we're seeing, so  
10 that we need to change the language in  
11 procurement that I believe there -- there's a  
12 -- in the language it provides a sort of  
13 cancellation procedure for cost increases and  
14 things like that.

15 COMMISSIONER DESTITO: That would be a  
16 new -- that's a new provision, and we'd have  
17 to look at it.

18 ASSEMBLYMAN ZEBROWSKI: Okay. I just  
19 have one more question, Madam Chair, so --

20 COMMISSIONER DESTITO: We do not have  
21 that provision in our contracts.

22 ASSEMBLYMAN ZEBROWSKI: Okay. There's  
23 other people, you can go to them, and then  
24 ...



1 (Discussion off the record.)

2 CHAIRWOMAN KRUEGER: Yes, we have  
3 Senator Borrello.

4 SENATOR BORRELLO: Thank you, Madam  
5 Chairman.

6 COMMISSIONER DESTITO: Hi, Senator.

7 SENATOR BORRELLO: How are you today?

8 COMMISSIONER DESTITO: Good, thank  
9 you.

10 SENATOR BORRELLO: Well, you know,  
11 we've had two and a half hours of the  
12 previous testimony, so we don't want you to  
13 feel left out that you weren't going to be  
14 here long enough, so I'll ask you one more  
15 question.

16 (Laughter.)

17 COMMISSIONER DESTITO: Okay.

18 SENATOR BORRELLO: I do actually have  
19 a serious question.

20 COMMISSIONER DESTITO: Yes.

21 SENATOR BORRELLO: I heard you mention  
22 that part of your project is going to be  
23 dredging 20 navigable waterways, is that  
24 correct?

1           COMMISSIONER DESTITO:     Twenty  
2 navigable waterways on Lake Ontario, yes.

3           SENATOR BORRELLO:     Lake Ontario.

4           COMMISSIONER DESTITO:     Yes.

5           SENATOR BORRELLO:     So, you know, the  
6 concerns with Lake Ontario, the same as Lake  
7 Erie, where I represent, you know, is access.  
8 You have beaches that have virtually  
9 disappeared because of the high water levels.

10                  So how will the dredging impact that?  
11 I guess what I'm asking is, you know,  
12 dredging is something you typically do when  
13 you have low water levels, when you have an  
14 inability for, you know, boats to get in and  
15 out and so forth.     But with the water levels  
16 being at hundred-year highs, how is this  
17 going to be impacted?

18           COMMISSIONER DESTITO:     So I served on  
19 the REDI Commission with several of my  
20 colleagues, and my area was Oswego and Cayuga  
21 Counties.     We worked with the local  
22 governments and the local businesspeople as  
23 well as the local individual homeowners.     And  
24 this was something that was brought up from

1 the people themselves. They made this a high  
2 priority, that the areas along the waterway,  
3 along Lake Ontario, needed dredging. They  
4 feel that it contributed to much of the  
5 flooding.

6 So this was a high priority of theirs,  
7 and OGS is stepping in to oversee the  
8 project. But it was definitely -- it came  
9 from the local governments.

10 SENATOR BORRELLO: And I would agree  
11 with those folks, as someone who has a lot of  
12 experience with flooding. So --

13 COMMISSIONER DESTITO: Senator Helming  
14 was there a lot.

15 SENATOR BORRELLO: Yes, so we can  
16 certainly agree on that.

17 COMMISSIONER DESTITO: Yes.

18 SENATOR BORRELLO: You know, in the  
19 past the difficulties I have seen have been  
20 with coordination between DEC and Army Corps  
21 of Engineers, particularly when it comes to,  
22 you know, flooding. Because they don't agree  
23 with us that these areas that need dredging  
24 are the cause of flooding.

1           In fact, we had a major flood back in  
2   2009 where I live, and they insisted that,  
3   you know, it was ice jam flooding.       And this  
4   actually happened during August.       And I'm not  
5   an engineer or a hydrologist, but I'm certain  
6   it wasn't caused by ice jam flooding in  
7   August.

8           So my concern is, are you going to be  
9   able to get the cooperation to actually get  
10  this done?     Because DEC and Army Corps don't  
11  seem to be on the same page.

12           COMMISSIONER DESTITO:   We are working  
13  very closely.     My design and construction  
14  team is working very closely with DEC and the  
15  Army Corps of Engineers.       The Army Corps of  
16  Engineers was at a meeting with my staff, and  
17  we have put this project together in concert  
18  with them.

19           SENATOR BORRELLO:   Well, I wish you  
20  luck, because it is a lot of bureaucracy  
21  and --

22           COMMISSIONER DESTITO:   Thank you.  
23  It's a lot of work and it's a lot of  
24  coordination, but we are doing it.       Thank

1 you.

2 SENATOR BORRELLO: Thank you.

3 CHAIRWOMAN WEINSTEIN: We go back to  
4 Assemblyman Zebrowski for an additional five  
5 minutes.

6 ASSEMBLYMAN ZEBROWSKI: Thank you,  
7 Chair.

8 COMMISSIONER DESTITO: Thank you,  
9 Assemblyman.

10 ASSEMBLYMAN ZEBROWSKI: One last  
11 question, Commissioner.

12 COMMISSIONER DESTITO: Yes.

13 ASSEMBLYMAN ZEBROWSKI: The Buy  
14 American Act. So Part EEE would make this  
15 permanent. We were just wondering if we  
16 could get a sense of how you believe -- I  
17 think we're a few years into the original  
18 authorization -- how you believe the program  
19 has been going, do you have an estimate on  
20 the number of contracts that have been  
21 required.

22 COMMISSIONER DESTITO: So it doesn't  
23 affect us because it's for roads and bridges.

24 ASSEMBLYMAN ZEBROWSKI: Okay.

1           COMMISSIONER DESTITO:     But I will tell  
2 you, Assemblyman, that we have in fact used  
3 Buy American, the Buy American process.     And  
4 many of our projects where we could use it,  
5 we have used it.     So it is working.

6           ASSEMBLYMAN ZEBROWSKI:     Okay.     Do you  
7 have any idea of how many contracts were  
8 required by the enabling authorization?     I  
9 know that's a specific question, so if you  
10 don't have it, if we could talk later about  
11 it.

12          COMMISSIONER DESTITO:     I'm going to  
13 tell you that I will get you that information  
14 based on my agency alone.

15          ASSEMBLYMAN ZEBROWSKI:     Okay.

16          COMMISSIONER DESTITO:     Okay?

17          ASSEMBLYMAN ZEBROWSKI:     Thank you.  
18 That's it for me.

19          CHAIRWOMAN WEINSTEIN:     We go to  
20 Senator Helming.

21          COMMISSIONER DESTITO:     Senator, thank  
22 you.

23          SENATOR HELMING:     Thank you.     Thank  
24 you, Commissioner.

1           Commissioner, I was just wondering --  
2 first of all, I want to thank you -- {mic  
3 problems}.

4           Commissioner, thank you for being here  
5 today. It's always great to see you. You're  
6 always filled with such enthusiasm and  
7 excitement, and really appreciate that.       And  
8 all of your work with the REDI Commission --  
9 it's great to see the work actually  
10 beginning, so thank you for that.

11           I was just wondering if you could  
12 briefly comment on how the Office of General  
13 Services engages with our veterans.

14           COMMISSIONER DESTITO:    So it's the  
15 Service Disabled Veteran Owned Business.       And  
16 we have five -- the -- vendors in the IT  
17 space, we have the SDVOBs in the IT space,  
18 and we also have certified 700 of the vendors  
19 since the program has been established in  
20 2014.    So we have one of the most robust  
21 service-disabled veteran-owned business  
22 programs in -- probably in the country.

23           And as I stated, we have one of the --  
24 one of our major contracts, one of our major

1 vendors in this space, we just received one  
2 of the largest contracts in the history of  
3 the program. So we are taking it very  
4 seriously. And that's where OGS services  
5 veterans.

6 And in addition to -- we have  
7 memorials on our Empire State Plaza, we have  
8 a lot of different -- we have the museum in  
9 the Judiciary Building. But we -- most  
10 importantly, we do the SDVOB program.

11 SENATOR HELMING: Thank you.

12 COMMISSIONER DESTITO: You're welcome.

13 CHAIRWOMAN KRUEGER: Thank you. You  
14 might have noticed we are hoping to improve  
15 our microphone and speaker system for next  
16 year, so if you have any specialists on staff  
17 for that --

18 COMMISSIONER DESTITO: We do.

19 CHAIRWOMAN KRUEGER: You do.

20 COMMISSIONER DESTITO: We'll be glad  
21 to help you.

22 CHAIRWOMAN KRUEGER: Thank you. Thank  
23 you very much for being here with us today.

24 COMMISSIONER DESTITO: Thank you.



1 Thank you very much for having me. I  
2 appreciate it.

3 CHAIRWOMAN KRUEGER: Appreciate it.

4 CHAIRWOMAN WEINSTEIN: Thank you,  
5 Commissioner.

6 CHAIRWOMAN KRUEGER: Our next  
7 victim -- I'm sorry.

8 (Laughter.)

9 CHAIRWOMAN KRUEGER: Our next guest,  
10 New York State Council on the Arts, Mara  
11 Manus, executive director.

12 NYSCA EXEC. DIR. MANUS: Good  
13 afternoon.

14 CHAIRWOMAN KRUEGER: Good afternoon.

15 NYSCA EXEC. DIR. MANUS: Chairs  
16 Krueger and Weinstein and members of the  
17 committee, thank you for the invitation to  
18 address you today.

19 I am Mara Manus, the executive  
20 director of New York State Council on the  
21 Arts, also known as NYSCA. On behalf of our  
22 chair, Katherine Nicholls, and our council  
23 and staff, we deeply appreciate the Governor  
24 and Legislature's continued support and

1 recognition of NYSCA's role in our state's  
2 thriving arts sector.

3         According to data released in 2019 by  
4 the NEA and the BEA, New York State's arts  
5 sector generated \$120 billion for the state's  
6 economy and employed over 460,000 workers.

7         NYSCA's core focus is grant-making to  
8 nonprofit organizations and artists.         Our  
9 grantees range from small community-based  
10 organizations, like Pendragon Theater in  
11 Saranac Lake, to large institutions such as  
12 the Glimmerglass Music Festival in  
13 Cooperstown.         NYSCA's support reaches all  
14 62 counties.

15         For FY 2020, we awarded \$41 million  
16 to 2500 organizations.         NYSCA has the highest  
17 budget of all state arts agencies in the  
18 nation, and 98 percent of our budget comes  
19 from New York State.

20         Studies show that the arts teach  
21 discipline, focus, cooperation and  
22 creativity, traits that a majority of  
23 employers cite that they seek when hiring.  
24 This year NYSCA expanded our workforce

1 development support to over \$4 million.

2 For the first time, NYSCA also offered  
3 our application on a new portal, the  
4 NYSCA-CFA, to improve the application process  
5 and broaden access.

6 I am pleased to share with you our new  
7 cross-sector partnerships that are  
8 demonstrating the critical role of the arts  
9 in our economy and in the health of people  
10 and places.

11 As we all know, the arts fuel tourism.  
12 In 2019 there were 150 million on-site visits  
13 to NYSCA grantees. For FY 2020 we created a  
14 new Arts Impact category to expand public art  
15 events that draw tens of thousands of  
16 visitors. An upcoming example is Albany  
17 Symphony Orchestra's Trailblaze Music  
18 Festival, which will offer free performances  
19 in May and June connecting the canals and the  
20 Empire State Trail. NYSCA is also working  
21 with Parks to ensure that the arts  
22 destinations will be represented on the new  
23 Empire State Trail website map.

24 In October we worked with I LOVE NY,

1 which is -- they've become a great partner  
2 with us. We also launched a joint arts event  
3 platform reaching 300,000 viewers with a  
4 single submission. And we are also  
5 partnering with Metro-North to create  
6 seasonal promotional materials for cultural  
7 events.

8 We're very excited to be continuing  
9 our partnership with the Department of  
10 Corrections. NYSCA is currently supporting  
11 creative programing in the Hudson and  
12 Adirondack youth facilities and in the Ulster  
13 County Correctional Facility Senior Living  
14 Program. This year programming will expand  
15 to OCFS residential sites.

16 In partnership with NYSOFA, we are  
17 just launching a 12-site creative aging  
18 initiative pilot in the North Country,  
19 Capital Region, and Long Island. The goals  
20 of creative aging are instructional, and the  
21 results are often therapeutic. Researchers  
22 have discovered that the aging brain is far  
23 more pliable than previously believed, and  
24 that structured learning, especially through

1 the arts, can improve cognitive functioning  
2 and reduce social isolation.

3 Thank you again for the opportunity to  
4 share the impact and reach of the arts in  
5 New York State, and NYSCA's role in  
6 supporting the transformative work of our  
7 grantees. Sixty years after NYSCA's  
8 founding, we know that arts and creativity  
9 play a central and catalytic role in every  
10 aspect of our lives, making New York State  
11 healthier, stronger, and creating a future of  
12 opportunity and growth.

13 I now welcome your questions.

14 CHAIRWOMAN KRUEGER: Thank you.  
15 Senator Anna Kaplan.

16 SENATOR KAPLAN: Hello. Thank you for  
17 being here, and thank you for your testimony.

18 Can you give us a number, approximate,  
19 how many grant applications do you anticipate  
20 receiving in 2020? And furthermore, if you  
21 could tell us what percentage of these grant  
22 applications will be awarded. And third, if  
23 you can give us a little bit of breakdown of  
24 the regions that would be beneficiaries of

1 this.

2 NYSICA EXEC. DIR. MANUS: Sure.

3 So we average about 3,000 grants a  
4 year. We do fund the majority of the grants.  
5 That funding ranges by program, so we have 15  
6 programs ranging from museums, arts  
7 education, theater, dance, et cetera, as well  
8 as we participate in the REDC initiative. So  
9 on any given year the amount that we fund  
10 does vary by the program.

11 The next question was --

12 SENATOR KAPLAN: In terms of the  
13 region, would they be based on the regional  
14 economic development, is that how you would  
15 narrow them down? Or --

16 NYSICA EXEC. DIR. MANUS: So all of our  
17 grants are made -- we roughly fund about half  
18 in New York City and about half across the  
19 state.

20 SENATOR KAPLAN: Thank you.

21 NYSICA EXEC. DIR. MANUS: We also  
22 fund -- our funding mechanism is -- should be  
23 in this way. We funded directly about 1100  
24 organizations in the last fiscal year and

1 about 1300 through re-grant programs. So we  
2 have a lot of boots on the ground in local  
3 organizations that understand the local  
4 ecology even better than we do.

5 SENATOR KAPLAN: Thank you.

6 CHAIRWOMAN KRUEGER: Thank you.  
7 Assembly.

8 CHAIRWOMAN WEINSTEIN: Excuse me, I  
9 have one question. Can grants be used for  
10 things like updating or establishing a  
11 website or IT, other kinds of IT purposes?

12 NYSCA EXEC. DIR. MANUS: So our grants  
13 are -- you can either apply for a general  
14 operating support grant or a project grant.  
15 And that covers -- the general operating  
16 support grant covers a wide variety of uses,  
17 yes.

18 CHAIRWOMAN WEINSTEIN: So a general  
19 operating grant could be used for developing  
20 a website and other kinds of IT programs.

21 NYSCA EXEC. DIR. MANUS: Yes. Yes.  
22 We also have a facilities program, and that  
23 does fund equipment, specific kinds of  
24 equipment that may fall under the IT rubric.

1           CHAIRWOMAN WEINSTEIN:       Because the  
2 reason I ask is when a number of us met with  
3 some of the smaller Brooklyn arts groups,  
4 they were saying that this is some of their  
5 greatest needs, that they don't have  
6 expertise in these areas and they need  
7 support for these kind of -- just to get  
8 their technology and websites together.

9           So I'm glad to hear that there is  
10 availability of funds for those kind of  
11 purposes.

12           NYSCA EXEC. DIR. MANUS:       There is.  
13 Also, we are going to be in Brooklyn next  
14 week. We go around the state to talk about  
15 our grant opportunities each year.       And this  
16 year we actually have all programs on a  
17 webinar as well as our tour around the state,  
18 and actually I'm heading to Rochester  
19 tonight.       So it would be Rochester, Troy, and  
20 in New York City we're really looking to  
21 reach new grantees, new applicants, and so  
22 we're -- last week we were in the Bronx, and  
23 next week we'll be in Brooklyn.

24           CHAIRWOMAN KRUEGER:       Thank you.



1 I have a couple of questions, thanks.

2 So according to your testimony the  
3 arts generates \$120 billion for the state's  
4 economy and employs almost 500,000 workers.  
5 So that's an NEA report that we can get  
6 access to?

7 NYS CA EXEC. DIR. MANUS: Yes. That's  
8 a Bureau of Economic Analysis -- I think it's  
9 a collaborative report with the NEA. But  
10 yes, we can also -- yes, it's publicly  
11 available.

12 CHAIRWOMAN KRUEGER: If you could just  
13 send a copy to each of our offices. Because  
14 I think that's very important information --

15 NYS CA EXEC. DIR. MANUS: Sure.

16 CHAIRWOMAN KRUEGER: -- in the context  
17 of the budget and economic development.

18 And then there's also a reference that  
19 the Governor cut \$100,000 out of your budget.  
20 That was two grants, one to the Museum of the  
21 Bronx and one to the Museum of the City of  
22 New York. Is that not correct?

23 NYS CA EXEC. DIR. MANUS: That was a  
24 direct line -- I believe those were -- I have

1 to double-check, but I believe those were  
2 direct line items. I don't think that came  
3 out of our budget.

4 CHAIRWOMAN KRUEGER: Okay. So they  
5 just went -- they were member adds that went  
6 through your budget.

7 Is there any reason to believe those  
8 two organizations wouldn't have been eligible  
9 for this kind of funding?

10 NYSCA EXEC. DIR. MANUS: So it's the  
11 Bronx --

12 CHAIRWOMAN KRUEGER: The Bronx Museum  
13 and the Museum of the City of New York.

14 NYSCA EXEC. DIR. MANUS: So both of  
15 those organizations get ongoing funding from  
16 NYSCA.

17 CHAIRWOMAN KRUEGER: So this would  
18 have been supplemental money awarded through  
19 the Legislature that the Governor cut out.

20 NYSCA EXEC. DIR. MANUS: I believe so,  
21 yes.

22 CHAIRWOMAN KRUEGER: Not necessarily  
23 that you felt that they didn't meet the  
24 qualifications for your funding.

1                   NYSCA EXEC. DIR. MANUS:     Correct.

2     It's very -- it's a little hard to hear  
3     the --

4                   CHAIRWOMAN KRUEGER:        Sorry.     You  
5     didn't believe they don't meet the  
6     qualifications for your funding.

7                   NYSCA EXEC. DIR. MANUS:     No, they  
8     absolutely do.     And I would imagine that both  
9     of those institutions have been getting NYSCA  
10    support for many years.

11                  CHAIRWOMAN KRUEGER:        Okay, thank you.  
12    Thank you very much for your -- oh, excuse  
13    me, one more Assemblymember.

14                  CHAIRWOMAN WEINSTEIN:     Assemblyman  
15    O'Donnell.

16                  ASSEMBLYMAN O'DONNELL:     Good  
17    afternoon.

18                  NYSCA EXEC. DIR. MANUS:     Good  
19    afternoon.

20                  ASSEMBLYMAN O'DONNELL:     I'm glad  
21    you're not testifying at midnight.

22                         So as you know, I have for years  
23    advocated a dramatic increase in funding for  
24    the arts, both through capital programming

1 and through programmatic programming. And  
2 it's a shame to me that we've never really  
3 recovered from the cut to these programs from  
4 years ago.

5 So can I first ask you to talk about  
6 how to improve the process for applying for  
7 that, and what the impact of that is?

8 NYSCA EXEC. DIR. MANUS: Sure. That  
9 would be our regular grants, correct?

10 ASSEMBLYMAN O'DONNELL: Correct, yes.

11 NYSCA EXEC. DIR. MANUS: The regular  
12 application process.

13 So when I came aboard, it was very  
14 clear from the field as well as from our  
15 staff that the application process was a  
16 cumbersome one. It's to be noted that half  
17 of our grantees have budgets under half a  
18 million dollars, so they're working with very  
19 small staff sizes.

20 We have -- I'm very pleased to say  
21 that this last year we were able to offer our  
22 application on a new application portal  
23 called the NYSCA-CFA. We worked with a CFA  
24 team in Albany. And we saw this year, in

1 just one year, a reduction of application  
2 error by 15 percent. So we're pleased and --  
3 we don't even believe, at this point, that  
4 everyone is -- that the field is completely  
5 up-to-date with the fact that we do have an  
6 application portal, but that's something  
7 we're underscoring in our webinars as well as  
8 our information sessions on the road.

9 ASSEMBLYMAN O'DONNELL: There is  
10 significant concern from some of the outside  
11 of New York City members that they don't get  
12 their fair share of arts funding. Can you  
13 explain how you make sure that that happens?

14 NYSCA EXEC. DIR. MANUS: Sure. I do  
15 want to also just add one more point. Well,  
16 I'll wrap into this.

17 So our largest -- as I mentioned, half  
18 of our grants are made to our re-grant  
19 partners, and the decentralization program is  
20 our large re-grant partner. It's about a  
21 \$4 million program. It is administered  
22 through 27 arts councils and centers around  
23 the state. They are really, as I mentioned,  
24 our boots on the ground.

1           And they're responsible not just for  
2     administering a grant program -- which  
3     actually has a much more shorter application,  
4     very short application process -- but also  
5     ensuring the health of the local  
6     organization.     So they work on capacity  
7     building.

8           And part of our criteria for selecting  
9     them is that they not only understand the  
10    local economy and ecologies, but they do have  
11    the ability to support the local and much  
12    smaller organizations.

13           ASSEMBLYMAN O'DONNELL:     I'm going to  
14    try again this year to increase your funding  
15    significantly.     I'm fighting really hard.

16           One year we put money, capital money  
17    into the budget and the Governor kind of  
18    stole it and sent it to EDC.     And when EDC  
19    got it, it created a set of hurdles and rules  
20    about how much money you had to have and how  
21    much money you had to apply for.     And most  
22    specifically, the EDC applications required  
23    that there be 50 percent matching.

24           So can you just describe the money

1 that we give to you for capital, what the  
2 thresholds or what the requirements are for  
3 entities to get that money?

4 NYSCA EXEC. DIR. MANUS: Sure. And,  
5 Assemblyman O'Donnell, do you want me to talk  
6 about both the 2018 as well as the 2019  
7 allocations for capital?

8 ASSEMBLYMAN O'DONNELL: Okay.

9 NYSCA EXEC. DIR. MANUS: Okay. So I  
10 think the question you're asking is about the  
11 match.

12 So we did receive, in 2018 and '19,  
13 about \$30 million of capital between those  
14 two years. The first one was through REDC,  
15 and the second one was split between NYSCA  
16 and REDC.

17 What we found through both of those  
18 years was that while we required a match for  
19 the majority of those grants, that didn't  
20 prove to be a hurdle, especially for smaller  
21 organizations. And I don't -- I can get back  
22 to you with the numbers, but we funded -- I  
23 know that for the midsize opportunity in  
24 2019, I believe that we funded at least 2300

1 organizations that had budgets under a  
2 million dollars. The majority of the capital  
3 went to organizations with budgets under  
4 \$5 million.

5 But I can get you any more detail if  
6 you require.

7 ASSEMBLYMAN O'DONNELL: No, I have  
8 that detail. I actually knew the answer to  
9 the question before I asked it, I just wanted  
10 to get the answer on the record.

11 I want to praise you for your fine  
12 work, and hopefully we can convince the  
13 second floor to increase your budget to do  
14 even better work than you already do, which  
15 will be kind of hard without money.

16 Thank you very much.

17 NYSCA EXEC. DIR. MANUS: Thank you for  
18 having me today.

19 CHAIRWOMAN KRUEGER: I'm going to just  
20 jump to Senator Funke.

21 Senator Funke.

22 SENATOR FUNKE: Thank you, Madam  
23 Chair.

24 Hi.



1 NYSICA EXEC. DIR. MANUS: Hi.

2 SENATOR FUNKE: Thanks for all your  
3 good work.

4 I wanted to bounce off of something  
5 that Assemblyman O'Donnell was talking about.  
6 As you said, arts fuel tourism. And, you  
7 know, the economy in the State of New York  
8 is -- it is what it is. New York City is  
9 doing a heck of a lot better than upstate  
10 New York. So tourism is particularly  
11 important to us.

12 And you said half of the funding that  
13 you get -- which is how much?

14 NYSICA EXEC. DIR. MANUS: Forty-one  
15 million dollars.

16 SENATOR FUNKE: Half of that goes to  
17 New York City, and the rest is spread around  
18 the state.

19 NYSICA EXEC. DIR. MANUS: Yeah, it  
20 varies by year.

21 SENATOR FUNKE: What's that?

22 NYSICA EXEC. DIR. MANUS: It varies by  
23 year.

24 SENATOR FUNKE: It varies by year.

1           NYS CA EXEC. DIR. MANUS:       But within  
2 those parameters, yes.

3           SENATOR FUNKE:    Can you tell me how  
4 Rochester fared in that, the Rochester area?

5           NYS CA EXEC. DIR. MANUS:       I can get you  
6 those numbers.    I don't have them at my  
7 fingertips.

8           SENATOR FUNKE:    Okay.     It's critically  
9 important to upstate New York.       And matching  
10 grants in particular are critically  
11 important, which the Assemblyman alluded to.

12           So the more we can do to increase  
13 funding for you, the better off we are all  
14 going to be in that regard, because Rochester  
15 is a culturally rich area, as you well know.

16           So thanks very much for your hard  
17 work.    But I'd like to know how Rochester  
18 fares, if you can get me those figures.

19           NYS CA EXEC. DIR. MANUS:       Sure.

20           I will add right now that -- I think  
21 you're aware -- the George Eastman Museum got  
22 significant funding from the state and is  
23 undergoing what I think will be a  
24 transformative renovation.       The collection,

1 both the photography and the film, is  
2 globally recognized, and the visitor  
3 experience is less than that. And this  
4 renovation focuses completely on the visitor  
5 experience.

6 And so I think it's going to be a very  
7 exciting time, and that's going to reopen  
8 this summer. So -- and I think it's going to  
9 be a great boon for Rochester.

10 SENATOR FUNKE: Thank you.

11 CHAIRWOMAN WEINSTEIN: Just one  
12 additional question.

13 I know Assemblyman O'Donnell was  
14 talking about trying to increase funding to  
15 where it's getting close to where it's been  
16 in the past. Do you offhand know what was  
17 the highest level of funding we had, compared  
18 to what the current year's budget proposes?

19 NYSCA EXEC. DIR. MANUS: I don't have  
20 those numbers at my fingertips. I know that  
21 for the last few years we have had a steady  
22 state budget.

23 CHAIRWOMAN WEINSTEIN: And if you had  
24 additional funds -- do you get more grant

1 applications than funding that you have  
2 available for those -- grant applications for  
3 groups that would otherwise be qualified  
4 under the criteria but you don't get a grant  
5 but for the fact that there's not sufficient  
6 funding?

7 NYSCA EXEC. DIR. MANUS: I'm sorry, I  
8 can't hear so well --

9 CHAIRWOMAN WEINSTEIN: Do you get more  
10 applications for funding for either operating  
11 or capital than you have resources to be able  
12 to fund those grants?

13 NYSCA EXEC. DIR. MANUS: Yes.

14 CHAIRWOMAN WEINSTEIN: Do you have a  
15 to say no to people who are -- to  
16 organizations that are otherwise eligible for  
17 funds?

18 NYSCA EXEC. DIR. MANUS: I think it's  
19 -- for the most part, we are able to fund  
20 most qualified applications. So that's a  
21 good thing. We do a lot with what we have.  
22 I think the question would be whether we  
23 could give more to the qualified applicants.

24 CHAIRWOMAN WEINSTEIN: Thank you.

1 Senate.

2 CHAIRWOMAN KRUEGER: Thank you very  
3 much for your time today. Appreciate it.

4 NYSICA EXEC. DIR. MANUS: Thank you so  
5 much. Thank you for you having me.

6 CHAIRWOMAN KRUEGER: Thank you. All  
7 right, we are now completing the government  
8 representatives. We will be moving to a  
9 panel, New York Association for the Education  
10 of Young Children and Hand in Hand: The  
11 Domestic Employers Network.

12 And non-government at this point is  
13 five minutes for each person or group. So if  
14 you have two people from a group, you're  
15 still splitting five minutes.

16 And we always highlight that because  
17 we sit here and watch somebody take  
18 4 1/2 minutes and leave their neighbor and  
19 friend with 30 seconds. And we always feel  
20 bad for the second person.

21 Hi. And you are?

22 MS. BERGER: Hi. I'm Ilana Berger  
23 with Hand in Hand.

24 CHAIRWOMAN KRUEGER: Great.

1 MS. BERGER: And I'm alone, so I don't  
2 get to steal my coworker's time.

3 (Laughter.)

4 CHAIRWOMAN KRUEGER: Well, they didn't  
5 show, so too bad on them.

6 MS. BERGER: And I'm sorry she's not  
7 here.

8 CHAIRWOMAN KRUEGER: And just  
9 double-checking, the New York Association for  
10 the Education of Young Children is not here?  
11 Okay.

12 So hello, you get the whole five  
13 minutes for yourself.

14 MS. BERGER: All right. Hi. Thank  
15 you so much for the opportunity to testify.  
16 My name is Ilana Berger. I'm the New York  
17 director of Hand in Hand --

18 CHAIRWOMAN KRUEGER: Can you speak  
19 into the mic a little more?

20 MS. BERGER: Yeah. Is that better?  
21 Yeah? Okay, great.

22 Ilana Berger, New York director of  
23 hand in Hand: The Domestic Employers  
24 Network. We're a sister organization to the

1 National Domestic Workers Alliance. We work  
2 with people who employ nannies, house  
3 cleaners, and home-care workers.

4 Here in New York specifically, we're  
5 working with seniors and people with  
6 disabilities across the state who employ  
7 home-care workers, working for rights for  
8 employers and workers. And we are a  
9 co-convener of the New York Caring Majority,  
10 which is a campaign made up of all of the  
11 statewide organizations representing seniors,  
12 people with disabilities, family caregivers,  
13 and direct care workers, working for  
14 affordability for long-term-care services and  
15 supports and dealing with the home-care  
16 workforce crisis -- shortage.

17 So I'm going to start by just talking  
18 about some demographics. There's a lot of  
19 numbers in the testimony that I submitted, so  
20 I'm going to try to stick to the sexiest,  
21 most exciting numbers for you in my  
22 testimony, essentially just to say that as  
23 most of you probably know, we are in a huge  
24 aging boom in our state. Many people call it

1 the "silver tsunami." Our population is  
2 aging rapidly, and people are living longer.

3 So according to the Cornell Program on  
4 Applied Demographics, between 2015 and 2040,  
5 our overall state population will grow about  
6 1.3 percent, but the number of adults who are  
7 65 and over will increase by 50 percent, and  
8 the number of adults over 85 will double. At  
9 the same time the number of working-age  
10 adults for every adult over 85 will drop from  
11 28 to 14. So that's a lot less people to  
12 care for our aging loved ones.

13 So people are also living longer, and  
14 most choose to live and age in dignity in  
15 their own homes and communities. It's a  
16 great opportunity for us to live in vibrant  
17 intergenerational communities. It's also  
18 cheaper than institutionalization.

19 While we think we might be able to age  
20 gracefully and independently, the reality is  
21 70 percent of people over 65 will need home  
22 care at some point in their lives. Despite,  
23 though, the growing need for home care, there  
24 is already a workforce shortage in the state,



1 particularly in upstate parts of New York.

2           So according to PHI, between 2016 and  
3 2026, if you count demographics and the high  
4 turnover in home care, we're going to have  
5 750,000 job openings in home care in New York  
6 State -- 750,000.

7           Despite the importance of this work,  
8 the average median wage for home-care workers  
9 in New York is \$19,000 a year. And if you  
10 combine that with no benefits, real  
11 challenges in transportation, particularly  
12 upstate, uneven and erratic scheduling and a  
13 lack of benefits, it is very hard to recruit  
14 the workers we need to fill this workforce.

15           Despite this, and because of this,  
16 home care and consumer-directed personal  
17 assistance are driving local economies across  
18 New York and creating jobs in every corner of  
19 the state. You want to talk about economic  
20 development and jobs? Look at home care.  
21 Employment in the healthcare sector is  
22 expected to grow faster than employment in  
23 any other sector in New York between 2016 and  
24 2026, with home healthcare being the highest

1 level of job growth.

2 Even the Governor, who is going after  
3 consumer-directed personal assistance and  
4 Medicaid-funded home care, had to admit in  
5 his budget address, when he quoted a Daily  
6 News editorial, that the Medicaid-funded  
7 personal care industry added 36,000 new jobs  
8 in the first nine months of 2019, making up  
9 75 percent of citywide private-sector job  
10 growth over this period.

11 So he used it to denigrate the sector,  
12 but I just want to say I urge you to see the  
13 growth in the home-care sector as a possible  
14 development for our state. It has the  
15 potential to lift community members out of  
16 poverty while creating a care infrastructure  
17 that allows all New Yorkers to stay in the  
18 state for the duration of their lives.

19 At Hand in Hand, we believe if we're  
20 talking about economic development and the  
21 model here about investing in private  
22 companies to create new jobs, let's actually  
23 look at investing and making the jobs that  
24 are growing the fastest in this state quality

1 jobs.

2           One, we believe that's actually going  
3 to save the state money by better health  
4 outcomes and low-wage workers having more  
5 money to spend in their local economies.

6           Two, it's a huge contributor to racial  
7 equity. The home-care workforce is majority  
8 women of color, and if we can lift the wages  
9 up and the floor for women of color workers  
10 in this state, we are benefiting all of our  
11 communities.

12           And third, I just want to say New York  
13 is the only state in the country to be given  
14 an "Age Friendly" designation by the World  
15 Health Organization and AARP. If we really  
16 want to live up to that and invest in a  
17 robust care infrastructure, we're going to be  
18 creating a competitive advantage where young  
19 families can come to this state to work,  
20 knowing they will not have to interrupt their  
21 careers to care for aging parents.

22           So we have three recommendations in  
23 this year's budget. One is to put aside  
24 \$15 million -- \$5 million a year for three

1 years -- for the Home Care Jobs Innovation  
2 Fund that will allow us to invest in pilot  
3 projects around the state to create  
4 innovative solutions to the workforce  
5 shortage.

6 We also ask for REDC money to be set  
7 aside specifically for home-care investments  
8 and that the Workforce Development Initiative  
9 set aside \$50 million of its \$175 million to  
10 invest in the home-care workforce.

11 Thank you for taking the time to  
12 listen.

13 CHAIRWOMAN KRUEGER: Thank you.

14 Any Senators have questions?

15 I just want to thank you for your  
16 testimony. I think you bring up an important  
17 point that the service jobs for healthcare  
18 and home care and other categories are real  
19 jobs with real economics behind them. And I  
20 don't think we talk about those kinds of jobs  
21 as economic development activity. So  
22 appreciate your testimony.

23 MS. BERGER: Thank you. Obviously  
24 they do create a better economic climate,

1 care jobs with childcare and home care. If  
2 we're able to create a place where people can  
3 stay in the state for the duration of their  
4 lives, it's contributing to our economy. So  
5 thank you.

6 CHAIRWOMAN KRUEGER: Thank you very  
7 much.

8 Next, New York State Economic  
9 Development Council, Ryan Silva, executive  
10 director.

11 I know the protestors are outside, but  
12 they really still want to be at the next  
13 hearing, so they might want to get lunch.

14 (Laughter.)

15 MR. SILVA: Thank you, Senator.

16 I appreciate the opportunity to be  
17 here and speak today. I will make sure that  
18 I keep my time within the five-minute time  
19 frame --

20 CHAIRWOMAN WEINSTEIN: We have a  
21 panel, though, right, with --

22 CHAIRWOMAN KRUEGER: No, that's  
23 afterwards.

24 CHAIRWOMAN WEINSTEIN: I think Brian

1 Sampson.

2 CHAIRWOMAN KRUEGER: Oh, I'm so sorry.  
3 We did combine someone with you, with your  
4 agreement. Brian Sampson, Associated  
5 Builders and Contractors.

6 MR. SILVA: Brian did tell me I could  
7 still have my five minutes, though.

8 (Laughter.)

9 MR. SILVA: No, I'm just kidding.

10 CHAIRWOMAN KRUEGER: No, no, you each  
11 get your five minutes.

12 MR. SILVA: I appreciate it. Thank  
13 you, Senator.

14 CHAIRWOMAN KRUEGER: And I'm sorry, I  
15 forgot that --

16 MR. SILVA: Yeah, no problem.

17 CHAIRWOMAN KRUEGER: -- we had circled  
18 and arrowed. Okay.

19 MR. SILVA: I may begin?

20 CHAIRWOMAN KRUEGER: Yes.

21 MR. SILVA: Thank you so much,  
22 Senator.

23 And I appreciate the opportunity to be  
24 here on behalf of the New York State Economic

1 Development Council. We're a private  
2 membership organization representing a  
3 thousand organizations across New York State.  
4 We focus on advocacy, education and policy  
5 development.

6 Many of the things that we prioritize  
7 have already been really discussed here  
8 today, so I won't dive into a lot of the  
9 specific details that have already been  
10 talked about. However, we do remain  
11 concerned about upstate lagging behind  
12 downstate when it comes to job growth as well  
13 as population increases and deadlines.

14 It is exciting to see cities like  
15 Buffalo, Rochester, Syracuse, Utica seeing  
16 investment in downtown, starting to see  
17 millennials move back into those communities.  
18 We want to see that continue. But we do  
19 remain very concerned that other parts of  
20 upstate are seeing a rapid decline in  
21 population, which only further erodes our tax  
22 base and our influence in Washington, D.C.

23 Much of that is exacerbated really by  
24 the fact that New York State gets back less

1 than any other state does from the federal  
2 tax dollars we send there. According to a  
3 Rockefeller Institute for Government study  
4 and the OSC, \$116 billion was sent to the  
5 federal government over the last four years  
6 that New York State taxpayers did not get  
7 back.

8 In essence, this means that New York  
9 State subsidizes other states that, in turn,  
10 boast better economic and business climates  
11 than we have because they can keep their tax  
12 bases low. In turn, we're also now relying  
13 on higher state and local taxes to offset  
14 that deficit and make sure that we're keeping  
15 the commitments we at the local and state  
16 level have made.

17 The long term of this trend is just  
18 going to be disastrous and catastrophic for  
19 the state's economy, and we need to be  
20 mindful of any additional burden, both  
21 regulatory and financial, that is placed on  
22 our economy.

23 Therefore, we do continue to remain  
24 opposed to any expansion of prevailing wage



1 mandates to privately funded and supported  
2 projects in New York State. We will be  
3 sharing more detailed information. We're in  
4 the process of conducting a study to just  
5 show the economic impacts that exist by  
6 expanding this mandate. However, we've seen  
7 what happens when this is applied at the  
8 local level with projects just ceasing to  
9 happen. It happened in the City of Yonkers  
10 and it happened in Ulster County when  
11 prevailing wage mandates were applied to  
12 those communities.

13 However, we also do believe that  
14 economic development means more than just how  
15 many jobs you create per tax dollar spent,  
16 and it's more than just tax revenue. It's  
17 growing a successful economy, and it means  
18 investing in people, it means investing in  
19 place making, and it means investing in  
20 progress.

21 We have a relatively low unemployment  
22 rate, but we need to invest in communities to  
23 help improve quality of life. This requires  
24 public, private, academic, and nonprofit

1 organizations working and investing together.

2 Investing in training our workforce is  
3 essential for the jobs of tomorrow. I know  
4 there's going to be a whole panel discussion  
5 on that. We at the EDC firmly believe that  
6 the state should continue to invest in  
7 workforce, invest in skills, and invest in  
8 training. And in fact, many of our members  
9 would like to help be a part of that.

10 Investing in infrastructure and  
11 transportation is also vital to building  
12 sustaining, livable communities. In the  
13 absence of a long-awaited federal  
14 infrastructure bill, we need to lead by  
15 investing in water, sewers, roads, bridges,  
16 high-speed fiber and rail.

17 So with that, these are some of the  
18 things included in the Governor's budget  
19 proposal that we would continue to support:  
20 Funding of the REDCs, the Downtown  
21 Revitalization Initiative, the \$3 billion  
22 "Restore Mother Nature" Bond Act,  
23 \$100 million in Green Bank financing. We do  
24 like the Upstate Airport Economic Development

1 and Revitalization competition for the  
2 airports, and also the expansion of the  
3 \$175 million Workforce Initiative.

4 We also do support the Governor's  
5 small business tax cut, and we would  
6 encourage the Legislature to look at ways to  
7 expand on it and support it.

8 Additionally, there are several policy  
9 proposals that we believe are important to  
10 success across the state. Those include a  
11 statutory change allowing IDAs funds to be  
12 invested in local economies, like workforce  
13 training, land banks, and small businesses.  
14 A shovel-ready funding to create shovel-ready  
15 sites to attract large-scale economic  
16 development. We support a video game tax  
17 credit, which is a growing industry here in  
18 New York.

19 We support continued funding for the  
20 Centers for Advanced Technology and the  
21 Centers of Excellence. We support the  
22 RESTORE NY program, which is a very popular  
23 program for a number of years. And one other  
24 area we really see an opportunity is

1 investing in cybersecurity and homeland  
2 security technologies, which would include a  
3 state-sponsored technology test bed and a  
4 virtual apprenticeship program.

5 Thank you very much for the  
6 opportunity to provide some testimony, and I  
7 would welcome your questions.

8 CHAIRWOMAN KRUEGER: Thank you.

9 Hi.

10 MR. SAMPSON: Hi. Good afternoon.

11 Appreciate the opportunity to be here today.

12 My name is Brian Sampson. I'm  
13 president of Associated Builders and  
14 Contractors of New York State. We represent  
15 over 400 construction companies from Buffalo  
16 out to the eastern tip of Long Island. Our  
17 primary objective is to help --

18 CHAIRWOMAN KRUEGER: Pull the  
19 microphone a little closer.

20 MR. SAMPSON: I can. Is that better?  
21 Okay.

22 So our primary objective is to help  
23 our members compete and win work in the State  
24 of New York. And they wish to do that on the

1 merit of the bid, not based on any undue  
2 influence or, if you will, a finger on the  
3 scale one way or the other.

4 We're here to testify because we have  
5 some significant concerns about the expansion  
6 of prevailing wage to private work. It was  
7 an issue that's been debated hotly over the  
8 last few years, last year in particular. And  
9 as it relates to prevailing wage, one of the  
10 concerns that we have right now is the State  
11 of New York does not enforce its own  
12 prevailing wage laws as they exist on the  
13 books right now.

14 New York State says in order to  
15 negotiate prevailing wage, you have to  
16 represent 30 percent of the workforce. But  
17 by all measurable standards, organized labor  
18 does not represent 30 percent of the  
19 construction industry overall. They do  
20 represent -- in certain trades, in certain  
21 regions, they do have that 30 percent, are  
22 entitled to negotiate that prevailing wage.  
23 But by the vast majority of the State of  
24 New York, they do not.

1           So before we expand prevailing wage, I  
2 think one thing we would like the state to do  
3 is actually enforce the law that's already on  
4 the books and how it calculates and  
5 determines what prevailing wage is.

6           We also are a big fan of the 421-a  
7 program in New York City. We believe it has  
8 done a great deal of good for the boroughs in  
9 helping development and helping affordable  
10 housing there. That is a local decision  
11 that's based on local leadership.

12           The same programs exist throughout the  
13 state. They're not 421-a, but they are PILOT  
14 programs, payment in lieu of taxes. They are  
15 local decisions that are to be determined by  
16 people that represent the local community.

17           So our question is if 421-a is going  
18 to be excluded from the expansion of  
19 prevailing wage to private work, why would  
20 you also not include PILOT programs as well?  
21 They do the same thing, they allow for local  
22 decision-making. If New York City will be  
23 allowed and should be allowed to determine  
24 its economic future, so too should upstate

1 and Long Island.

2           The other thing -- a couple of other  
3 things that we would like to talk about is,  
4 you know, expanding prevailing wage to  
5 private work.       I think there's a  
6 misunderstanding of the collateral damage  
7 that may exist.

8           When you look at the construction  
9 for -- the construction workforce project,  
10 they take turnstile data from large  
11 construction projects down in New York City.  
12 And what it shows is that more than 90  
13 percent of the people that are working on  
14 those private jobs in New York City -- and  
15 80 percent of the private work in New York  
16 City right now is being done in an open shop  
17 environment -- 90 percent of that workforce  
18 is minority, and over 95 percent of it comes  
19 from the five boroughs.

20           That's the people that will be  
21 impacted under this -- they'll be the  
22 collateral damage that exists in this program  
23 should this go.

24           The other part of it is that the

1 contractors that choose to do that work, they  
2 are some of the fastest growing and safest  
3 contractors in the State of New York. We do  
4 a survey of our members, and we collect their  
5 OSHA information and their OSHA data, and  
6 what it shows is as it relates to total  
7 reportable incident rates, they are  
8 460 percent safer than the construction  
9 industry at large. And as it relates to days  
10 away from work, they're over 500 percent  
11 safer.

12 So the very people that are employing  
13 the vast majority of the minority workers in  
14 the State of New York are the safest  
15 contractors. And expanding prevailing wage  
16 to that private work will impact them and  
17 their workforce.

18 Our final point is this. The  
19 Governor's proposal asks to create a wage  
20 subsidy board. There's nothing that could be  
21 a worse idea as it relates to the  
22 construction industry. Construction, much  
23 like every other industry in the State of  
24 New York, wants predictability. It wants the



1 elected body -- you -- to be the determining  
2 factor of what is considered construction  
3 work and what those thresholds should be.

4 It should not be an independent,  
5 unelected 11-person panel that's going to  
6 determine which projects get captured, which  
7 projects don't, what those thresholds will be  
8 in the future, what they may not be. We  
9 would like the legislative body to continue  
10 to be the elected body that makes those  
11 decisions.

12 And with that, we are concerned about  
13 that expansion of the prevailing wage, we're  
14 opposed to it, and would welcome any  
15 questions you may have.

16 CHAIRWOMAN KRUEGER: Thank you.

17 Senator Kaplan.

18 SENATOR KAPLAN: I'm good. Thank you.

19 CHAIRWOMAN KRUEGER: Okay. Any other  
20 Senators? Senator Borrello. Sorry, then  
21 Assembly, then I'll come back to the Senator.

22 SENATOR BORRELLO: My turn? Okay,  
23 thank you. Thank you, Madam Chairman.

24 And thank you both for being here.

1 MR. SAMPSON: Thank you, Senator.

2 SENATOR BORRELLO: I do have a  
3 question. And again, I'm privileged to serve  
4 on the Western New York REDC board -- as a  
5 county executive, and I continue now as a  
6 Senator. So -- and I do believe that the  
7 work that is done is valuable.

8 My concern is, though, with the  
9 prevailing wage. I go back to a study that I  
10 read by the Center for Government Research  
11 that said that the prevailing wage can add  
12 20 percent or more to the cost of a project.  
13 So if you're talking about this 30 percent  
14 threshold that's already tenuous to begin  
15 with, that essentially we're giving the state  
16 incentives almost entirely to cover the cost  
17 of prevailing wage that it adds to a project.  
18 That's number one.

19 But more importantly is that you have  
20 this subsidy board -- an earlier question was  
21 asked of the 11 members that are all  
22 appointed by the Governor, who is on the  
23 board, and only seven of the 11 could  
24 actually be identified.

1           But more importantly, that board could  
2 change that 30 percent threshold.           Which I  
3 think is troublesome, because that's going to  
4 create an issue where now we're going to  
5 jeopardize projects based on the fact that  
6 this board, unelected, and in some cases  
7 unknown members, are going to decide whether  
8 or not these projects are going to qualify  
9 for these subsidies that are critical to  
10 overcoming and leveling the playing field  
11 when it comes to economic development in  
12 New York State.

13           So my question is, how do you control  
14 that and not basically throw the baby out  
15 with the bathwater?

16           MR. SAMPSON:           So it's a great  
17 question, Senator.           We appreciate it.

18           The board as constructed in the  
19 Governor's bill we don't think should exist.  
20 It's not right -- we need predictability.  
21 Banks need it, insurance agents need it,  
22 bonding agents need it, contractors need it,  
23 employers need it.           They need that  
24 predictability.

1           If you don't have that, what you will  
2 do is you will suppress economic development  
3 in the State of New York because of  
4 unpredictability.

5           If something is going to get done, and  
6 if there's a group that's going to determine  
7 it, it should be an independent body, much  
8 like the legislature, that makes those  
9 determinations.       Without predictability,  
10 you're not going to see economic development  
11 in upstate New York and Long Island.

12           SENATOR BORRELLO:       Yeah, and I agree.  
13 As a business owner myself, we're willing to  
14 take risks, but we're not willing to take  
15 unpredictable risks.       And that's what happens  
16 in New York State with this situation,  
17 correct?

18           MR. SAMPSON:       Absolutely correct.

19           MR. SILVA:       I would just add that the  
20 20 percent number from the CGR study was  
21 based on Western New York.       When you actually  
22 take a broader step back, it varies from  
23 region to region.

24           I mean, we've talked about how there's

1 10 different regional economies for the last  
2 decade. New York City is different than Long  
3 Island, different than the North Country,  
4 different than Western New York. Other parts  
5 of the state, that cost increase is upwards  
6 of 40 percent. So increasing costs by  
7 40 percent will more than likely cause a lot  
8 of projects just not to happen --

9 SENATOR BORRELLO: So 20 percent is  
10 low --

11 MR. SILVA: -- for some regions.

12 I believe you are correct, in  
13 Western New York it's 20 percent, based on  
14 that study.

15 SENATOR BORRELLO: Well, thank you for  
16 that. The challenges continue with trying to  
17 level the playing field in New York State.  
18 Thank you.

19 MR. SAMPSON: Thank you, Senator.

20 CHAIRWOMAN KRUEGER: Thank you.

21 Assembly? Anyone? Assemblywoman  
22 Hyndman.

23 ASSEMBLYWOMAN HYNDMAN: Thank you,  
24 Senator.

1           Mr. Sampson, thank you.     You said two  
2 things.     You said that your membership -- how  
3 many members do you have in your --

4           MR. SAMPSON:     We represent over 400  
5 members across the state.

6           ASSEMBLYWOMAN HYNDMAN:     Four hundred  
7 members.     And you said most of your members  
8 have employees that come from the five  
9 boroughs.     Do you have numbers that show  
10 that?

11          MR. SAMPSON:     So there's a -- there's  
12 graphs in our testimony from the Construction  
13 Workforce Project that demonstrates and shows  
14 the demographics of the people on those  
15 worksites.

16          ASSEMBLYWOMAN HYNDMAN:     So this is  
17 all -- your members represent nonunion labor?

18          MR. SAMPSON:     So predominantly  
19 nonunion labor, yes.

20          ASSEMBLYWOMAN HYNDMAN:     Okay.     All  
21 right.     And you don't know how long they  
22 remain on these job sites?     Like this number  
23 is from how many years?

24          MR. SAMPSON:     So this is a current

1 snapshot of about 134 projects.

2 ASSEMBLYWOMAN HYNDMAN: One hundred  
3 thirty-four projects going on right now in  
4 New York City.

5 MR. SAMPSON: Correct.

6 ASSEMBLYWOMAN HYNDMAN: Your members  
7 employ thousands of MWBEs, you said, or  
8 companies?

9 MR. SAMPSON: So -- so if you look at  
10 those graphs, what they'll show is that over  
11 90 percent of the workforce is either black  
12 or Hispanic on those 134 projects.

13 ASSEMBLYWOMAN HYNDMAN: So you break  
14 this down by women and then you break it down  
15 also by black or Latino and Asian.

16 MR. SAMPSON: Yes. The turnstiles  
17 that they utilize -- so when you go onto the  
18 construction site, you have to use your  
19 finger to get onto the construction site and  
20 it tracks that information.

21 ASSEMBLYWOMAN HYNDMAN: Oh, you do?  
22 Okay. All right, thank you.

23 CHAIRWOMAN KRUEGER: Okay, thank you.  
24 Senator Diane Savino.

1           SENATOR SAVINO:    Thank you,  
2    Senator Krueger.

3           So I'm going to follow up on my  
4    colleague in the Assembly's question line.  
5    So let's go back.    The prevailing wage law,  
6    as you know, dates back to 1934.    It was  
7    adopted at one of the rare constitutional  
8    conventions that we've ever had in this  
9    state, and in fact it was overwhelmingly  
10   voted on by the people because there was a  
11   belief that government money going to private  
12   employers should have some requirements on  
13   it, one of them being the prevailing wage, so  
14   that we are not driving down people into  
15   poverty.

16           But you made a couple of points.            You  
17   said that your members are largely minority  
18   contractors who represent minority  
19   construction workers.    Insinuating that the  
20   union contractors and/or those who are under  
21   the prevailing wage somehow don't have any  
22   minority workers.

23           I would suggest that you take a look  
24   at today's building trades.    They are



1 overwhelmingly minority. Now they reflect  
2 the -- in many respects, the immigrant  
3 workforce.

4 But even if I accepted your assertion  
5 that in fact they are minority contractors  
6 with minority workers, are you suggesting  
7 that minority workers in these minority  
8 contractors should earn less than their white  
9 counterparts in the unionized trades?

10 MR. SAMPSON: Absolutely not.

11 SENATOR SAVINO: Because that's what  
12 you would be doing by rejecting the  
13 prevailing wage.

14 MR. SAMPSON: Let me clarify. Our 400  
15 contractors, what we're talking about is when  
16 we look at their workforce and that turnstile  
17 data, that's what the data tells us, that  
18 they are employing -- more than 90 percent of  
19 the workforce is black and Hispanic in New  
20 York City.

21 SENATOR SAVINO: And they should earn  
22 more money.

23 MR. SAMPSON: And I don't think  
24 anybody is disagreeing with that. The

1 question that has to be answered is what will  
2 the impact of expanding prevailing wage have  
3 on private work.

4           We believe, based on examples in  
5 Yonkers, in Ulster, in other parts of the  
6 country, when you expand prevailing wage to  
7 private work, you stifle that opportunity to  
8 create that growth.    If you're going to ask  
9 me to pay 20 to 30 to 40 percent more, right,  
10 to get my incentive, I'm simply not going to  
11 do it.    Again --

12           SENATOR SAVINO:   With all due respect,  
13 Mr. Sampson, you don't have to apply for the  
14 incentives.    If it's so burdensome or the  
15 cost is too high, which is going to eat into  
16 your profit -- and I get that.    I understand  
17 that.    Nobody wants to pay for things that  
18 they don't have to pay.

19           But it's public money.    We're not  
20 talking about in everything.    You have the  
21 right to decide whether or not you want to  
22 negotiate with the building trades or not.  
23 That's perfectly within your rights.    But if  
24 you're going to use our money, we have --

1 there's a public interest, an interest on the  
2 part of the state, to see to it that money  
3 does not go into salaries that are below the  
4 prevailing rate. It's very simple.

5 So we're saying if it's burdensome,  
6 don't apply for the incentives. But if  
7 you're going to apply for the incentives, you  
8 should be held to the same standard that the  
9 voters in 1934 said, overwhelmingly, when  
10 they adopted the prevailing wage law.

11 MR. SAMPSON: And we wouldn't disagree  
12 with you. What we would say, though, is we  
13 have to put so many incentives on the market  
14 to incentivize job growth and job retention  
15 because New York State is incredibly  
16 expensive.

17 I think the other thing we would say  
18 is if prevailing wage was adopted -- and it  
19 was, through a convention -- then let's have  
20 the state actually follow the law that it  
21 adopted and say if you represent 30 percent  
22 of the market, you can negotiate the  
23 prevailing wage. But if you don't, you  
24 shouldn't.

1           SENATOR SAVINO:     That's fair.  
2     Obviously the prevailing wage law has been  
3     watered down over the years through a series  
4     of regulations and judicial decisions, and  
5     that's what the definition of prevailing rate  
6     is trying to correct, so that we can go back  
7     to the restoration of what the original  
8     intent of the law was.

9           Thank you.

10          MR. SAMPSON:     Sure.     Thank you.

11          SENATOR SAVINO:     Other than that, fine  
12     testimony.     I loved it all.

13          (Laughter.)

14          MR. SAMPSON:     Thank you.

15          CHAIRWOMAN KRUEGER:     All right.     I  
16     think there were not other Assembly, but --  
17     Senator Helming.

18          SENATOR HELMING:     Thank you,  
19     Senator Krueger.

20          (Mic off.)

21          SENATOR HELMING:     Stop the clock.

22          (Laughter.)

23          SENATOR HELMING:     Testing, one, two,  
24     three.

1           Ryan, Brian, thank you both for being  
2 here and for your testimony today.    I really  
3 appreciate it.

4           MR. SAMPSON:     Thank you.

5           SENATOR HELMING:   Brian, you touched  
6 on how there are so many pieces -- everything  
7 from infrastructure needs to workforce  
8 development -- that impact economic  
9 development in our state.     So I was glad to  
10 hear your comments; I think they mimicked  
11 what I opened up with earlier this morning.

12           But Brian, I wanted to touch a little  
13 bit about -- are you aware of the Governor's  
14 proposed cuts to the BOCES reimbursements?  
15 For me, BOCES programs do a wonderful job.  
16 They construct, if you will, this pipeline of  
17 workforce-ready folks in the construction  
18 trades, in all of our trades areas.   So the  
19 Governor has proposed a cut of just over  
20 \$1 billion.   Do you have any thoughts on  
21 this?

22           MR. SAMPSON:     So we're very supportive  
23 of the BOCES program.     We deliver curriculum  
24 here, an NCCR curriculum, State Ed, DOL, DOB

1 approved. And we probably administer that  
2 for about 40 BOCES across the state. So any  
3 cut to the BOCES is going to have a dramatic  
4 impact on the construction industry. I think  
5 by and large both union and nonunion  
6 contractors are getting a good majority of  
7 their employees out of the BOCES.

8 SENATOR HELMING: Thank you.

9 MR. SILVA: I would just add that  
10 based on my own personal experience working  
11 with the Capital Region BOCES and the Questar  
12 BOCES here, they do phenomenal work. We  
13 should be supporting our BOCES programs as  
14 much as humanly possible.

15 In fact, a partnership over 15 years  
16 ago between those two led to the Tech Valley  
17 High School which was created in the Capital  
18 Region, which was one of the first  
19 skills-based learning institutions that  
20 really is working on those next generation of  
21 skills. That's really a tremendous model  
22 that we think could be replicated and  
23 variations of it are being replicated in  
24 Monroe County, down in New York City with

1 Per Scholas, and out in the Buffalo area with  
2 Northland.

3 So we think any time that you're  
4 investing in trades and skills is a good  
5 thing and should continue.

6 SENATOR HELMING: Thank you.

7 CHAIRWOMAN WEINSTEIN: Thank you.

8 That's all the questions we have.

9 MR. SAMPSON: Thank you very much.

10 CHAIRWOMAN WEINSTEIN: So the next  
11 panel is The Business Council of New York  
12 State, Ken Pokalsky, and The Business Council  
13 of Westchester, John Ravitz.

14 And as they come to the table, the  
15 next few witnesses after this will be the  
16 New York Association of Training and  
17 Employment Professionals, followed by  
18 New York Cannabis Growers and Processors  
19 Association.

20 Feel free to begin, gentlemen.

21 CHAIRWOMAN KRUEGER: Good afternoon.

22 MR. RAVITZ: Good afternoon. And just  
23 to be clear, do we get two and a half minutes  
24 each or five?

1           CHAIRWOMAN KRUEGER:     Five.

2           MR. RAVITZ:     Great.     So I'll try not  
3 to talk too fast.

4           Senator Krueger, Assemblywoman  
5 Weinstein, members of the State Legislature,  
6 thank you for giving me the opportunity to  
7 participate in today's hearing.     My name is  
8 John Ravitz. I'm the executive vice president  
9 and chief operating officer for The Business  
10 Council of Westchester.     We're the county's  
11 only business membership organization  
12 focusing on economic development and advocacy  
13 on behalf of the business community.     We have  
14 over a thousand members ranging from the  
15 multi-international companies that call  
16 Westchester home to all the hospitals and  
17 universities, the biotech pioneers that are  
18 leading the charge around the world in their  
19 field, to professional service firms,  
20 mid-sized and small businesses.

21           And we have 138 non-for-profits as  
22 members.     And our role for non-for-profits is  
23 to remind folks that non-for-profits are  
24 economic engines.     They create jobs, they



1 bring in revenue as well as delivering the  
2 essential services.

3 I want to touch on two points, one  
4 you've already heard about today. But since  
5 I'm here in front of you, one of our main  
6 goals in our legislative agenda that we put  
7 out each year -- and each of you will be  
8 getting a copy of that next week -- is the  
9 issue of accelerating the full gaming license  
10 for Empire City Casino in Yonkers, New York.

11 Empire City Casino is a proven winner.  
12 It already employs 1,200 folks on a daily  
13 basis. It continues to bring in money for  
14 the City of Yonkers, the county, as well as  
15 the state in terms of education dollars.

16 The potential that we see at Yonkers  
17 Empire City with a full gaming license is  
18 going to be an incubator for workforce  
19 development for decades and decades to come.  
20 The new jobs that would be created, the new  
21 opportunities that would be created in  
22 different areas -- not just gaming, but in  
23 hospitality and in security and in IT -- is  
24 mind-boggling.

1           So as you continue to negotiate the  
2 budget, we hope that you will look at that as  
3 well, as something that is really imperative  
4 that gets done this year and that will bring  
5 in revenue to New York State, which we know  
6 we all need.

7           Prevailing wage.     We have been engaged  
8 in this issue for many years.   We have raised  
9 our concerns, you'll see it in my testimony.  
10 There are just a few things I would like to  
11 put on the table today.

12           We're representing a coalition of  
13 developers in Westchester County that really  
14 have brought a renaissance to some of our  
15 urban areas.   The exciting projects that are  
16 now happening in Mount Vernon, in  
17 New Rochelle, in Yonkers, in Peekskill --  
18 those are all projects that, again, are going  
19 to have positive ramifications for decades  
20 and decades.   It's going to bring in new  
21 revenue, it's going to create new jobs, it's  
22 going to bring in a sense of real community  
23 economic development that we haven't seen  
24 before.

1           And so we're asking you to be very,  
2 very conscious of some of the concerns that  
3 you've heard today and will hear later on  
4 about what the negative impact could be for  
5 prevailing wage. We can't afford to turn  
6 down developers who want to invest in these  
7 communities by telling them that their jobs  
8 and their projects could be a 30 to  
9 50 percent increase in cost. It just won't  
10 work. It's just not realistic. They will  
11 not do what we want them to do.

12           And then who suffers at the end? The  
13 construction jobs that could be created, the  
14 other related businesses in those communities  
15 that would definitely benefit from these new  
16 developments, and the county and the state as  
17 a whole.

18           Three points I'll raise, and then I'll  
19 end.

20           Our developers have a very good  
21 working relationship with our local unions.  
22 They meet with them on a regular basis.  
23 They've made it a priority to have a strong  
24 line of communications and offer for them to

1 bid on those projects that are happening in  
2 Westchester County. And secondly, they have  
3 come up with some ideas that hopefully can  
4 continue to be discussed, like a training  
5 program that would be sustained through the  
6 local IDAs so that future trade -- folks  
7 getting into those trades would have all the  
8 updated skills and training that they need to  
9 be able to participate in the many projects  
10 that are happening.

11         Second, as has already been raised  
12 today, there was a model that we can look at  
13 about how this cannot work, it sometimes  
14 can't work. And that happened in the City of  
15 Yonkers when the city imposed on their IDA a  
16 prevailing wage. There were no projects that  
17 went through the IDA during that course of  
18 action.

19         And finally, we are developing a white  
20 paper, an independent assessment, working  
21 with some of our partners around the state,  
22 that hopefully will give some clear  
23 indicators of prevailing wage and the impact  
24 it will have in communities throughout the

1 state. We're not just going to be focusing  
2 on Westchester County in this paper, we're  
3 working with our upstate partners and our  
4 downstate partners so that you in the  
5 Legislature over the next few weeks will be  
6 able to see some hard numbers. And numbers  
7 don't lie in this area.

8 And so, again, we will make sure that  
9 you have this in time as you're deliberating  
10 this for the next couple of weeks as you move  
11 forward on this.

12 So again, enhancing full gaming  
13 licenses for Empire City in Yonkers, giving  
14 the ability for this organization to grow and  
15 create jobs and bring in revenue for the  
16 education system as well as for the rest of  
17 the county and the state, and being concerned  
18 about the impact that prevailing wage would  
19 have.

20 Thank you.

21 CHAIRWOMAN WEINSTEIN: Thank you.

22 MR. POKALSKY: Good afternoon. My  
23 name is Ken Pokalsky. I'm vice president of  
24 The Business Council of New York State.

1 We're a statewide employer association  
2 representing about 2400 private-sector  
3 employers across the state in all sectors.  
4 We're very diverse. And by our last count,  
5 our members employ somewhere in the  
6 neighborhood of 1 million New Yorkers.

7 So we have a lot of issues of interest  
8 to us in the budget. This being the Economic  
9 Development hearing, one of the things we'd  
10 like to do today is focus not just or not  
11 exclusively on economic development programs,  
12 but on economic climate and how many issues  
13 in the budget affect that climate negatively.

14 In our testimony we provide some data  
15 that illustrates what's been alluded to  
16 several times today. New York State overall,  
17 compared to the nation, is doing very well  
18 growing out of the 2008 recession. But  
19 New York State is made up of different  
20 regional economies. New York City has grown  
21 private-sector jobs about 24 percent compared  
22 to pre-recession levels; upstate, overall, is  
23 about 3 percent. And there's pockets of  
24 upstate New York, labor regions in upstate

1 New York that have fewer jobs today than in  
2 2008.

3 I do a lot of traveling, we have  
4 chamber members and business members across  
5 New York. I was just in Buffalo and Utica,  
6 I'm down in Livingston County tomorrow. And  
7 what I hear from members is, one, while  
8 they're fairly optimistic about the state of  
9 the overall U.S. economy, they're  
10 increasingly less optimistic about the  
11 economic conditions of New York State in  
12 their region, and also their future  
13 prospects.

14 And more often than not, they're  
15 talking about what I'll call state-imposed  
16 headwinds -- requirements, mandates that,  
17 regardless of the good intentions of the  
18 sponsors, add to the cost of doing business,  
19 making it difficult or more challenging to  
20 maintain a workforce and a business in  
21 New York State.

22 So those are the types of factors we  
23 think this -- these committees -- and we talk  
24 to Empire State Development about this as

1 well, that when we talk about economic  
2 development, it's not just programs, it's the  
3 overall business climate.

4           You've heard about prevailing wage  
5 from a number of commentators already today,  
6 so I'll skip that. It's obviously a major  
7 concern to us. But it's not just an economic  
8 development concern. We think the way that  
9 prevailing wages are calculated and applied  
10 in the state should be of broad interest,  
11 because these apply to all public works  
12 projects in a state that's really desperate  
13 for increased spending on infrastructure.  
14 This is a major factor in our ability to  
15 meet, you know, broad-based public needs.

16           Some other things in the budget,  
17 though, that apply to economic climate in the  
18 state: Paid mandatory sick leave, unpaid for  
19 the smallest of businesses and paid for  
20 larger.

21           You heard earlier, in earlier  
22 questioning, about the concern that small  
23 businesses get bypassed by state economic  
24 development incentive programs, but this is



1 the type of thing that every employer in the  
2 state is going to have to deal with. And I  
3 think if you look at small businesses in your  
4 community, between changes over the last  
5 several years on paid family leave and  
6 harassment, whose requirements changed before  
7 even the first year's implementation was  
8 done, potential for new and perhaps complex  
9 administrative requirements of paid sick  
10 leave -- if the small businesses in your  
11 community are even aware of some of these  
12 changes, I know a lot of them aren't, they're  
13 really frustrated in trying to keep up. They  
14 typically don't have a full-time HR function  
15 on staff, so.

16 And we don't concede that the state  
17 will adopt mandatory sick leave, but if there  
18 is a consideration, our advice is make it  
19 very direct in scope, simple in  
20 administration. I think this could be done  
21 in one paragraph, compared to about a 20-page  
22 worth of regulatory guidance issued under the  
23 New York City law.

24 One other thing I want to talk

1 about -- again, broad-based business climate  
2 impacts -- we applaud the inclusion of the  
3 small business tax reform package in the  
4 Governor's Executive Budget. As drafted,  
5 it's fairly limited on the personal income  
6 tax side, which most small businesses pay.  
7 They're pass-through entities, they're not  
8 incorporated.

9       It's limited to sole proprietors only,  
10 and the proportional change, the proportional  
11 reduction on the PIT side for small  
12 businesses is actually about a third of  
13 what's in this budget bill if you're a small  
14 business C-corp. We think that should be  
15 looked at.

16       In fact, in the fiscal 2017 Executive  
17 Budget, the Executive Budget proposed and  
18 actually both the Senate and the Assembly  
19 one-house budget resolutions that passed each  
20 house had a version of that 2017 far broader  
21 small business tax cut in it. We think that  
22 would be a good guide to a broader, more  
23 useful tax reform for small business.

24       Beyond that, there's any number of

1 issues in the budget that impact the state  
2 business climate. To the good, there's  
3 increased funding for early college high  
4 schools. To the bad, significant increases  
5 in regulatory authority by DFS and the Public  
6 Service Commission. And one of the biggest  
7 issues out there, the potential for  
8 significant increased assessments on  
9 private-sector businesses who offer group  
10 health plans to their employees.

11 So, again, broad-based business  
12 climate's a real concern to us. We  
13 appreciate any questions or comments you have  
14 on our testimony. Thanks.

15 CHAIRWOMAN KRUEGER: Thank you.

16 We've been joined by Senator Shelley  
17 Mayer. This is her first time today.

18 Senator Hoylman, it might be his first  
19 time today.

20 SENATOR HOYLMAN: No.

21 CHAIRWOMAN KRUEGER: No? Never mind,  
22 he came back.

23 And Senator Hoylman will be first to  
24 ask questions.

1           SENATOR HOYLMAN:           Thank you.

2           Just a question for Mr. Pokalsky from  
3 The Business Council.     I wanted just to -- in  
4 your testimony you oppose -- well, it's hard  
5 to see what you don't oppose.     But you do  
6 oppose expanded DFS authority, the Freshwater  
7 Wetlands Program as it's currently written,  
8 the "pink tax" that would prohibit  
9 differential sale prices for consumer  
10 products for women.     The ban on polystyrene  
11 containers and packaging.     Sexual harassment  
12 reporting by state contractors.     The  
13 Governor's legislative language on making  
14 certain that the internet is free to and fair  
15 to use users.     Contributions by  
16 foreign-controlled corporations.     And any  
17 restrictions on robocalls.

18           What do you support?

19           MR. POKALSKY:           Well, first of all, we  
20 think we have a pretty effective wetlands  
21 program today.     Those are the headlines, if  
22 you will.     If you look at the substance of  
23 our testimony, we say we understand and we've  
24 supported amendments and improvements to the

1 state's wetlands program.

2 One of the key features, though, in  
3 the issue of certainty to both the regulated  
4 community and the public, and actually public  
5 employees who are implementing state laws,  
6 what the language in the Executive Budget  
7 does -- today, we map wetlands in the state  
8 for a purpose. It demonstrates, it  
9 determines what are regulated wetlands. And  
10 in a --

11 SENATOR HOYLMAN: How is -- how is the  
12 protection --

13 MR. POKALSKY: Above and beyond  
14 that -- above and beyond that --

15 SENATOR HOYLMAN: How is the  
16 protection of wetlands a general business  
17 concern?

18 MR. POKALSKY: Oh, it comes up in  
19 development projects all the time. And it  
20 can be a major impediment or delay to  
21 investment projects.

22 But the point is we have a program,  
23 both DEC and the Army Corps of Engineers  
24 regulates wetlands. We have a robust

1 program. But the way it's written today, you  
2 have certainty. When you're going to look at  
3 a parcel for development, you know what's  
4 regulated, you know what's not. And under  
5 existing regulations in New York State, DEC  
6 can come out and say because of these special  
7 factors in your site, we're going to expand  
8 beyond what the current maps are.

9 Under this bill, the maps are  
10 informational only. They have no force and  
11 effect of law. So I'm going to work on a  
12 project that I have no idea, from the onset,  
13 what's developable and what's not, what I  
14 have to do setbacks from.

15 And I don't know what the compelling  
16 argument is to dispense with a program that  
17 we think has worked well for 30 years. So I  
18 urge you -- and I'll be happy to stop in.  
19 For each of the items you cited there, we'll  
20 talk about the details.

21 On the DFS regulatory authority  
22 provision, for some unknown reason, DFS -- or  
23 the budget language is proposing to strike  
24 language that says DFS cannot regulate

1 financial institutions whose exclusive  
2 regulation is under federal law. I don't  
3 know that it's implementable. We don't even  
4 understand what the purpose of language like  
5 that is.

6 We understand and support the overall  
7 purpose of what expanding DFS authority to  
8 what are now unregulated entities and  
9 unregulated types of transactions like payday  
10 loans. But some of the language in there  
11 goes way beyond what DFS -- what we  
12 understand DFS's intent to be.

13 So each of these, we have, I think, a  
14 very detailed, specific set of concerns about  
15 how, again, intent may be good, but the way  
16 it's being presented here and implemented, we  
17 have real concerns about.

18 SENATOR HOYLMAN: Thank you. No, I  
19 appreciate it. Thank you.

20 CHAIRWOMAN KRUEGER: Assembly.

21 CHAIRWOMAN WEINSTEIN: Assemblyman Ra.

22 ASSEMBLYMAN RA: Thank you, gentlemen,  
23 for being here.

24 I just wanted to go back into where

1 you concluded your remarks, the small  
2 business tax reform. And if you have any  
3 numbers on, you know, the percentage of that  
4 sector that is impacted by this proposal as  
5 opposed to the stand-alone piece of  
6 legislation that you mentioned or previous  
7 Executive Budget proposals to help with small  
8 business.

9 MR. POKALSKY: Yeah. I don't have it  
10 with me, but -- and we're working on that.

11 One thing we know is the vast majority  
12 of small businesses in the state are not C  
13 corporations. So they're all -- most of them  
14 pay their tax on their business profits on  
15 the personal income tax.

16 So that, you know, 95 percent,  
17 90 percent of small businesses -- a small  
18 fraction would benefit under the benefit bill  
19 as drafted, because it only applies to sole  
20 proprietors. So partnerships, LLCs, sub-S's  
21 would not be subject.

22 But we're -- it's hard to get the data  
23 on the structure of taxpayers, because the  
24 department doesn't report it that way.



1 That's something we're working on, to  
2 illustrate the scope. The limited scope, I  
3 should say.

4 ASSEMBLYMAN RA: And then the other  
5 piece, obviously, we all know with regard to  
6 our business climate, certainly it's its cost  
7 in taxes, but in many ways it's also time and  
8 regulations.

9 So any thoughts in that regard as to  
10 whether there's anything in this budget or  
11 what we should be doing going forward to  
12 reduce some of those regulations that take up  
13 time and resources from businesses?

14 MR. POKALSKY: They're not in the  
15 budget, but there's other legislative  
16 proposals pending. Like last year there was  
17 a bill, we think it was a little narrower  
18 than it could have been, to say if you're a  
19 small business faced with a first-time  
20 regulatory obligation, you make a minor  
21 non-public health mistake in compliance, you  
22 have a cure period before civil penalties are  
23 imposed.

24 Legislation was passed that says

1 agencies, when adopting regulations with a  
2 significant impact or broad impact on small  
3 business, should issue small-business-  
4 oriented compliance guidance, and we support  
5 that.

6           Some other legislation pending before  
7 both houses that speak to agencies taking a  
8 little closer look when they're doing  
9 regulations, as to what the impact is on  
10 small business and how maybe alternative  
11 compliance measures might be available to  
12 them, just to companies that are -- would  
13 have less wherewithal.

14           So we do think there's ways, short of  
15 going back and repealing or modifying  
16 underlying regulations, to make the process  
17 work a little bit better.

18           ASSEMBLYMAN RA:     Thank you.

19           CHAIRWOMAN KRUEGER:     Thank you.

20           Senator Shelley Mayer.

21           SENATOR MAYER:     Thank you,

22           Madam Chair.

23           Good afternoon, gentlemen.     Nice to  
24 see you.     John, nice to see you.

1           I was pleased to see -- and I know  
2   it's true -- The Business Council of  
3   Westchester strongly supports expansion of  
4   full gaming downstate as soon as possible,  
5   like ideally this year.           Is that correct?

6           MR. RAVITZ:    Yes.

7           SENATOR MAYER:   And I think you have  
8   done an analysis of the economic benefit to  
9   the region.    If not yourself, maybe MGM has.  
10   But I think it's pretty clear, and I look  
11   forward to any documentation you have that  
12   helps us in our argument that the sooner  
13   these two licenses are given out, the better  
14   it will be for Westchester and the downstate  
15   suburbs.

16           MR. RAVITZ:    A hundred percent,  
17   Senator Mayer.    It's really -- again, the  
18   numbers don't lie.    And the potential is one  
19   that I think all of us should be very excited  
20   about.

21           But let me take another tack in this  
22   too, because I think it should all give you  
23   hopefully some more confidence in looking to  
24   enhance this full gaming license for Empire

1 City, which is now being owned by MGM Grand  
2 International.

3 They have made a commitment to the  
4 community. They have made a commitment to  
5 the community to not just come in and say,  
6 This is what we're building. They're going  
7 block by block, sitting down with residents  
8 and businesses to say, Talk to us about what  
9 you would like to see. Talk to us about what  
10 your concerns are if we were to expand, if we  
11 were to create a hotel or a convention-type  
12 center. How could we work with you to  
13 actually participate in that and be able to  
14 use these new facilities for your local  
15 communities? That's the right way to do it.

16 SENATOR MAYER: No, I agree.

17 MR. SILVA: And so -- so I think  
18 again, as you're deliberating this  
19 accelerating of the full gaming licenses, the  
20 confidence you should have in a corporate --  
21 a corporation that gets it and understand  
22 what it means to be a good corporate partner  
23 in the community is one that we should all  
24 celebrate.

1           SENATOR MAYER:     No, I agree, it's a  
2 very effective model.     Other players should  
3 adopt it.

4           You know we've had our disagreements  
5 on prevailing wage.     I understood you said  
6 you're producing a report with documentation,  
7 which I think you will agree, last year in  
8 fact the side that opposed prevailing wage  
9 was unable or unwilling or did not produce a  
10 document that showed and demonstrated their  
11 argument that this somehow would curb  
12 economic development in the suburbs.

13           When do you think that will be  
14 available, and who is participating in that?

15           MR. SILVA:     We have -- the Weitzman  
16 real estate consulting firm that does these  
17 type of papers are doing the work for us.

18           We have business organizations from  
19 around the state who are participating and  
20 sharing data, because one of the things --  
21 and you've been a champion of this, and  
22 really pressing us -- is to give you real  
23 numbers, to give you real data on what the  
24 economic impact will be, not just in

1 Westchester but around the state.

2           And so we want to get that data, so  
3 we've asked folks in these industries to  
4 really dig in, give us these data so that the  
5 Weitzman folks can really do their job and  
6 come up with an independent assessment that  
7 we can share with all of you.

8           SENATOR MAYER:   And just -- I know I'm  
9 over my time, but when will we expect that?

10           MR. RAVITZ:   We were hoping that this  
11 might not be in the budget, which gives them  
12 a little more time.           But we've told them we  
13 really need to have at least top-line numbers  
14 in the next three weeks.

15           SENATOR MAYER:   Thank you.

16           CHAIRWOMAN KRUEGER:   All right.   We  
17 have -- I'm sorry, I'm having a momentary  
18 blank.

19           SENATOR BORRELLO:       Senator Borrello.

20                           It's my turn?

21           CHAIRWOMAN KRUEGER:   Thank you, I  
22 apologize.

23           SENATOR BORRELLO:   I am still the new  
24 guy, it's okay.

1                   CHAIRWOMAN KRUEGER:       Well, you're the  
2 new guy.       And also I was just going to point  
3 out that other than a whimsy of history, it  
4 might be John Ravitz who sat here for 12 days  
5 in a row, instead of Liz Krueger.

6                   MR. RAVITZ:       Well, on behalf of my  
7 family, I'm so glad you're sitting up there,  
8 so --

9                   (Laughter.)

10                  CHAIRWOMAN KRUEGER:       Just had to throw  
11 that in.       I'm sorry, George.

12                  SENATOR BORRELLO:       That's quite all  
13 right.       And thank you very much for your  
14 marathon oversight of this -- of these  
15 hearings.       I can't imagine how difficult that  
16 is.

17                  Thank you both for being here.       And  
18 just as a business owner myself, you know, I  
19 see the Governor's war on energy production  
20 in New York State continues.       And, you know,  
21 my questions to you are what are you hearing  
22 from your business leaders when it comes to  
23 the CLCPA and the upcoming very aggressive  
24 restrictions on carbon and energy production

1 and how that's going to impact businesses and  
2 further stress business?

3 MR. RAVITZ: Well, I can just say for  
4 Westchester County we're in that perfect  
5 storm right now. We have Indian Point  
6 closing in a year. We already have a gas  
7 moratorium imposed on the southern part of  
8 the county.

9 We're all for renewables, and we  
10 support the renewable programs that are  
11 there, but we're also asking the tough  
12 questions of all of you, of the second floor,  
13 of NYSERDA and the PSC, is are we going to be  
14 ready. And so that's one of the things that  
15 I think all businesses -- as we encourage  
16 businesses to come to Westchester County to  
17 grow, they're asking those questions. Are  
18 their electric rates going to go up? Is  
19 there going to be issues with being able to  
20 have the power that they need to do their  
21 day-to-day operations? There are a lot of  
22 answers that we need, and the clock is  
23 ticking.

24 SENATOR BORRELLO: Yeah, if the



1 question is are we going to be ready, the  
2 answer is no, that's pretty obvious. So --

3 MR. RAVITZ: Then we need to have a  
4 serious conversation and an honest  
5 conversation on what that transition is going  
6 to look like. And at The Business Council,  
7 we're saying that that transition has to be  
8 how we're going to continue to use gas in  
9 some way, shape or form.

10 MR. POKALSKY: And the price of energy  
11 going forward is a factor as well. And, you  
12 know, I spend -- you know, we started out as  
13 the State Manufacturing Association, still  
14 have a core membership in the manufacturing  
15 world, much of which is still fairly  
16 energy-intensive as they're looking to make,  
17 you know, capital investments with a five,  
18 10, even longer pay-back period. Looking at,  
19 you know, really -- and I know it's early, it  
20 just passed, the implementation panel -- body  
21 was just impaneled. A lot of uncertainty, a  
22 lot of concern about what the future supply  
23 and cost of both electric power and natural  
24 gas is. You know, it's an issue out there.

1           SENATOR BORRELLO:    Yeah, it's a big  
2    issue.     And, you know, part of the issue is  
3    getting the power from where it's being  
4    generated to where it is needed most, and  
5    that's a huge issue, our aging and failing  
6    electrical grid.     You know, the Governor  
7    wants to blanket upstate New York with  
8    renewables, but there's no place for that  
9    power to be transmitted down to New York City  
10   where it's needed.

11           And by the way, upstate New York is  
12   already 90 percent renewable to begin with  
13   when you include hydroelectric power.     It's  
14   New York City that's only 30 percent  
15   renewable.     So you kind of need to produce  
16   the power where it's needed, unless we're  
17   going to spend a lot of money on upgrading  
18   our grid, which we should.

19           So it's kind of a plan that's, you  
20   know, aspirational, not realistic.

21           MR. RAVITZ:   Well, the other thing  
22   that we're going to need everybody's buy-in  
23   for is -- because we support renewables, and  
24   they're going to need the backup

1 infrastructure to support it. We can't even  
2 get a town in Westchester County to support  
3 an application for a solar farm because they  
4 don't want it in where it's placed.

5 Those types of battles can't happen if  
6 we're going to be where we need to be with  
7 all the changes that are going to happen.

8 SENATOR BORRELLO: Agreed. Thank you.

9 CHAIRWOMAN KRUEGER: Thank you.

10 Any other?

11 Then we're going say thank you both  
12 very much for being with us today --

13 MR. POKALSKY: Thank you.

14 MR. RAVITZ: Thank you very much.

15 CHAIRWOMAN KRUEGER: -- and set you  
16 free.

17 Next up, we have individuals, so I'll  
18 call them up. But then I'll tell you who's  
19 up -- oh, I'm sorry, I thought someone was  
20 trying to get my attention.

21 The New York Association of Training  
22 and Employment Professionals, and then just  
23 be close by, the New York Cannabis Growers  
24 and Processors Association. And then to be

1 close by, Manufacturers Association of  
2 Central New York.

3 Hi, there.

4 MS. MACK: Hi, how are you?

5 CHAIRWOMAN WEINSTEIN: One second.

6 Just before you begin, we've been joined by  
7 Assemblywoman Dickens a little earlier.

8 Thank you.

9 CHAIRWOMAN KRUEGER: Thanks. Please.

10 MS. MACK: Hi. Good afternoon,  
11 everyone. Thank you for welcoming me back.  
12 I always seem to get to you right as you get  
13 your cup of coffee and your doughnut, so I  
14 think that that's probably a good sign.

15 My name is Melinda Mack. I run the  
16 New York State Workforce Development  
17 Association, also known as NYATEP, the  
18 New York Association of Training and  
19 Employment Professionals. Our members  
20 include those who educate, train and employ  
21 New Yorkers, which includes our community  
22 college systems, our BOCES programs, many of  
23 the community-based organizations and  
24 programs that really fuel the economy of

1 New York.

2 Our members serve around a million  
3 New Yorkers each year in education and job  
4 training and employment services. And as  
5 you've heard throughout the day today, much  
6 of what we do is undergirding a lot of the  
7 economic development investments that are  
8 happening across the state.

9 So I'm also not going to read from my  
10 testimony. I have a few key points I want to  
11 direct to your attention. As you heard  
12 throughout today, economic development is  
13 workforce development and workforce  
14 development is economic development. Yet  
15 although talent is a primary category of site  
16 selection at this moment in time, the funding  
17 that we're getting to support education, job  
18 training and employment pales in comparison  
19 to the larger economic development  
20 investments.

21 Growth is hindered statewide. There's  
22 50,000 open jobs, and they remain unfilled  
23 due to the lack of skilled talent.

24 As I said, the commensurate investment

1 is not there. And when we think about  
2 education, job training and employment  
3 services, they're really aimed at the  
4 42 percent of New Yorkers that have a high  
5 school diploma or less. Many of those  
6 pathways that we typically discuss --  
7 community college, four-year degrees,  
8 high-tech positions, many of which the head  
9 of ESD described earlier -- those are a hope  
10 and a dream and lot of skill-based training  
11 away for the vast majority of the people in  
12 our state.

13 I also want to just raise for your  
14 attention we also have heard a lot about  
15 jobs. It seems to be the only metric we use  
16 to measure workforce development. It's not  
17 about good jobs, it's not about whether or  
18 not they're good for New Yorkers or good for  
19 neighborhoods, they're really just about  
20 whether or not we have a job number.

21 That's a significant issue for us in  
22 the field of workforce development. We  
23 really need to be thinking about whether or  
24 not these measures take into account employee

1 retention, advancement, wage growth and  
2 employer investment in upskilling. Right now  
3 our state primarily basically uses public  
4 money to do workforce development and  
5 investment. We hold very little through our  
6 economic development investments accountable  
7 to the employer to continue to upskill and  
8 train their workers.

9 We also heard a bit today about  
10 equitable economic development. And I just  
11 would like to sort of take a minute to say  
12 the workforce system is often thought about  
13 at the very, very end or at the kickoff of a  
14 project, not in the development or engagement  
15 of a community benefit agreement or even in  
16 the negotiation with an employer around what  
17 their needs are going to be in terms of a  
18 pipeline of skill development.

19 I think we need to have a much deeper  
20 relationship and role with the economic  
21 development system across the state. As you  
22 heard Ryan share earlier, we work really  
23 closely together to bring our memberships  
24 together. But in reality, when it comes to

1 the big value, big-ticket-item projects like  
2 Amazon, the workforce component is truly  
3 often an afterthought.

4 And so when we're talking about equity  
5 and inclusion, we're often asked to produce  
6 out of thin air a significant number of  
7 workers well after the fact that we would  
8 have needed a window to train people with the  
9 skills to be able to be successful.

10 I do want to point out a few things  
11 that we've indicated in our testimony this  
12 year that we think are important. We  
13 strongly encourage that all the Regional  
14 Economic Development Council processes  
15 require that projects submit a regional  
16 workforce development strategy or plan. So  
17 if you have someone asking for state money,  
18 that employer should also describe not just  
19 the jobs they're creating but the wages,  
20 their plans for retention, their turnover  
21 rates, and more importantly, how they're  
22 investing in their own workforce to make sure  
23 they have the skills to compete.

24 As we shared before and I heard Ilana



1 describe it as well, the vast majority of  
2 jobs in our state pay \$32,000 a year or less.  
3 And so if we can't guarantee that folks are  
4 getting upskilled within their employment,  
5 we're really going to struggle to continue to  
6 have the skills we need to be successful.

7       Two other items I wanted to indicate.  
8 We strongly support removing any of the  
9 unnecessary barriers for those who are  
10 eligible to work in the United States to  
11 access licensing. That should also extend to  
12 the military professionals as well. So folks  
13 who are coming home from service, we should  
14 be able to recognize a paramedic who's a  
15 veteran as a paramedic who is not a veteran.  
16 We have an opportunity here to increase our  
17 skilled workforce.

18       And then lastly, we indicated in our  
19 State of the Workforce report many who are  
20 low-skill or low-wage -- I should say  
21 low-wage, not low-skill -- they often are  
22 using unstable banking environments to be  
23 able to support cashing their checks. And so  
24 we very much support the Governor's approach

1 to the Excelsior Banking Network, to make  
2 sure that more low-wage workers are able to  
3 keep more of their income as they're sort of  
4 cashing their checks and getting a leg up in  
5 the workforce system.

6 So with that, I'll take your  
7 questions.

8 CHAIRWOMAN KRUEGER: Thank you.  
9 Senator Borrello.

10 SENATOR BORRELLO: Thank you.

11 First of all, thank you for being here  
12 and giving your testimony. When I was county  
13 executive in Chautauqua County, I went on a  
14 crusade to visit 100 businesses in my first  
15 100 days of office. And we got to 107 in  
16 100 days. And the number-one concern --  
17 number one actually was that they needed  
18 people that could actually pass a drug test  
19 and show up to work every day at the same  
20 time, which was a challenge. And number two  
21 was people that had the skills to fill those  
22 open positions.

23 So one of the biggest concerns was  
24 that when it comes to economic development

1 incentives, these businesses that would be,  
2 you know, hypothetically coming to town to  
3 create more jobs, puts more stress on the  
4 skilled workforce that's already lacking.

5           So I agree with you that we need to  
6 have a better focus on how we're addressing  
7 that workforce issue. But from your  
8 standpoint, when it comes to economic  
9 development incentives that are truly judged  
10 just on how many new jobs you create, isn't  
11 that a bit myopic?

12           Shouldn't we be more focused on  
13 ensuring that, number one, we have the proper  
14 workforce development resources but, number  
15 two, that we're actually ensuring that these  
16 businesses can remain here, and resilient,  
17 and one of the biggest stressors that they  
18 have is workforce development? I'm just  
19 curious.

20           MS. MACK: No, I completely agree with  
21 you. And not only is it myopic, it's really  
22 shortsighted, if we're going to go with the  
23 ophthalmology terms, right?

24           We really have some significant issues

1 with how we think about skilled workers and  
2 skilled labor. And Chautauqua County, in  
3 fact, you have one of the best local  
4 workforce boards in our state, and they've  
5 really also recognized the need to support  
6 small-to-midsized companies. It's really  
7 difficult to train onesies and twosies at  
8 small businesses, but it's also the place  
9 where you get the biggest return on your  
10 investment in a place like upstate New York.

11 But to your point, I think when we  
12 think about the investments that are made,  
13 for the vast majority of our state's 25-year  
14 history, it's through tax credits. So you  
15 have the work opportunity tax credit, you  
16 have other small business tax credits -- very  
17 little is actually spent on the actual  
18 training and also the administration of those  
19 training programs that are critically  
20 important to help folks who have opioid  
21 addiction issues or other issues be able to  
22 access skilled employment.

23 SENATOR BORRELLO: So as a follow-up  
24 to that exactly, you know, what challenges

1 are you hearing from the current funding  
2 provided through the Governor's budget for  
3 the workforce training initiative through the  
4 CFA process?

5 MS. MACK: Sure. So as was discussed  
6 before, the Governor has presented a  
7 \$175 million training fund. As I shared at  
8 the Human Services Committee, those dollars  
9 have been very slow to flow. There's only  
10 about \$3.4 million that have been released to  
11 date.

12 I was just with an Industrial  
13 Development Agency in Broome County  
14 yesterday, and they described their  
15 significant challenges to even filling out  
16 the application and some of the rigor that's  
17 been attached unnecessarily in terms of being  
18 able to fill out or apply for the funding.

19 The other big challenge we have is the  
20 flexible funding is pay-for-success dollars.  
21 Those dollars, as we've heard throughout the  
22 last couple of weeks of testimony, seem to be  
23 given to everyone. And so the \$69 million  
24 that was meant to be for workforce

1 development now is popping up in the  
2 childcare discussion, in the healthcare  
3 discussion. And in reality, they're not  
4 flexible. DOB has designated them as pure  
5 pay-for-success dollars.

6 SENATOR BORRELLO: So we need more  
7 flexibility and we need them to obviously  
8 allocate the money sooner than later, so we  
9 can start moving forward on this.

10 MS. MACK: Absolutely.

11 SENATOR BORRELLO: Thank you.

12 MS. MACK: Thank you so much.

13 CHAIRWOMAN KRUEGER: Thank you.

14 Assembly?

15 All right, actually I do have a few  
16 questions.

17 MS. MACK: Sure, great.

18 CHAIRWOMAN KRUEGER: Oh, did somebody  
19 just say something? No, sorry.

20 Okay, I have a few questions. So the  
21 Governor created this job creation, job  
22 development funding stream 175 million, maybe  
23 two years ago. This year he's talking about  
24 220 million. Maybe you just want to get back

1 to me later, but did we spend that 175? Was  
2 it really new, or did we just move deck  
3 chairs on the Titanic?

4 MS. MACK: So we certainly moved  
5 mostly deck chairs. So for the vast majority  
6 of the resources, one bucket was dollars that  
7 were already going to SUNY and CUNY that were  
8 reallocated and brought back in to be put out  
9 through a new process.

10 The second bucket was tax credits, as  
11 well as some resources going out for wind  
12 energy through NYSERDA.

13 And the last bucket was that  
14 \$69 million for pay-for-success. Those were  
15 unspent dollars that were intended to be  
16 flexible to meet the needs that we've been  
17 articulating from the field -- so if we have  
18 training dollars and the problem is  
19 childcare, we should be able to pay for the  
20 childcare to get someone out of the training  
21 and into employment as fast as possible.

22 We have not had that outcome. What  
23 we've had is a strict designation of you have  
24 to get employment only. So, for example, an

1 apprenticeship wouldn't be eligible under  
2 these resources because an apprenticeship  
3 program takes multiple years until you get to  
4 employment, and this program has been  
5 designated as a one-year program.

6           So it really is sort of -- it -- the  
7 money is there, but it's been very difficult  
8 for our field to spend.

9           SENATOR KRUEGER:     I did a roundtable  
10 down in New York City maybe two weeks ago  
11 about older women and the issues they face,  
12 and how every day I get women -- I'm going to  
13 say 55 and up -- begging me to help them find  
14 jobs, talking to me about how they got pushed  
15 out of the economy too early.

16           But I also know -- because somebody  
17 who was an employment specialist at the  
18 roundtable pointed out -- there are  
19 300,000 jobs looking for people in my city on  
20 any given day.

21           These aren't necessarily people who  
22 need a lot of job training.     They've had a  
23 whole career, perhaps, of jobs.     What's your  
24 advice on how we help -- and I'm not going to



1 say it's only women. That was the theme of  
2 my roundtable -- but really age  
3 discrimination and I think companies' desire  
4 to push out the older, perhaps higher-paid  
5 employee for someone else.

6 Do you have a recommendation on what  
7 we can do about this? Because I think it's  
8 ubiquitous and a really huge issue in our  
9 society.

10 MS. MACK: It absolutely is.

11 And I know that Hunter College has  
12 done a ton of work around supporting older  
13 Americans; I'm happy to connect you with  
14 folks there as well.

15 The biggest issue is that when we  
16 often think about economic development, we're  
17 only thinking about the business interests,  
18 we're not actually thinking about who's  
19 available in the labor market to do the work.

20 And so for me, I get a little  
21 frustrated when I hear language around  
22 employer needs. Well, what about the folks  
23 who are in the labor market who need good or  
24 better jobs, and how are we making sure that

1 they're accessing them? And that includes  
2 older workers.

3 That being said, I think job training  
4 and upskilling means lots of things to lots  
5 of people. Right? And so the challenge with  
6 workforce development, it runs from the gamut  
7 from serving people with really low basic  
8 skills and limited English all the way  
9 through to folks who just need a four- or  
10 six-week refresher course.

11 CHAIRWOMAN KRUEGER: Great. We should  
12 talk more after our hearing.

13 MS. MACK: Yeah, happy to. Thank you.

14 CHAIRWOMAN KRUEGER: Thank you very  
15 much.

16 All right, thank you for your  
17 attendance today.

18 MS. MACK: Thank you so much.

19 CHAIRWOMAN KRUEGER: And our next  
20 testifier is, ah, Cannabis Growers and  
21 Processors Association. Are they here? Yes.  
22 Okay, wasn't listening before. Come on down  
23 if you think you're getting close to being  
24 called up.

1           So Manufacturers Association, come on  
2 down and get ready.           Receivables Management  
3 Association International, come on down and  
4 get ready.           And Associated Medical Schools of  
5 New York.

6           CHAIRWOMAN WEINSTEIN:           Nobody has  
7 moved.

8           CHAIRWOMAN KRUEGER:           They're not  
9 listening.

10          CHAIRWOMAN WEINSTEIN:           But he's here.

11          CHAIRWOMAN KRUEGER:           I know.    All  
12 right, fine, thank you.

13          Hi.    Please start.

14          MR. GANDELMAN:           Hi.    Good afternoon.  
15 Thank you for having me here.

16                My name is Allan Gandelman, and I wear  
17 many hats in the farming, hemp and cannabis  
18 sphere.        I own a certified organic vegetable  
19 farm -- and have owned it for the past  
20 10 years -- in Cortland, New York, called  
21 Main Street Farms.

22                Three years ago we were licensed to  
23 grow and process hemp for CBD, and we now  
24 have a vertically integrated small business

1 with 40 employees and sell our CBD products  
2 across New York State at farmers' markets and  
3 large retailers.

4           Last year I founded and am the  
5 president of the New York Cannabis Growers  
6 and Processors Association, which represents  
7 many of the 500-plus hemp farmers in New  
8 York. Our mission, as an organization of  
9 cannabis producers, processors and industry  
10 partners, is committed to an economically  
11 viable consumer-conscious cannabis industry  
12 dedicated to the care and well-being of our  
13 communities, our environment, and our  
14 employees.

15           The association was formed to fill in  
16 the gaps around farming, processing and, most  
17 important, policy. The hemp and CBD industry  
18 has been growing and changing so fast it has  
19 been difficult for federal and state  
20 regulators to keep up. We believe that our  
21 industry is strongest when all of our small  
22 and mid-scale family farms prosper.

23           Today I'm here to talk about the  
24 potential positive and negative economic

1 development impacts that the Cannabis  
2 Regulation and Taxation Act, the CRTA, will  
3 have on family farms and small businesses  
4 across the state.

5 Our association stands with the CRTA  
6 as it seeks to create an industry rooted in  
7 social and economic equity, with a thriving  
8 and diverse supply chain that emphasizes  
9 craft producers. Efforts such as restricting  
10 vertical integration to only micro business  
11 licenses, allowing on-premise consumption,  
12 and granting social equity group status to  
13 disadvantaged farmers are critical to our  
14 mission of supporting agriculture and  
15 entrepreneurs throughout the state.

16 However, the proposal also includes  
17 some concerning provisions that are a  
18 priority for us to address ahead of a vote.  
19 One of them is the proposed tax rates  
20 exceeding most other states that have  
21 legalized thus far. Currently the tax on  
22 cannabis is a dollar per gram of dry weight.  
23 In contrast, California's tax is 35 cents per  
24 gram.

1           This structure could stifle the growth  
2 of small producers and create razor-thin  
3 margins, allowing large operations a  
4 competitive advantage while potentially  
5 driving consumers to illicit market options  
6 where similar products will be available at a  
7 lower cost.   Either we will need a lower tax  
8 rate or a progressive tax, like in our craft  
9 beer industry, where smaller producers pay a  
10 lower rate.

11           For us to truly end prohibition, and  
12 for the program to work from an economic  
13 development perspective, we need to stamp out  
14 the illicit market.   In New York, we have the  
15 luxury to look at other states as real-world  
16 laboratories to see what has been successful.  
17 From our lessons in Colorado, it's very clear  
18 that the only way to stamp out the illicit  
19 market and bring in tax revenue is to have a  
20 low starting tax rate so consumers get used  
21 to going to dispensaries.   This low rate also  
22 lets startup small businesses to get their  
23 feet under them in a completely new industry.

24           As the industry develops, we need a

1 rate that can increase each year as the  
2 market stabilizes and supply and demand are  
3 matched. If we look at California, after  
4 three years, their tax revenue is only a  
5 third of expected. There's only 800  
6 operating licenses, of the expected 6,000,  
7 and 80 percent of the cannabis market remains  
8 illicit.

9 When looking at the balance between  
10 tax revenue and small business growth, our  
11 position is that the tax revenue in the first  
12 year or two of the program should only be  
13 looked at as a means to stand up the program  
14 and the Office of Cannabis Management. Our  
15 goal as an association is to create a  
16 thousand million-dollar companies instead of  
17 one billion-dollar corporation.

18 Many studies have been done on  
19 cannabis taxes and revenue as related to  
20 economic development, and they have seen that  
21 the true win comes in job creation, local  
22 sales tax revenue from equipment dealers,  
23 hard good suppliers, and services related to  
24 cannabis, but not directly from cannabis.

1           Aside from taxes, the next piece that  
2 directly affects the economic development is  
3 licensing structure and canopy size.     This  
4 directly determines if New York farmers and  
5 small businesses will be viable and  
6 successful.     By New York's own estimate, the  
7 state will require 1 million pounds of  
8 cannabis per year to meet demand.

9           As an example, a micro license with a  
10 limit of a 5,000 square foot canopy can  
11 produce between 500 and 1,000 pounds of  
12 cannabis per year.     With these production  
13 numbers, we will need to give out 1,000 to  
14 2,000 cultivation licenses.

15           The potential for incubating small  
16 business is huge.     Currently the CRTA does  
17 not put a number on how many licenses of each  
18 class will be given out, or the size of those  
19 licenses.     Our association would like to see  
20 a baseline structure so we could estimate the  
21 true economic development impact.

22           We currently have over 500 hemp  
23 farmers in New York, many of them with the  
24 existing infrastructure to meet the demand,



1 not to mention the thousands of other  
2 operating farms. Prioritizing these farms  
3 for cannabis cultivation licenses will help  
4 meet New York's demand from day one, create a  
5 steady and safe supply chain, and inject  
6 millions of dollars into our upstate farming  
7 communities.

8 CHAIRWOMAN KRUEGER: Thank you.  
9 Senator Diane Savino.

10 SENATOR SAVINO: Thank you,  
11 Senator Krueger.

12 Good afternoon. I had an opportunity  
13 to meet with some of your colleagues  
14 yesterday. So you guys are currently in the  
15 hemp industry in New York State.

16 MR. GANDELMAN: That is correct.

17 SENATOR SAVINO: Right. And that's  
18 the newly created hemp industry. And so one  
19 of the challenges we're seeing with hemp, and  
20 we have seen in other states with the  
21 legalization of cannabis for adult use, is if  
22 you don't do it correctly, you don't have  
23 regulations that people understand and that  
24 are easy to interpret, you wind up with two

1 competing markets -- the illicit market,  
2 which is thriving in New York State right  
3 now, and the legal one.

4 So if you go into neighborhoods you  
5 see -- I actually saw a dispensary in Staten  
6 Island labeled "CBD Dispensary," including  
7 the little green, you know, symbol to make it  
8 look like it was a pharmacy.

9 So there's almost no enforcement of  
10 the regulations. And so are you at all  
11 concerned, as we roll out hemp, that that  
12 same environment will exist with respect to  
13 marijuana?

14 MR. GANDELMAN: We're not concerned  
15 about that if it's done correctly. And so  
16 that's the part we're trying to get ahead of  
17 right now. I mean, we promote having as many  
18 dispensaries in as many neighborhoods as  
19 possible so people have access, which is the  
20 only way we'll get rid of the illicit market.

21 If there is only dispensaries in the  
22 rich suburbs of the state, that will --

23 SENATOR SAVINO: They don't want them.

24 MR. GANDELMAN: And they don't even

1 want them, but the way the laws are  
2 currently, that might be the only people that  
3 could afford to purchase from a legal  
4 dispensary, and everyone else will be stuck  
5 in the illicit market. And that's just what  
6 we don't want to see.

7           SENATOR SAVINO: I'm glad that -- I  
8 think Senator Krueger's bill and the  
9 Governor's new proposal specifically prevent  
10 vertical integration. It was not a  
11 requirement in the medical program; that was  
12 done through the regulatory process, and it  
13 has created all sorts of problems there.

14           But what I would hope that you guys do  
15 is spend a lot of time talking to members of  
16 the Legislature in both houses. Some of them  
17 don't realize that people smoke marijuana in  
18 New York State right now. It comes as a  
19 shock to them.

20           (Laughter.)

21           SENATOR SAVINO: They don't realize  
22 that it is as easy to get as ordering a  
23 sandwich and, you know, anything off Amazon.  
24 There are apps -- there are apps for the

1 illicit market. You can have anything  
2 delivered to your house, and the illicit  
3 market looks incredibly like the legal one.

4 So I would hope that you guys see your  
5 role here as educators to members who don't  
6 seem to really understand why it's important  
7 that we get this done right and we don't  
8 overtax it. Otherwise, we will wind up just  
9 like California did, with a thriving illicit  
10 market that makes more money than the legal  
11 one.

12 MR. GANDELMAN: Right, correct. I  
13 agree 100 percent.

14 And it's just the taxes, it's the  
15 licensing structure, how many licenses there  
16 are, who's allowed to participate in the  
17 program and where those businesses operate.

18 So I think we have to look at it as a  
19 holistic solution and not just like it's only  
20 a tax issue or it's only a licensing issue.  
21 But there's many, many pieces to this that we  
22 would like to see worked out potentially in  
23 the CRTA right now so we don't have to worry  
24 about them being worked out later.

1           SENATOR SAVINO:    I would encourage you  
2 to read the MRTA as well.

3           MR. GANDELMAN:       Yes, I have, many  
4 times.

5           CHAIRWOMAN KRUEGER:    Thank you.  
6           Assembly?

7           CHAIRWOMAN WEINSTEIN:    No.

8           CHAIRWOMAN KRUEGER:    Senator Borrello.

9           SENATOR BORRELLO:    Thank you again,  
10 Madam Chairman.

11                           And thank you for being here.

12                           So if I'm hearing you correctly,  
13 you're very concerned that New York State  
14 might overregulate and overtax your industry?  
15 Welcome to New York State.

16                           (Laughter.)

17           MR. GANDELMAN:       It seems to be the  
18 theme of today, I guess.

19           SENATOR BORRELLO:    Yeah.    Yeah,  
20 that -- so as a business owner, yeah, welcome  
21 to the club.

22                           So -- but my concern is this.            You  
23 basically -- I just want to make sure I got  
24 this correct.       And I agree with you that the

1 taxes that are being proposed are excessive.  
2 And you mentioned the dry-weight tax of \$1  
3 per gram versus California, 35 cents, and  
4 that complicates things further.

5 But I think what I'm hearing you say  
6 is you're suggesting that New York State only  
7 set the rates so it generates enough revenue  
8 merely to cover the cost of the  
9 administration. There should be no tax  
10 revenue for the state to go into the General  
11 Fund beyond that, is that what you're  
12 suggesting?

13 MR. GANDELMAN: I think that's what  
14 we've been seeing when you're starting a  
15 program like this, is not to look at it as a  
16 huge tax revenue marker that you're using in  
17 other places, but just to create a really  
18 robust program.

19 Once it matures in, you know, two or  
20 three years, then you slowly can increase the  
21 taxes and now have tax revenue for the rest  
22 of your state.

23 In states like Colorado, they actually  
24 don't even spend their tax revenue from that

1 year, they hold on to it for a whole year to  
2 wait because it's so unpredictable right now  
3 that they don't want to all of a sudden have  
4 a huge shortfall because they were relying on  
5 cannabis taxes that next year aren't there.

6           SENATOR BORRELLO: Well, it is going  
7 to be unpredictable because of that same  
8 fact. Because, you know, we decriminalized  
9 marijuana here, and I don't know how you tell  
10 the difference between legal marijuana and  
11 illegal marijuana.

12           And in all the other states that have  
13 legalized it, the black market is booming.  
14 And that's part of the challenge that we face  
15 here in New York.

16           But also where I live, in Western New  
17 York, we have several Native American  
18 territories. They've all indicated that if  
19 it's legalized here, they're going to sell  
20 it.

21           So how do you propose that a legal  
22 distribution, which is probably going to be  
23 30 to 50 percent more than, say, the Seneca  
24 Nation is selling it, how are they going to

1 be able to survive with that kind of distinct  
2 economic difference?

3 MR. GANDELMAN: Well, it doesn't have  
4 to be 30 to 50 percent more. And the way it  
5 will be 30 to 50 percent more is if  
6 automatically it is taxed more. Right?

7 SENATOR BORRELLO: So you're saying in  
8 order for this to be viable, New York State  
9 has to price this -- or has to tax this at a  
10 point where we're not going to make any  
11 additional net revenue to the budget. Is  
12 that what you're saying?

13 MR. GANDELMAN: Correct. Yes. We  
14 need to fund the program, which has a number  
15 on it --

16 SENATOR BORRELLO: So we're going to  
17 legalize marijuana, we're going to deal with  
18 all the social issues, all of the law  
19 enforcement issues, and make no money to help  
20 cover those costs, so that your business can  
21 thrive.

22 MR. GANDELMAN: Well, here's the  
23 thing. You're already dealing with all the  
24 social issues. People are driving all over



1 the place, they're driving to Massachusetts,  
2 there's a huge illicit market.

3 From all studies that have -- from  
4 other states, once they have legalized, they  
5 have not seen tremendous increases like  
6 projected here in New York on --

7 SENATOR BORRELLO: You're right.

8 MR. GANDELMAN: -- you know, from the  
9 sheriff's departments and everything else.  
10 So --

11 SENATOR BORRELLO: Well, the AAA just  
12 came out with a report saying that there's a  
13 70 percent increase in fatalities with people  
14 having THC in their blood in the State of  
15 Washington. So I would probably challenge  
16 that.

17 MR. GANDELMAN: Well, THC stays in  
18 your blood for 30 days, so I think we would  
19 have to look at some more studies than just  
20 that one.

21 But I think how -- all of the things  
22 that we have that you think will be problems  
23 with the legal market are currently problems  
24 with an illegal market. And for the first

1 year or two, those taxes just need to hold up  
2 the program.

3 After that, yes, there will be a lot  
4 of tax revenue, just like in craft beer.  
5 That's created over 20,000 jobs in New York  
6 State. We can do the same thing for  
7 cannabis, but instead we're not doing that.

8 CHAIRWOMAN KRUEGER: All right, I'm  
9 going to cut this off.

10 SENATOR BORRELLO: Thank you.

11 CHAIRWOMAN KRUEGER: Although I'm  
12 going to throw in my two cents, since I carry  
13 a similar bill to the Governor's.

14 The gentleman's right, we do not want  
15 to overtax any of these products, because we  
16 want to close down the illegal market. And  
17 if you overtax it, people will stay in the  
18 illegal market where you don't know who  
19 they're buying from or what they're buying.

20 As opposed to a legal product that's  
21 licensed and is literally reviewed for safety  
22 from seed to sale, so it's a better product  
23 or mix of products to be selling.

24 The gentleman is also right that over

1 time, you can grow your prices as you've  
2 established your industry, as with lots of  
3 other new kinds of businesses that start. I  
4 don't agree with him that there's no money  
5 originally. We are looking at how each state  
6 that has legalized already has moved forward,  
7 avoiding their mistakes and hopefully coming  
8 up with the I guess what I want to call the  
9 sweet spot for pricing cannabis, so to speak.

10 And we can talk about -- not in the  
11 hearing today, George, but I'll be happy to  
12 give you more material than you will ever  
13 want about cannabis, its safety or lack  
14 thereof. It is not a perfect product, I  
15 don't encourage people to use it. But it is  
16 far, far safer medically, from a driving,  
17 from any measurement, to alcohol. And we  
18 seem to enjoy having legal alcohol in this  
19 state.

20 So I want to thank you very much for  
21 your testimony.

22 Did I cut off any Assemblymembers?

23 Okay. Thank you very much for being here.

24 MR. GANDELMAN: Thank you.

1           CHAIRWOMAN KRUEGER:       All right, my  
2   staff will get you immediately large  
3   quantities of not marijuana, but material  
4   about it.

5           (Laughter.)

6           CHAIRWOMAN KRUEGER:       The Manufacturers  
7   Association of Central New York.    Hello.

8           MR. WOLKEN:    Hello.       Thanks for having  
9   me today.

10           My name is Randy Wolken, I'm president  
11   and CEO of MACNY, the Manufacturers  
12   Association.   And our trade association  
13   represents over 300 members with over  
14   55,000 employees in a 26-county region.       I'm  
15   also the president and CEO of the  
16   Manufacturers Alliance, which represents  
17   seven regional manufacturing associations  
18   statewide with 2400 members.

19           We're dealing with increasing  
20   challenges for our members because of the  
21   competitive global environment, and they  
22   continue to be forced or at least have to  
23   consider shutting down and relocating either  
24   overseas or to different parts of the country

1 because of incentive packages or lower  
2 production costs, cheaper wages and lower  
3 taxes.

4           But we continue to work with you here  
5 in Albany to help lessen some of these  
6 impacts and to allow manufacturers to thrive  
7 here.     Manufacturers want to be in New York  
8 State, they truly want to do business here.

9           One of the most significant things  
10 that you could do in the State of New York  
11 right now would be to eliminate the corporate  
12 franchise tax for all manufacturers.     I want  
13 to thank Assemblyman Stirpe and Senator  
14 Kaplan for introducing legislation that would  
15 do just this.

16           As you know, in 2014 the State  
17 Legislature and the Governor enacted a zero  
18 percent corporate franchise tax for  
19 manufacturers who were C-corps -- these are  
20 the large manufacturers -- and immediately we  
21 were propelled into the top ten states in the  
22 country for pro-manufacturing income-tax  
23 climates.

24           We think and we believe it would do

1 the same for small and medium manufacturers.  
2 In fact, that's the largest number of  
3 manufacturers in the State of New York: Over  
4 75 percent of manufacturers are of this type.

5 What this allows them to do is make  
6 investments in things like inventory, capital  
7 equipment, complex machinery, buildings,  
8 research and development, as well as IT and  
9 software.

10 And the C-corps right now have this  
11 advantage to invest in these areas and grow  
12 their businesses. We believe the small  
13 businesses and medium-size manufacturers  
14 should have the same benefit.

15 You know, there's this misconception  
16 that these tax distributions will somehow  
17 pass through to the owners. If that were the  
18 case, C-corps would actually want to be  
19 pass-through entities. That's actually not  
20 the case. What small and medium  
21 manufacturers pay in New York State is the  
22 second-highest individual tax rate in the  
23 country. So inadvertently, what we've done  
24 is put these small and medium-size

1 manufacturers at a competitive disadvantage.

2           Also we've put them at risk to being  
3 lured to other states. In fact, there's a  
4 significant amount of pressure we're hearing  
5 from companies to locate to other states.  
6 Governors, economic development officials are  
7 actually calling them aggressively and trying  
8 to incentivize them to leave. Now, these are  
9 locally owned manufacturers, and they have  
10 strong ties to New York State. And we'd like  
11 them to stay.

12           The Manufacturing Research Institute  
13 of New York State commissioned a study to  
14 look at analyzing the impact of extending the  
15 zero corporate tax rate to small and medium  
16 manufacturers. The Beacon Hill Institute in  
17 2019 found that if you did this, you could  
18 increase private-sector jobs by more than  
19 5,000 in the first year, and over 6200 by  
20 2024. You'd see a rise in investment of  
21 \$150 million by 2024, real disposable income  
22 would increase by \$365 million in 2020 and  
23 surge by \$524 million by 2024.

24           You'd make a solid investment in our

1 economic future, and that would cause more  
2 jobs, more investment. And you'd send a  
3 strong message to manufacturers that the  
4 current manufacturing community is valued and  
5 that you want them to be here, and you'd  
6 actually put us on an even keel for being a  
7 major competitor in the international space.  
8 This would make a very positive impact for  
9 existing companies and make us even more  
10 attractive to manufacturers.

11 So I'll stop there. And I thank you  
12 for your ongoing support of manufacturers,  
13 and I'll take your questions.

14 CHAIRWOMAN KRUEGER: Thank you.  
15 Senator Borrello.

16 SENATOR BORRELLO: Thank you again.  
17 Thank you for being here and giving  
18 this testimony.

19 So manufacturing, where I'm from in  
20 Chautauqua County, is still very strong. And  
21 the challenge is workforce. So I understand,  
22 you know, the impact -- you're saying we can  
23 create more jobs. But, you know, we have to  
24 fill the jobs that we have right now, and



1 that's really the challenge.

2 And I'm just wondering, you know, what  
3 the Manufacturers Association is doing to  
4 kind of, you know, support the idea of being  
5 able to return the skilled workforce that we  
6 need in order to support those manufacturers.

7 MR. WOLKEN: So a favorable tax  
8 climate obviously helps support existing  
9 jobs, to include these jobs that are open as  
10 well as create future jobs. It makes us  
11 competitive.

12 In terms of a talented workforce, we  
13 actually have, through the Manufacturers  
14 Alliance and MACNY, a really robust  
15 apprenticeship program which now has expanded  
16 statewide to hundreds of companies. Dozens  
17 of career pathways are being created. In our  
18 community alone, over 50 companies have done  
19 it with close to 200 new apprentices being  
20 created.

21 So we think the "earn and learn"  
22 approach is one of the best approaches.  
23 Start with an existing employee, while you're  
24 earning, and continue to expand over the next

1 three years. You'll go from entry-level wage  
2 to \$25 to \$30 an hour, with benefits. In our  
3 communities, such as yours and ours in  
4 Central New York, it's the highest-paying  
5 jobs.

6 So we believe the earn-and-learn  
7 approach is probably the best, and we're  
8 actively engaged in doing that statewide.

9 SENATOR BORRELLO: And there's  
10 really -- then there's no debt, either,  
11 associated with that learning process.

12 MR. WOLKEN: No. No, it's the best  
13 way, actually, to learn and earn.

14 SENATOR BORRELLO: I agree. And, you  
15 know, in our region most of the small  
16 entrepreneurs who are manufacturers, in that  
17 industry, are folks that started out with  
18 those type of programs and then went on to  
19 own their own business or buy the business  
20 that they're working for. So if you wanted  
21 to be a small business owner, getting into  
22 the skilled trades is probably one of the  
23 best ways in upstate New York.

24 MR. WOLKEN: It really is the

1 post-high school approach to really earning,  
2 learning and not having a significant debt.  
3 And there are literally thousands of job  
4 openings, everything from welders to  
5 mechanical techs, that we absolutely have to  
6 have to be viable.

7 SENATOR BORRELLO: Yeah, I mean, I've  
8 said that before, if we had a hundred welders  
9 tomorrow, we could have a hundred jobs for  
10 them tomorrow.

11 MR. WOLKEN: Absolutely.

12 SENATOR BORRELLO: And that's the  
13 absolute challenge that we face. And with  
14 every other difficult climate in New York  
15 State, if we could solve the workforce  
16 problem here, that would probably overcome a  
17 lot of those other challenges of doing  
18 business in New York State.

19 MR. WOLKEN: Absolutely, it would help  
20 tremendously for our members and so many  
21 throughout upstate.

22 SENATOR BORRELLO: Thank you.

23 CHAIRWOMAN KRUEGER: Thank you.  
24 Assembly.

1 CHAIRWOMAN WEINSTEIN: Thank you.

2 Assemblyman Stirpe.

3 ASSEMBLYMAN STIRPE: Hi, Randy, how  
4 you doing?

5 MR. WOLKEN: Good seeing you.

6 ASSEMBLYMAN STIRPE: You know, we've  
7 worked together on a lot of things over the  
8 years. And I remember back in I think 2013  
9 doing a survey, and as everybody has talked  
10 about, the number-one issue was workforce and  
11 not finding people.

12 I'm just wondering if you feel that  
13 the attitude of the employers has changed at  
14 all over the years. Because when we first  
15 started looking into this and you had said,  
16 Well, what kind of a worker do you want, of  
17 course they wanted a 15-year experienced, you  
18 know -- you talk to them a little bit longer  
19 and they want a unicorn, basically. And they  
20 expected you to just deliver that to them.

21 I remember years ago, like at General  
22 Electric and places, they'd give you \$500 if  
23 you found your cousin and would go to work  
24 and then they would train them.

1           Have companies realized that they have  
2 a responsibility in the training area also,  
3 and not really expecting government to solve  
4 every problem that they have?

5           MR. WOLKEN:   Well, I think that the  
6 success of the apprenticeship program is  
7 justification and speaks to this.   I mean,  
8 they're willing to hire and train through an  
9 apprenticeship approach, which actually is  
10 great for everybody.   The individual ends up  
11 being an approved apprentice, a registered  
12 apprentice, they can use that whatever they  
13 need to go, it makes them more viable.

14           Our experience in standing up this  
15 program in about 18 months would suggest that  
16 it's real and that employers now know they  
17 have to get engaged.

18           I'd also say a lot of our members are  
19 getting engaged now at the high school level  
20 and even the middle school level.   We have  
21 hundreds of companies in our region, as you  
22 know, that are actively engaged in showing  
23 people what those jobs are like for the  
24 future, and that changes people's

1 perceptions.

2           Specifically at home, oftentimes  
3 parents will say, you know, I don't want my  
4 child to be necessarily a welder -- which is  
5 a fantastic job, by the way.     So I think the  
6 opportunity to both educate and learn at the  
7 business side, we've been actively engaged  
8 in.    And I agree with you that the whole  
9 attitude's changed.    They have to invest, and  
10 they see it.

11           ASSEMBLYMAN STIRPE:     You know, the  
12 other thing, as I've gone around the state  
13 hosting small business roundtables and  
14 talking to people -- you know, it's been  
15 spoken about earlier, transportation and  
16 childcare are like big issues that -- we have  
17 low unemployment, we need to draw more people  
18 into the workforce, and the only way we're  
19 going to do that is somehow get women to go  
20 into maybe some of the nontraditional jobs in  
21 manufacturing and construction and things  
22 like that.

23           And I know that you're also working  
24 with Early Childhood Alliance and those

1 people. Are you seeing much progress being  
2 made?

3 MR. WOLKEN: I'm seeing a basic level  
4 of general awareness now that we need to  
5 invest in childcare, figure out ways to solve  
6 that at a community level. I think you're  
7 right there, that and transportation are  
8 probably the two main barriers that we have  
9 to solve. And I know the latest round in our  
10 region, funding some transportation solutions  
11 will help, I think, in a meaningful way.

12 But we do have to address them, and  
13 it's critically important that New York State  
14 be a partner in doing that. We have to  
15 create a better market. Those are  
16 lower-paying jobs in childcare.

17 In fact, we're introducing in our  
18 region at least a look at creating  
19 apprenticeship pathways in that space  
20 because, quite frankly, the pay is too low to  
21 keep quality childcare workers in the space.  
22 So we're going to have to come up with some  
23 innovative solutions.

24 But you're right, those are two big

1 problems.

2 CHAIRWOMAN WEINSTEIN: Thank you.

3 ASSEMBLYMAN STIRPE: Thank you.

4 CHAIRWOMAN WEINSTEIN: Assemblyman Ra.

5 ASSEMBLYMAN RA: Thank you very much  
6 for being here today.

7 So the study about eliminating the  
8 franchise tax for the small and medium-size  
9 manufacturers, those numbers are in New York  
10 State?

11 MR. WOLKEN: Yes. We actually have  
12 them broken down by county and the number of  
13 employees and by businesses. And this would  
14 affect the entire state. It would be an  
15 immediate shot in the arm, we believe, to  
16 manufacturers throughout the State of New  
17 York.

18 ASSEMBLYMAN RA: Great. Because I  
19 know, you know, over recent years there has  
20 been an increase I believe of about a million  
21 manufacturing jobs nationwide, but we've lost  
22 manufacturing jobs in New York. So obviously  
23 that would be a very clear way to reverse  
24 that trend.



1           Are there other things that you can  
2 recommend that would also help, along with  
3 the tax structure?

4           MR. WOLKEN:     Yeah.     The reason why we  
5 think tax structure is a good place, it  
6 levels the playing field for everybody.     You  
7 don't have to apply for a program, you're a  
8 part of that.

9           Beyond that, we've talked about  
10 workforce.     Not having enough people to fill  
11 open positions is a significant challenge.  
12 That in and of itself could expand production  
13 and actually allow growth.

14          I think we have to be concerned about  
15 any kind of legislation and/or requirements  
16 that make a larger burden on businesses.     So  
17 we should be looking, you know, intelligently  
18 at our implementation.     Sometimes even the  
19 best-laid programs end up causing us  
20 significant heartburn at the manufacturing  
21 level because it's quite frankly competitive  
22 internationally.

23          So I think looking at the business  
24 climate will always help.     Training is

1 absolutely critical. And then of course  
2 we've seen the impact of changing the tax  
3 rate for C-corps; we need to do that for  
4 small and medium manufacturers.

5 ASSEMBLYMAN RA: Great. Thank you.

6 MR. WOLKEN: Sure. Thank you.

7 CHAIRWOMAN KRUEGER: Thank you very  
8 much for your attendance today. We  
9 appreciate it.

10 MR. WOLKEN: Thank you.

11 CHAIRWOMAN KRUEGER: Thank you.

12 All right, our next participant is  
13 Donald Maurice, outside counsel, Receivables  
14 Management Association International. No  
15 doubt I'll learn what that is.

16 MR. MAURICE: Good afternoon.

17 Chairpersons Krueger and Weinstein and  
18 distinguished members, it is an honor to  
19 address you this afternoon.

20 My name is Don Maurice, and I am  
21 outside counsel to the Receivables Management  
22 Association International, also known as  
23 RMAI. It's a nonprofit trade association  
24 representing over 550 companies that purchase

1 or support the purchase, sale, and collection  
2 of performing and nonperforming receivables  
3 on the secondary market.

4 RMAI fully supports licensure of debt  
5 collectors as is proposed by the Governor's  
6 budget bill. Licensure protects consumers  
7 and creates significant barriers to bad  
8 actors.

9 While much contained in the Governor's  
10 budget proposal is consistent with licensing  
11 requirements designed to protect consumers,  
12 it contains several provisions that are  
13 highly problematic and harmful to consumers.  
14 Let me explain how this occurs.

15 As proposed, debt collectors would be  
16 limited to two communications with a consumer  
17 in a seven-day period. When commencing  
18 communications with a consumer for the first  
19 time, debt collectors typically make two  
20 collection contacts in the first seven days.  
21 Usually this consists of a telephone call  
22 followed by a letter.

23 Under the proposed restriction, if the  
24 consumer calls the collector in response to

1 either communication within that seven-day  
2 period, the debt collector is prohibited from  
3 communicating with the consumer.

4           Imagine a consumer who is facing the  
5 repossession of her automobile. She has  
6 already received a letter from a debt  
7 collector stating that an immediate payment  
8 is required to avoid repossession. And she  
9 notes, when looking at the caller I.D. on her  
10 telephone, that the same collector has  
11 already called but that call was not  
12 answered. Concerned and wanting to avoid  
13 repossession, she immediately calls the debt  
14 collector in the hope of working out a lower  
15 payment. This bill would prohibit the debt  
16 collector from answering that call.

17           The letter and unanswered call  
18 mentioned in my example are the totality of  
19 communications that are permitted within the  
20 proposed seven-day cap. No other  
21 communication is permissible, absent the  
22 consumer's prior written consent or a court  
23 order. The result does not bode well for our  
24 hypothetical consumer. We see no reason why

1 honest, hardworking consumers should suffer  
2 such harsh results.

3 Consumers seeking to resolve their  
4 delinquent accounts to avoid embarrassing  
5 judicial and nonjudicial collection efforts  
6 should not be hamstrung from communicating  
7 with their creditor's agents.

8 The second provision of the budget  
9 proposal that we're concerned with is  
10 electronic communications. And it's almost a  
11 total restriction on electronic  
12 communications between debt collectors and  
13 consumers.

14 Let me start with this. Electronic  
15 communications benefit the disabled, persons  
16 for whom English is a second language, and  
17 afford consumers greater control when  
18 interacting with debt collectors. But the  
19 proposal provides that these electronic  
20 communications can only occur when the  
21 consumer has given his or her prior written  
22 consent directly to the debt collector. Even  
23 if that consent was given to the creditor on  
24 whose behalf the debt collector is acting,

1 the communication is not possible.

2 But to be sure, these electronic  
3 communications mean far more to those  
4 challenged by physical disabilities. For the  
5 physically disabled, a trip to a mailbox can  
6 be difficult. And for the visually impaired,  
7 electronic communications make communications  
8 more accessible and less costly. For  
9 example, consumers suffering from visual  
10 disabilities can use any widely available  
11 email program to convert text to speech. And  
12 if English is not the consumer's primary  
13 language, electronic communications can be  
14 easily converted to any language.

15 The proposed law relegates  
16 communications to those common in the early  
17 20th century. We know that communication  
18 technologies have changed, and we also know,  
19 as I pointed out in my written testimony,  
20 that consumers prefer electronic  
21 communications to phone calls and letters  
22 because of that control. And aside from this  
23 immediate harm, we also know that we are  
24 concerned that these technology barriers may

1 deny New Yorkers from future innovative  
2 technologies.

3 We know these issues can be resolved,  
4 and we are ready to work with you and all  
5 stakeholders to correct them and achieve the  
6 bill's intended result.

7 Thank you for your time.

8 CHAIRWOMAN WEINSTEIN: Thank you. We  
9 have no questions. We have your written  
10 testimony; we have no questions at this time.  
11 Thank you for being here today.

12 MR. MAURICE: Thank you.

13 CHAIRWOMAN WEINSTEIN: Next we hear  
14 from Jonathan Teyan, Associated Medical  
15 Schools of New York. And he will be followed  
16 by a panel of the Motion Picture Editors  
17 Guild, Louis Bertini, and Theatrical  
18 Teamsters Local 17, Thomas O'Donnell.

19 Please begin.

20 MR. TEYAN: Thank you, Chairwoman  
21 Weinstein. And good afternoon to all the  
22 distinguished members.

23 My name is Jonathan Teyan. I'm the  
24 chief operating officer of the Associated

1 Medical Schools of New York. AMSNY is the  
2 consortium of the 17 medical schools in the  
3 state. We have more medical schools than any  
4 other state in the nation. We educate more  
5 physicians, we train more medical residents.

6 When most people, I think, think of  
7 medical schools, they tend to think of  
8 educating physicians and providing clinical  
9 care. I actually want to talk a little bit  
10 today about the third leg of the stool, which  
11 is biomedical research and the importance of  
12 state investment in life sciences to spur  
13 further growth of our bioscience sector.

14 Just to give a bit of context, by far  
15 the largest funder of biomedical research,  
16 particularly basic science research, in the  
17 U.S. is the National Institutes of Health.  
18 New York is the third-ranked recipient of NIH  
19 funding. In 2019, \$2.9 billion flowed into  
20 New York in NIH funding. Sixty-seven percent  
21 of that went to the medical schools.

22 We've actually, fortunately, seen an  
23 uptick in the total NIH budget in the last  
24 five years, but for more than a dozen years



1 prior to that, NIH funding had been  
2 absolutely flat. And when you adjust that  
3 trend for inflation, we actually saw that  
4 there was a 25 percent decline in the  
5 purchasing power of an NIH dollar. And in  
6 that vacuum, many other states stepped in and  
7 started very large-scale investments in their  
8 own bioscience sectors.

9 As an example -- several examples,  
10 actually -- California launched a \$3 billion  
11 STEM cell program. Texas launched a  
12 \$3 billion cancer program -- in fact, Texas  
13 just authorized an additional \$3 billion  
14 investment in that. Massachusetts invested a  
15 billion and a half in life sciences. We've  
16 seen this around the country, that there are  
17 very large investments over the long term to  
18 grow the bioscience sectors in each of those  
19 states.

20 One of the consequences of that is  
21 that the competition for scientists became  
22 quite overheated. And New York in  
23 particular, because we have some of the best  
24 academic research institutions in the

1 country -- in fact, in the world -- we became  
2 where many of those states came to to go  
3 shopping, go shopping for scientists. And in  
4 the first few years after Texas launched its  
5 multi-billion-dollar cancer program, we lost  
6 more than a dozen scientists because we were  
7 unable to match the sorts of offers that  
8 Texas institutions could make.

9 And so what we had proposed and what  
10 the Legislature and the Governor wisely  
11 recognized was that the state should support  
12 the recruitment and retention of world-class  
13 scientific talent in New York. And this took  
14 the form of a \$20 million appropriation that  
15 was part of the larger \$620 million life  
16 sciences initiative.

17 This \$20 million is for a program  
18 called NYFIRST, and what it does is it  
19 provides up to a million dollars for a  
20 medical school to recruit or retain, you  
21 know, the very best star scientists. And  
22 we've actually seen that this has proven much  
23 more effective than we even anticipated.

24 So this program was launched in 2017.

1 The first round of funding was made in 2018.  
2 We had three awardees, one at the University  
3 of Rochester, Columbia University, and  
4 Mt. Sinai School of Medicine.

5 When those recruits were brought into  
6 the state, they brought with them labs that  
7 function effectively as small businesses  
8 within the medical schools. Each of these  
9 labs employs at least eight to 10 people.

10 And in fact, in this first round we've  
11 seen that just in the first year, those three  
12 labs have created 40 jobs. We anticipate  
13 that they will create 100 jobs in the first  
14 three years of the program. And in addition  
15 to that, they have brought in \$16.5 million  
16 in additional outside funding.

17 And so what we are looking for and  
18 hoping that you will support is, firstly, the  
19 reappropriation of the unspent funds for the  
20 NYFIRST program in the current budget and a  
21 new appropriation of \$20 million so that we  
22 can keep our institutions competitive for the  
23 very best scientists in the world.

24 Thank you. Thank you for the

1 opportunity to testify.

2 CHAIRWOMAN WEINSTEIN: Thank you.

3 We have a question from Assemblywoman  
4 Hyndman.

5 ASSEMBLYWOMAN HYNDMAN: Hi, Jonathan.

6 Good to see you.

7 Two quick questions. You're saying  
8 that we have 17 medical schools in the State  
9 of New York, but we're recruiting individuals  
10 from outside the State of New York. How many  
11 of our medical schools are growing these  
12 scientists and keeping them in the State of  
13 New York and not losing them to California  
14 and Texas, is my question.

15 MR. TEYAN: So this program actually  
16 would do both, and in fact is doing both.

17 So the idea is that we both want to be  
18 able to recruit scientists, you know,  
19 regardless of where they're from, and we also  
20 want to develop our home-grown scientists.

21 But at the same time, we have had many  
22 scientists at the medical schools who have  
23 had offers from outside New York, and we  
24 would like to prevent them from leaving, if

1 we can, if we can match the offer. And so  
2 the NYFIRST program does that. We actually  
3 can apply for funds through the program so if  
4 there's a bona fide offer from an institution  
5 outside of New York, we can try to make a  
6 counteroffer and keep them here using state  
7 funds to help that.

8 ASSEMBLYWOMAN HYNDMAN: So do you  
9 break down the number of women that are in  
10 biomedical sciences, that become scientists?  
11 Do you break down the number of women,  
12 minorities, black, Latino?

13 MR. TEYAN: It's an excellent  
14 question. And this program doesn't require  
15 that and doesn't do that. It is a very large  
16 focus of our organization and of the medical  
17 schools.

18 I will say that in the first round of  
19 funding there were three scientists brought  
20 in. One of them is a woman who is just a  
21 leader in her field, cancer genomics.

22 And we actually are very focused,  
23 through other programs, on developing  
24 underrepresented folks coming into the

1 sciences. We think that's really important  
2 both for the composition of the workforce but  
3 also to help drive the science into the  
4 places that it needs to go.

5 And so this program doesn't address  
6 that specifically, but the medical  
7 schools are very much committed to addressing  
8 that.

9 ASSEMBLYWOMAN HYNDMAN: Okay. Thank  
10 you.

11 MR. TEYAN: You're welcome.

12 CHAIRWOMAN WEINSTEIN: Thank you.

13 There are no other questions.

14 MR. TEYAN: Thank you.

15 CHAIRWOMAN WEINSTEIN: So next, as I  
16 mentioned, we have Motion Picture Editors  
17 Guild and Theatrical Teamsters Local 817, to  
18 be followed by Protect the Adirondacks, to be  
19 followed by Reinvent Albany.

20 MR. O'DONNELL: Good afternoon,  
21 Chairwoman Weinstein and distinguished  
22 members of the Senate Finance Committee and  
23 the Assembly Ways and Means Committee. My  
24 name is Tom O'Donnell. I am president of

1     Theatrical Teamsters Local 817.     In addition  
2     to Local 817, I also present this testimony  
3     on behalf of the entire film community and  
4     labor community.

5             Thank you for the opportunity to  
6     describe the unparalleled success of the  
7     Empire State Film Production Tax Credit and  
8     for your long-term support of this  
9     manufacturing industry, the manufacturing of  
10    content.

11            In the 2020 legislative session the  
12    union's top priority is ensuring the  
13    continuity and stability of the tax credit.  
14    We testify today in support of including a  
15    five-year extension of the program in the  
16    State Budget.     Additionally, we also testify  
17    in support of revising the minimum spend  
18    requirements in furtherance of the Governor's  
19    objective to improve the efficiency and  
20    sustainability of the state's program.

21            In 2017 alone, New York saw  
22    \$3.9 billion in local spending, a fivefold  
23    increase from 2004.     Jobs have shot up  
24    55 percent since 2004, compared to 24 percent

1 nationally, and growing at a rate four and a  
2 half times faster than the overall state  
3 economy. The credit supports 48,300 and  
4 \$6.7 billion in economic activity across the  
5 state, in addition to countless non-qualified  
6 activities supported by the critical mass of  
7 local talent and infrastructure that the  
8 credit has enabled.

9 The average annual wage for workers in  
10 these credit-supported jobs is approximately  
11 \$90,000, and the state saw approximately  
12 \$780 million in fiscal revenues earned from  
13 qualified productions in 2017.

14 This tax credit is first and foremost  
15 a union program. We fight to ensure high  
16 wages, full benefits and robust protections  
17 for the growing number of workers in the  
18 industry. Local 817 alone has seen an  
19 increase of 250 percent in membership, with  
20 an increase in wages and benefit  
21 contributions from \$70 million to  
22 \$380 million. And the Teamsters are just a  
23 sliver of this employment pie.

24 With increased demand for labor, we



1 can now point to the many new pathways to  
2 opportunities provided regardless of race,  
3 gender, or educational attainment.

4           The unions have invested millions of  
5 dollars, engaged in comprehensive outreach,  
6 and proposed legislation to continue  
7 diversifying the industry's talent pipeline  
8 in both above-the-line and below-the-line  
9 jobs, 44 percent of which do not require a  
10 four-year college degree.

11           One out of every three jobs added to  
12 our new sector is created in New York,  
13 representing 18.3 percent of the national  
14 share.     We're in a golden age of television  
15 production, hosting a record number of  
16 episodic series in 2017, with 91 series and  
17 pilots were supported by this tax credit.

18           A long-term extension of the tax  
19 credit incentive is critical for episodic  
20 television, which relies heavily on the  
21 budgeting predictability that a stable tax  
22 credit program affords.

23           This is a global competition, and the  
24 argument that New York will always have its

1 fair share of film work due to its locations  
2 and creative appeal is a fallacy. A  
3 production does not have to be physically  
4 present in New York to film a New York story.

5 The currently proposed one-year  
6 extension, coupled with the reduction of the  
7 rebate percentage, will heighten concern and  
8 weaken confidence in the program. New York  
9 needs to show its commitment to our industry  
10 by extending the program an additional five  
11 years.

12 That is not to say that proposed  
13 reforms weaken the program. In contrast,  
14 they acknowledge New York's success and the  
15 state's determination to ensure a  
16 well-calibrated program into the future. One  
17 of these proposals includes requiring a  
18 minimum spend of \$1 million on downstate  
19 projects and a minimum spend of \$250,000 on  
20 upstate projects in order to access the  
21 credit. After careful consideration, we  
22 unions collectively recommend that downstate  
23 projects must instead spend \$1.5 million for  
24 eligibility and that upstate projects must

1 spend \$1 million.

2 In addition to increased savings, the  
3 purpose of raising these minimums is to  
4 ensure that projects receiving the benefits  
5 of the tax incentives are paying fair wages  
6 and benefits. In our collective experience,  
7 projects with budgets below these thresholds  
8 improperly treat crews as independent  
9 contractors. It is inappropriate to allow  
10 productions to avoid paying taxes and  
11 benefits to collect a taxpayer-funded  
12 subsidy.

13 In summation, New York is now a world  
14 hub for film production, creating thousands  
15 of high-paying union jobs. It is the tax  
16 credit that has made the difference, and our  
17 trajectory is dependent on its extension.  
18 Because of these reasons, myself and my  
19 brothers and sisters in the labor movement  
20 urge you to include a five-year extension of  
21 the tax credit in the State Budget, and we  
22 urge you to increase the proposed minimum  
23 spend thresholds to facilitate projects into  
24 the program.

1           I thank you for your time, and I look  
2 forward to answering any questions.

3           MR. BERTINI:    Good morning, Chairwoman  
4 Weinstein and members of the Senate Finance  
5 Committee and Assembly Ways and Means  
6 Committee.

7           You have my report, so I will just  
8 read a brief summary.       I'll start by  
9 seconding everything that Tom has just told  
10 you, absolutely.

11           I am Louis Bertini, the eastern region  
12 vice president of the Motion Picture Editors  
13 Guild.    I am also an editor and a working  
14 member of my guild.       And I thank you for this  
15 opportunity to provide testimony and urge the  
16 extension of this program for five years.

17           We have experienced a boom in episodic  
18 projects because of this incentive.       In 2019  
19 we hosted over 100 television series, and we  
20 provided postproduction workers and services  
21 for most of them.       These projects require  
22 multiyear budgeting and the stability of a  
23 venue's tax credit plays a significant role  
24 in the budget planning.       Without a five-year

1 extension, producers will be hesitant to  
2 bring their work here.

3           The incentive is a proven job creator.  
4 Over 10,800 people currently work in the  
5 field in postproduction and production, with  
6 an average income of \$83,400. The program  
7 creates opportunity for all New Yorkers  
8 regardless of race or gender or sexual  
9 orientation, and a diverse talent pool breaks  
10 down barriers to opportunity.

11           To sum up, this program is an  
12 overwhelming success. These credits have  
13 supported the creation of thousands of jobs  
14 and billions of dollars of wages and economic  
15 opportunity. We respectfully request the  
16 inclusion of a five-year extension of these  
17 credits in the state's budget to ensure a  
18 continuation of the growth and vibrancy of  
19 this industry throughout the state.

20           I thank you for this opportunity and  
21 look forward to any questions you might have.

22           CHAIRWOMAN WEINSTEIN: Sure. We go to  
23 Senator Borrello.

24           SENATOR BORRELLO: Thank you very

1 much. Thank you both for being here.

2 You know, this is obviously a  
3 challenging budget year for us, and I'm sure  
4 you've heard that from a lot of folks. You  
5 know, my concern really -- and I will say, in  
6 full disclosure, that we were very fortunate  
7 to have a major motion picture filmed in my  
8 district, in Chautauqua County, and for the  
9 first time ever. So I understand that these  
10 credits do help enhance that.

11 But 93 percent of the films are done  
12 in New York City. And New York City  
13 eliminated their credit that they were  
14 offering. So they really don't have any skin  
15 in the game anymore, yet they kind of gobble  
16 up 93 percent of that credit.

17 You know, in an era right now where we  
18 are looking at trying to close a \$6 billion  
19 budget gap, how do you justify hundreds of  
20 millions of dollars for a city that had many,  
21 many films and episodic television done  
22 before because people want to film in  
23 New York City? That's the bottom line. They  
24 want to film in New York City. So how do you

1 justify that when the city itself doesn't  
2 even have any more skin in the game?

3 MR. O'DONNELL: Well, I think it's a  
4 two-part answer to that question. First off,  
5 Buffalo is turning into a mini-production  
6 center. I have a \$30 million Universal show  
7 going there. I was talking to one of the  
8 brothers, they want to do a whole episodic TV  
9 series there.

10 Production is -- there's a vibrant  
11 independent film community in Syracuse.  
12 Hudson Valley is exploding with work.

13 Now, to answer the question about  
14 people want to be in New York. Now, I've  
15 worked in the industry, I've been  
16 representing this industry for 30 years, and  
17 I'm also the motion picture director for the  
18 Theatrical and Trade division for the  
19 International Brotherhood of Teamsters for  
20 North America. I'm intimately familiar with  
21 the industry, with the history of film tax  
22 credits, with its construction and its  
23 impact.

24 Even though creatively people want to

1 be in New York, they would not be in New York  
2 without that film tax credit. The only state  
3 in this country that could sustain having no  
4 film tax credit is California. And even  
5 California had a 40 percent reduction in  
6 production until they instituted a film tax  
7 credit.

8 So that's my answer to why we need  
9 this.

10 SENATOR BORRELLO: Well, and again, I  
11 think -- you know, you mentioned Buffalo and  
12 upstate New York areas, and I agree, that's  
13 where an influx could be helpful. I just  
14 think, you know, it's not -- the playing  
15 field is not level at this moment, with 93  
16 percent going to New York City --

17 MR. O'DONNELL: Well, you do know that  
18 there's a 10 percent labor rate on for  
19 upstate New York, which has helped -- you  
20 know, which has helped communities like  
21 Buffalo and Syracuse and Hudson Valley  
22 blossom.

23 SENATOR BORRELLO: Well, yeah, I just  
24 think it's a tough budget year and it would



1 be nice to see the city have some skin in the  
2 game again, since they get the major -- the  
3 lion's share of the benefit. That's my major  
4 concern.

5 MR. BERTINI: Let me just add  
6 something interesting quickly to that, just  
7 to the overall picture.

8 When I started out, a long, long time  
9 ago, most of the people in my area came from  
10 the film schools at NYU and Columbia. I am  
11 from NYU. What I'm seeing now is something  
12 very different. Many of the young people  
13 coming in are all coming from the state  
14 universities and Syracuse and Ithaca and  
15 places like that. My assistant, my own  
16 assistant came from Ithaca.

17 The reason I think why this is  
18 happening is because many of our senior  
19 members, the senior members of the Editors  
20 Guild, are now teaching programs in the State  
21 University system, and they are helping their  
22 students to enter the field. So there is a  
23 benefit in that way going to the younger  
24 people, and I think that helps.

1           SENATOR BORRELLO:       Thank you.

2           CHAIRWOMAN KRUEGER:       Thank you.

3           Assembly.

4           CHAIRWOMAN WEINSTEIN:       Just one quick  
5 question, or really more.   As I read what you  
6 testified to, it would be important to have a  
7 longer extension, not just the one-year  
8 extension of the tax credit, and also to  
9 increase the minimum spend level of a  
10 production in order to receive the credit.  
11 That's correct, you'd like those two changes  
12 to be made?

13           MR. O'DONNELL:    Yeah, they -- so much  
14 of the work today is episodic television,  
15 whether it's network or streaming.   And they  
16 make the assumption that every show is almost  
17 going to be a hit.   So when they're looking  
18 to locate a production, they're looking three  
19 to five years down the road.

20           So -- and I know that it's -- there's  
21 -- the law says it's in place, but there's  
22 concern about the future allocations and the  
23 program's been so wildly successful.   And  
24 that's why we're asking for a five-year

1 extension.

2           And we do believe that having the  
3 minimum spends, it both -- it also reduces  
4 the burn rate. And a lot of these shows,  
5 like I said, you know, our experience is that  
6 they're paying them minimum wage or treating  
7 them as independent contractors, not paying  
8 benefits. And back in 2002 when we were  
9 hemorrhaging feature films and television  
10 shows to Canada and elsewhere, we still had a  
11 vibrant, independent film community. So I  
12 don't feel that that would be necessary to  
13 include that in anything less than a million.

14           CHAIRWOMAN WEINSTEIN: Thank you very  
15 much for your being here today. Thank you.

16           MR. O'DONNELL: You're welcome.

17           MR. BERTINI: Thank you. Thank you  
18 very much.

19           CHAIRWOMAN KRUEGER: Thank you.

20           Our next panel, Protect the  
21 Adirondacks and Reinvent Albany. Maybe we  
22 can reinvent the Adirondacks and protect  
23 Albany.

24           (Laughter.)

1           CHAIRWOMAN KRUEGER:    Oh, you're right,  
2   you were not a panel.    Excuse me, Peter, it's  
3   just you.

4           MR. BAUER:    Thank you, Senator.    Thank  
5   you.

6           CHAIRWOMAN KRUEGER:    Thank you.

7           MR. BAUER:    And the members of the  
8   Senate and Assembly.

9           Protect the Adirondacks is here today  
10   to talk about the Regional Economic  
11   Development Council program in New York and  
12   some of the shortfalls for how this program  
13   works for small rural communities in the  
14   Adirondacks and other places upstate.

15           The Regional Economic Development  
16   Council approach to economic development is  
17   not working for many places in the state.  
18   While it's politically expedient and popular,  
19   it fails to accomplish its two central goals,  
20   to assist private businesses to expand or  
21   start up, and to strategically support  
22   communities to build social amenities that  
23   will attract new population and will attract  
24   investment.

1           Year after year we see big dollar  
2 awards in the Regional Economic Development  
3 Council, but when you actually look at the  
4 money that actually makes it to small  
5 communities, less than 20 percent is actually  
6 funding real economic development activities.

7           These are tough times in rural  
8 America. The Adirondack Park occupies a  
9 landscape of a population with about 14  
10 people per square mile. That's a landscape  
11 of rural America that occupies about  
12 60 percent of the country but only has about  
13 6 percent of the population. It's pretty  
14 extraordinary.

15           Across rural America, there are still  
16 fewer jobs than there were before the Great  
17 Recession, while the metropolitan and urban  
18 areas not only gained -- regained all the  
19 jobs lost during the Great Recession, but  
20 they added 12 million more.

21           A recent study by the State  
22 Comptroller said that of New York's job  
23 gains, over 600,000 jobs gained since the  
24 Great Recession are in New York City alone,

1 and the rest, another 600,000 were in the  
2 city and suburbs of Long Island, Westchester,  
3 Rockland and Orange Counties. The job growth  
4 is not making it upstate.

5 For the Regional Economic Development  
6 Councils, the proof is really in the  
7 puddling. In 2019 there was \$67 million,  
8 67.9 million that was allocated to the  
9 North Country. But when you strip away how  
10 that money was actually spent, it tells a  
11 different story.

12 Thirty-five million dollars was  
13 awarded through the federal Industrial  
14 Development Bonds program. It's rarely  
15 accessed in the North Country, it's rarely  
16 accessed in the Adirondacks. Another  
17 \$3 million was in Excelsior job credits --  
18 again, rarely accessed in the North Country,  
19 rarely accessed in the Adirondacks.  
20 Fifty-six percent of the REDC award for 2019  
21 isn't even applicable to the region.

22 Another \$13 million went for a variety  
23 of worthy projects, but they're culvert  
24 replacement and upgrades, they're salt shed

1 storage facilities. They're stormwater  
2 projects. They're municipal water and sewer  
3 projects. Again, worthy programs, but I  
4 don't think you would actually call these  
5 economic development programs.

6 When you actually strip away, only  
7 about 25 percent of the \$67.9 million awarded  
8 in 2019 went to economic development programs  
9 for planning, for strategic planning for  
10 local governments, for rural economic  
11 development, helping to build local  
12 institutions, amenities, parks, streetscapes,  
13 viable businesses and so forth.

14 Rural America needs these programs.  
15 The rural communities of the Adirondacks need  
16 this type of investment. Half of all  
17 counties, over a thousand across the country,  
18 are losing population in rural America. The  
19 Adirondack communities, the rural communities  
20 of the Adirondacks, are in competition with a  
21 thousand other counties across the country  
22 who are looking to recruit businesses,  
23 looking to recruit population, looking to  
24 build dynamic communities.

1           We badly need these investments, but  
2 unfortunately the REDC is falling short.           So  
3 I would urge the legislators to take a hard  
4 look at the accountability of this program,  
5 which is really a signature program of the  
6 Governor's, to really see how it's working  
7 well for upstate and where it's falling  
8 short.     Because in the Adirondacks, when you  
9 look at this program, it's falling short and  
10 it's not meeting our community needs.

11           Thank you.

12           CHAIRWOMAN KRUEGER:        Thank you.

13           Any questions?

14           CHAIRWOMAN WEINSTEIN:       No.

15           CHAIRWOMAN KRUEGER:        We appreciate  
16 your being here with us.

17           MR. BAUER:     Thank you.

18           CHAIRWOMAN KRUEGER:        Next year we want  
19 to make sure you get into the Parks hearing  
20 instead of the Economic Development hearing.  
21 Thank you.

22           Okay.     Next up is our Reinvent Albany.  
23 And then after Reinvent Albany will be our  
24 last panel for this hearing.           So if those



1 people are here and want to get themselves  
2 ready, this will be the final panel of this  
3 hearing.

4 MR. SPEAKER: Good afternoon, Chairs  
5 Krueger and Weinstein and members of the  
6 Legislature. My name is Tom Speaker, and I'm  
7 a policy analyst for Reinvent Albany.  
8 Reinvent Albany advocates for open and  
9 accountable government.

10 Thank you for the opportunity to  
11 testify today on economic development issues  
12 related to the fiscal year 2020-2021 budget  
13 and legislative session. Today I'm going to  
14 read a summary of the longer testimony that  
15 was submitted.

16 We call on the Legislature to sharply  
17 reduce business subsidies, collectively  
18 costing New York State and local governments  
19 \$10 billion a year, and to follow the  
20 commonsense step of proving subsidies are a  
21 good investment. New York States should not  
22 be providing \$4.5 billion in subsidies to  
23 businesses while the state is running a \$6  
24 billion deficit.

1           The consensus of independent experts  
2 across the political spectrum is that  
3 business subsidies do not work. Over the  
4 last decade, a large body of evidence has  
5 been presented showing that subsidies are a  
6 poor use of taxpayer funds and are motivated  
7 more by politics than demonstrable results.

8           For instance, in 2018 Tim Bartik at  
9 the W.E. Upjohn Institute collated 30 studies  
10 that together show subsidies impact business  
11 decisions, at best, 25 percent of the time  
12 and, at worst, 2 percent of the time.

13           It will not be easy to cut wasteful  
14 business subsidies, because nobody wants to  
15 give up free government money. But you need  
16 to start somewhere, and we suggest by taking  
17 the 10 following steps.

18           Number one, hold a hearing after the  
19 budget on business subsidies inviting experts  
20 from across the nation. We name some of them  
21 in this testimony.

22           Number two, eliminate the state and  
23 local capital gains tax benefit for the  
24 federal Opportunity Zones business subsidy.

1 The Opportunity Zones program, established by  
2 the Trump administration, has been derided in  
3 both the New York Times and the Wall Street  
4 Journal for being poorly designed and  
5 ineffective at boosting lower-income  
6 communities. Opportunity Zones have actually  
7 been shown to benefit favored developers and  
8 investors far more than any other group.

9         New York State should reject this  
10 giveaway, as four other states already have.  
11 The Legislature can act by passing the  
12 original version of Senator Mike Gianaris's  
13 Bill S3401, which will restrict the subsidy  
14 by not providing relief for the state capital  
15 gains tax.

16         Number three, wean Hollywood from New  
17 York State taxpayers by reducing the \$420  
18 million spent on the film tax credit by at  
19 least 5 percent annually for the next decade,  
20 then assess the results.

21         Reinvent Albany strongly supports  
22 reducing the size of the film and TV tax  
23 credit, as the evidence does not justify a  
24 subsidy this large. Thirteen states have

1 eliminated their film tax credit altogether  
2 since 2009, since it has proven so costly and  
3 generated so little return for the  
4 investment. A study by USC professor Michael  
5 Thom found the tax credit in New York State  
6 had no effect on employment whatsoever.

7         Number four, end hundreds of millions  
8 of dollars in subsidies to the oil and gas  
9 industry before imposing new assessments on  
10 those companies. Reinvent Albany urges the  
11 Governor and Legislature to cut subsidies to  
12 the oil and gas extraction and distribution  
13 industry. The Governor proposes in his  
14 Executive Budget enabling NYSERDA to levy an  
15 assessment on gas and electric corporations.  
16 It makes no sense for New York to both  
17 subsidize and tax the oil and gas industry.

18         The Legislature should instead examine  
19 curbing subsidies like airline fuel,  
20 residential energy and the portion of fuel  
21 costing more than \$2 a gallon.

22         Number five, reduce the number of IDAs  
23 and LDCs and make them more accountable,  
24 including by passing legislation recommended

1 in the State Senate Investigations and  
2 Governmental Operations Committee's report on  
3 this issue. We highlight particular bills we  
4 support in our written testimony.

5 Number six, increase the budget of the  
6 Authorities Budget office, a crucial subsidy  
7 watchdog, to at least \$3 million and maybe  
8 even more than \$4 million. The Senate  
9 Investigations and Governmental Operations  
10 Committee report issued in December called  
11 for an increase in the budget for the ABO,  
12 recognizing that the office's skeleton crew  
13 of 11 employees can't possibly oversee 583  
14 state and local authorities collectively  
15 spending \$51 billion a year and holding \$282  
16 billion in public debt.

17 Number seven, reform the IDA tourism  
18 tax credit in New York State General  
19 Municipal Law.

20 Number eight, reduce benefits and make  
21 changes to the proposal extending the  
22 Excelsior Tax Credit Program and enhancing it  
23 for green projects.

24 And then numbers nine and ten, reject

1 reauthorization of the Department of Economic  
2 Development's administration of the Empire  
3 State economic development funds and reject  
4 reauthorization of DED's general loan powers,  
5 as detailed in our submitted testimony on  
6 Parts EE and FF of the TED Article VII budget  
7 bill. We will not support reauthorizing the  
8 funds without greater transparency of these  
9 economic development projects.

10 Thanks for the opportunity to testify  
11 today. I welcome any questions you might  
12 have.

13 CHAIRWOMAN KRUEGER: Okay.

14 CHAIRWOMAN WEINSTEIN: Thank you.

15 CHAIRWOMAN KRUEGER: Anyone else want  
16 to ask --

17 CHAIRWOMAN WEINSTEIN: No. No.

18 CHAIRWOMAN KRUEGER: We appreciate  
19 your testimony today. Thank you.

20 MR. SPEAKER: Thank you.

21 CHAIRWOMAN KRUEGER: All right. And  
22 our last panel, Center of Excellence, Center  
23 for Advanced Technology, Norma Nowak, Ph.D.;  
24 I believe a group or company called Athenex,

1 James Clements; and Enhanced  
2 Pharmacodynamics, Stephen Keegan, former  
3 student.

4 I don't know, you have to give your  
5 companies names I can say.

6 DR. NOWAK: Well, we call it EPD for  
7 short.

8 (Laughter.)

9 CHAIRWOMAN KRUEGER: Welcome.

10 DR. NOWAK: Thank you to the chairs of  
11 the committee, Senator Krueger --

12 CHAIRWOMAN KRUEGER: I'm sorry, we're  
13 going to do 10 minutes for the three of you.  
14 Okay?

15 DR. NOWAK: Okay. Thank you.

16 CHAIRWOMAN KRUEGER: Three for each  
17 and then -- okay?

18 DR. NOWAK: Perfect.

19 CHAIRWOMAN KRUEGER: Thank you. Only  
20 because we're three hours or two hours off  
21 our --

22 (Laughter.)

23 DR. NOWAK: Thank you to the chairs of  
24 the committees, Senator Krueger,

1 Assemblymember Weinstein, Assemblyman  
2 Schimminger, and Senator Kaplan, and members,  
3 for the opportunity to testify today. And  
4 thank you for your support of the COEs and  
5 CATs.

6 I am Dr. Norma Nowak, and I lead the  
7 University at Buffalo Center of Excellence in  
8 Bioinformatics and Life Sciences, as well as  
9 the UB Center for Advanced Technology in Big  
10 Data and Health Sciences, and I am here on  
11 behalf of my friends and colleagues at the  
12 CATs and COEs across the state.

13 The CATs and COEs are among the  
14 highest-performing economic development  
15 programs in the state, and under the  
16 Governor's current proposal, funding for the  
17 program would be cut by 27 percent and all 29  
18 CATs and COEs would have to be consolidated  
19 and compete for a reduced pool of funds.

20 The COEs and CATs are both focused on  
21 driving innovation across New York in a  
22 multitude of industry sectors. The COEs were  
23 established to take advantage of regional  
24 strengths and talent, and the CATs are



1 designated for their ability to address  
2 specific emerging technologies identified as  
3 state priorities.

4         The COEs provide an environment to  
5 foster and nurture collaboration between  
6 academia and industry. In fact, several of  
7 the COEs were designated and received a  
8 capital investment in buildings, including  
9 Buffalo's. The COE facilities provide  
10 technology experts and staff, student talent,  
11 and state-of-the-art infrastructure that are  
12 critical to the success of companies such as  
13 Athenex, who you will hear from shortly.

14         We have made significant progress in  
15 New York to grow an innovation economy via  
16 these important NYSTAR programs. By  
17 eliminating the COE program, New York will be  
18 breaking a critical pipeline to industry  
19 growth.

20         The CAT program cuts across many  
21 technology sectors and was developed to  
22 encourage greater collaboration between the  
23 private sector and universities in the  
24 development and application of new

1 technologies. New York's technology sector  
2 is growing at one of the highest rates in the  
3 nation and is one of only three states that  
4 has seen growth over 25 percent.

5 For the past three years, the CATs  
6 have been responsible for 2300 jobs created  
7 and/or retained, and \$1.5 billion in economic  
8 impact. The COEs have created and/or  
9 retained 5700 jobs, with \$1.1 billion in  
10 economic impact.

11 I have with me two individuals who  
12 reflect the success of UB's COE and CAT.

13 Dr. James Clements is the director of  
14 project management for Athenex, a global  
15 pharmaceutical company focused on improving  
16 treatments for cancer that began 15 years ago  
17 as a University at Buffalo startup. And we  
18 all understand, life sciences companies  
19 require a much longer path to achieve  
20 success. Athenex underwent an IPO in 2017,  
21 now employs 581 individuals -- with 172 in  
22 Western New York -- reached a market  
23 capitalization of \$1 billion, and raised  
24 another \$100 million in 2019.

1           Mr. Stephen Keegan is an employee with  
2           Enhanced Pharmacodynamics, also known as EPD,  
3           a University at Buffalo faculty-founded  
4           startup based in our Center of Excellence  
5           which applies computational model-informed  
6           drug development strategies for cancer  
7           therapy.     Stephen was awarded a funded  
8           internship through our Center of Excellence  
9           Career Experience Program, and as a result of  
10          that internship he was hired full-time by  
11          EPD.

12           Having lost my husband to cancer when  
13          we were 38 years old, it has been very  
14          rewarding to be part of the growth of two  
15          companies focused on treating such a  
16          devastating disease, which I assure you will  
17          someday touch all of our lives.

18           Now I'm going to turn it over to my  
19          partners.

20           CHAIRWOMAN KRUEGER:       All right.    Thank  
21          you.    Hello.

22           DR. CLEMENTS:    Hello.       And thank you,  
23          Dr. Nowak.

24           My name is James Clements.       I am the

1 director of project management at Athenex.  
2 I'm very happy to be here, very humbled to be  
3 here today. And I certainly appreciate  
4 everybody's time.

5 I have actually been with Athenex  
6 almost since the start, for 12 years now.  
7 And I have witnessed firsthand how the Center  
8 of Excellence and the Centers for Advanced  
9 Technologies work hand in hand and how  
10 they've been able to sustain our early  
11 development in clinical programs and in many  
12 ways have contributed to the establishment of  
13 Buffalo, New York, as the North American  
14 headquarters for Athenex.

15 As a small company with limited  
16 resources when we started out, being  
17 co-localized with a Center of Excellence  
18 allowed us unique opportunities to extend our  
19 R&D efforts and gain unique insights into  
20 multiple aspects of our platform  
21 technologies. Proximity and access to the  
22 Center of Excellence in Bioinformatics and  
23 Life Sciences and the Center for Advanced  
24 Technology played a big factor in our

1 leadership's commitment to remain in Buffalo,  
2 New York, despite the perceived advantages of  
3 relocating to other biotech hubs, which we've  
4 touched on today.

5         Our medicinal chemistry efforts, which  
6 are central, the core of our drug discovery  
7 efforts, are currently housed in the UB  
8 Center of Excellence, where our chemists have  
9 immediate access to state-of-the-art  
10 equipment and, probably more importantly, the  
11 innovative and creative staff and faculty  
12 that make up the COE.

13         Based on previous, existing and  
14 potential new collaborative relationships  
15 with investigators at the Center of  
16 Excellence, we are actively planning to  
17 expand our activities in Buffalo.     And even  
18 as I speak, we have a new collaboration set  
19 to begin which is actually ideal for the CAT  
20 funding program.     It's a highly innovative  
21 project born from UB that can benefit  
22 directly, we think, from our established drug  
23 development and clinical trial experience.

24         A loss or reduction in the capacity of

1 the Center of Excellence to function at its  
2 fullest potential is expected to really  
3 hobble our capacity to continue our R&D  
4 efforts which are so important to advancing  
5 our current pipeline candidates and expanding  
6 our programs into additional therapeutic  
7 areas.

8           Our hope is that Buffalo will continue  
9 to attract startup companies that can take  
10 advantage of facilities like the Center of  
11 Excellence and programs made available  
12 through the CAT program and, in return, like  
13 Athenex, it is anticipated that a number of  
14 these companies will establish their roots in  
15 an environment that enables and fosters and  
16 supports innovative technologies and  
17 collaboration between academic and private  
18 industry -- and also, importantly, provide  
19 current and future access to a highly trained  
20 workforce.

21           Both the Center of Excellence and the  
22 programs supported by the CAT have proven  
23 instrumental to the early success of  
24 Athenex -- then we were Kinex -- and our

1 continued ascension as a global  
2 pharmaceutical player dedicated to improving  
3 the lives of cancer patients and their  
4 families throughout the world.

5 Thank you so much.

6 CHAIRWOMAN KRUEGER: Hi.

7 MR. KEEGAN: Hi.

8 As an undergraduate at University of  
9 Buffalo I was studying chemical and  
10 biological engineering, and I always had an  
11 affinity towards data-driven science, in  
12 particular the life science area.

13 I didn't know that I was able to  
14 continue doing this type of premier research  
15 in Buffalo. I totally thought my career  
16 would end up in Boston or San Francisco,  
17 because that was the only two places that you  
18 could do it at the time. Or so I thought.

19 And then I took a course, which was a  
20 computational elective that told us all about  
21 the great resources that UB has to do --  
22 through these premier life science companies.  
23 And through there I got an internship with  
24 the UB Career Experience Program. It was a

1 funded internship, and I was able to be paid  
2 to do work at Enhanced Pharmacodynamics.

3 After I had an internship there, they  
4 offered me a full-time position, so I'm now a  
5 data scientist. I work on validating novel  
6 and on-the-market drugs. I do all types of  
7 data mining processes in terms of collecting  
8 data for some of our own in-house models.

9 And in conclusion of being -- staying  
10 in Buffalo, I was able to leverage my  
11 relationships with my department, and I am a  
12 master's student at UB. So I thought as soon  
13 as I graduated I was going to have to ship  
14 off somewhere, and now I get to stay within  
15 two hours from home and go home and ski with  
16 my parents on the weekends, and I just get  
17 to -- it's really nice to stay in Buffalo and  
18 not have to go to either side of the coast  
19 and work there.

20 So having this kind of program is  
21 allowing me to do premier research while  
22 maintaining a relationship with people that I  
23 spent four years as an undergrad and now as a  
24 graduate student, so I can really harness



1 these relationships that I have with these  
2 professors, continue to do top-notch  
3 research, and really perform at a high level  
4 in terms of the computational data-driven  
5 sciences that I enjoy doing. And I really  
6 hope to keep doing it, so it's a lot of fun.

7 CHAIRWOMAN WEINSTEIN: Assemblyman Ra.

8 ASSEMBLYMAN RA: I'm going to ask you  
9 a question that might be somewhat rhetorical,  
10 but maybe you have some information on it.

11 There's tons of economic development  
12 programs we're aware of that New York State  
13 has. We've heard about many of them today.  
14 Your programs seem to be far and away  
15 delivering results, in particular in parts of  
16 the state where we're struggling for economic  
17 development. Why are you a target for being  
18 potentially cut and not having those  
19 resources to invest in these types of  
20 technologies and industries?

21 ASSEMBLYMAN SCHIMMINGER: Ed, let me  
22 just answer that question.

23 (Laughter.)

24 DR. NOWAK: Thank you.

1 CHAIRWOMAN WEINSTEIN: Okay,  
2 Assemblyman.

3 ASSEMBLYMAN SCHIMMINGER: This  
4 program, the Centers of Excellence program,  
5 the Centers of Excellence program and the CAT  
6 program have been around a long time, and  
7 their handicap is that their origins predate  
8 this administration.

9 (Laughter.)

10 CHAIRWOMAN KRUEGER: I'm going to go  
11 for the Senate.

12 So actually, according to their  
13 testimony, you are not correct.

14 ASSEMBLYMAN SCHIMMINGER: Pardon?

15 CHAIRWOMAN KRUEGER: You are not  
16 correct. The Governor, this Governor, signed  
17 legislation written by Donna Lupardo in --  
18 oh, no, that was updating, in 2011.

19 ASSEMBLYMAN SCHIMMINGER: Yeah, that  
20 was merely a codification of the program.

21 CHAIRWOMAN KRUEGER: Sorry. Sorry,  
22 sorry, sorry.

23 DR. NOWAK: They were created in the  
24 early 2000s. And we were one of the first

1 centers.

2 CHAIRWOMAN KRUEGER: Thank you.

3 I was going to ask you a similar  
4 question to my Assembly colleagues. So what  
5 kind of trouble have you gotten into?

6 DR. NOWAK: Pardon?

7 CHAIRWOMAN KRUEGER: Well, I mean many  
8 economic development deals and projects have.  
9 And you cite an Office of the Comptroller  
10 study that I gather is saying good things  
11 about your outcomes, when earlier today I was  
12 reading Comptroller studies showing bad  
13 things on other programs.

14 So as far as you know, you've gotten  
15 yourselves into big legal problems?

16 DR. NOWAK: No.

17 CHAIRWOMAN KRUEGER: No. Just doing  
18 your work.

19 ASSEMBLYMAN SCHIMMINGER: Your return  
20 on investment is awesome. The investment of  
21 state dollars is relatively small. And  
22 unfortunately, for the past several years the  
23 funding has been proposed to be cut in the  
24 Executive Budget but restored in the finally

1 adopted budget.

2           It's a program which really does a lot  
3 with less. And if it ain't broke --

4           DR. NOWAK: It does a lot with less,  
5 Assemblyman Schimminger. But what it also  
6 does is we work not only within the  
7 university, but we reach out into the  
8 community. We have K-12 programs, I go to  
9 BOCES and we work with BOCES programs. We  
10 are really trying to not only just have a  
11 reach, which starts -- because if you don't  
12 reach the minds when they're in middle  
13 school, it's going to be too late.

14           And you have to turn them on to the  
15 science. And we go in and show them, here  
16 are the cool things you can do. And I tell  
17 them, I started a company. Someday, that  
18 could be you. You don't have to go and work  
19 for someone, you can be the someone.

20           And you make these kids believe that  
21 they have a great path in front of them, and  
22 you show them the way down the path.

23           And when Stephen, you know, was at UB,  
24 we got him an internship through this Career

1 Experience Program. He earned it. And he  
2 now has a full-time job. And he gets to stay  
3 in New York, his family is in Syracuse. What  
4 parent doesn't like to hear a story like  
5 that?

6 ASSEMBLYMAN SCHIMMINGER: The Centers  
7 of Excellence that strike me are the classic  
8 original anchors for the development of  
9 clusters. Case in point, the Buffalo Niagara  
10 Medical Campus.

11 DR. NOWAK: The whole -- so this was  
12 UB's first footprint in downtown Buffalo. So  
13 that was in the early 2000s. The building  
14 opened in 2006. And if you think about it,  
15 the Buffalo Center of Excellence really was a  
16 catalyst for the transformation of downtown  
17 Buffalo and the growth of that medical  
18 campus.

19 CHAIRWOMAN KRUEGER: I want to thank  
20 you all for being here. I think you have  
21 lifted our spirits with a positive story at  
22 the end of the Economic Development hearing  
23 for this year.

24 DR. NOWAK: Well, we really appreciate

1 your support. And it was -- I'm -- you know,  
2 we were -- I think if you want to say save  
3 the best for last. But being able to sit  
4 here and listen has been -- it's been a  
5 really good day. Thank you.

6 CHAIRWOMAN KRUEGER: Thank you.

7 DR. CLEMENTS: Thank you.

8 MR. KEEGAN: Thank you.

9 CHAIRWOMAN KRUEGER: I believe this  
10 ends the Economic Development hearing this  
11 year.

12 And we are now moving to our last  
13 hearing for the budget this year, and I am  
14 handing over the keys to the car to my  
15 colleague -- no, I'm not leaving, but the  
16 next hearing is the Assembly's hearing. So  
17 as the Office of Tax walks in and takes their  
18 seats, I'm handing the keys to the car over  
19 to Assemblywoman Weinstein.

20 (Whereupon, the budget hearing  
21 concluded at 3:10 p.m.)

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