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

JOINT LEGISLATIVE HEARING

In the Matter of the
2022-2023 EXECUTIVE BUDGET ON
ECONOMIC DEVELOPMENT

Virtual Hearing
Conducted via Zoom

February 16, 2022
9:34 a.m.

PRESIDING:

Senator Liz Krueger
Chair, Senate Finance Committee

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

PRESENT:

Senator Thomas F. O'Mara
Senate Finance Committee (RM)

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

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

Assemblyman Harry B. Bronson
Chair, Assembly Committee on Economic
Development, Job Creation, Commerce
and Industry

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

2021-2022 Executive Budget
Economic Development
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PRESENT: (Continued)

Assemblyman Steven Otis
Chair, Assembly Committee on Science and Technology

Senator José M. Serrano
Chair, Senate Committee on Cultural Affairs, Tourism, Arts and Recreation

Assemblyman Al Stirpe
Chair, Assembly Committee on Small Business

Assemblyman Daniel J. O'Donnell
Chair, Assembly Committee on Tourism, Parks, Arts and Sports Development

Assemblyman J. Gary Pretlow
Chair, Assembly Committee on Racing and Wagering

Senator John Liu

Assemblyman Billy Jones

Assemblywoman Marianne Buttenschon

Senator James Skoufis

Assemblyman Christopher S. Friend

Senator James Tedisco

Assemblywoman Emily Gallagher

Senator George M. Borrello

Assemblywoman Alicia Hyndman

Senator James Sanders Jr.

Assemblyman William Conrad

Senator Brad Hoylman

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PRESENT: (Continued)

Assemblywoman Taylor Darling

Assemblyman Kevin A. Cahill

Senator Sean M. Ryan

Assemblywoman Judy Griffin

Assemblywoman Jennifer Lunsford

Assemblyman Robert C. Carroll

Senator Leroy Comrie

Assemblyman Jeff Gallahan

Assemblywoman Jodi Giglio

Assemblywoman Jenifer Rajkumar

Senator Sue Serino

Assemblywoman Carrie Woerner

Assemblywoman Gina L. Sillitti

Assemblywoman Sarah Clark

Senator Mike Martucci

Assemblyman Angelo Santabarbara

Assemblywoman Didi Barrett

Assemblyman Charles D. Fall

Assemblywoman Yudelka Tapia

Assemblyman John T. McDonald III

Senator Pete Harckham

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Senator Gustavo Rivera

Assemblywoman Stefani Zinerman

Senator Jessica Ramos

Senator Jeremy Cooney

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CHAIRWOMAN KRUEGER: Good morning.

It is Wednesday, February 16th. I am State Senator Liz Krueger, chair of the Senate Finance Committee. And today we are starting out with the Economic Development hearing on the Executive Budget FY '22-'23.

Of course I'm joined by my partner, Helene Weinstein, chair of the Assembly Ways and Means Committee. But I will be the cochair of today's budget hearing.

Today is the 12th of 13 hearings -- actually, this afternoon we'll have the 13th -- conducted by the joint fiscal committees of the Legislature regarding the Governor's proposed budget for state fiscal year '22-'23. These hearings are conducted pursuant to the New York State Constitution and Legislative Law.

Today the Finance Committee and the Ways and Means Committee will hear testimony concerning the Governor's proposed budget for the New York State Department of Economic Development, the Empire State Development Corporation, the New York State Office of

General Services, and the New York State Council on the Arts.

Following each authorized testifier there will be some time for questions from the chairs of the fiscal and other relevant committees.

I will now introduce members from the Senate, and Assemblymember Helene Weinstein, chair of the Assembly Ways and Means Committee, will introduce members from the Assembly. In addition, Senator Tom O'Mara, the ranking member of the Senate Finance Committee, will introduce members of his conference right before I hand it to the Assembly.

And let's see. For this morning I see Senator Pete Harckham, Senator Anna Kaplan, Senator -- we're going to skip the Republicans, sorry -- Senator John Liu. Do we have any other Senators? Ah, Senator James Skoufis. And I think that's it for now. We will introduce more people as they show up.

Tom O'Mara, would you like to

introduce members of your conference?

SENATOR O'MARA: Yes. Good morning, Liz. And you sent a little shock down my spine when you said it was only the 12th of 13 hearings, and I'm wondering, There's another day? But no, there's two today. So thank you for that clarification.

CHAIRWOMAN KRUEGER: You're welcome.

SENATOR O'MARA: We are joined on the Republican side this morning by Senator Sue Serino, Senator George Borrello, Senator Mike Martucci, and Senator Jim Tedisco.

Thank you.

CHAIRWOMAN KRUEGER: Thank you.

And let's hand it over to Assembly Chair of Ways and Means, Helene Weinstein, to do introductions for the Assembly.

CHAIRWOMAN WEINSTEIN: Thank you.

We are joined by Assemblyman Bronson, chair of our Economic Development Committee; Assemblyman Stirpe, chair of our Small Business Committee; Assemblyman Pretlow, chair of our Racing and Wagering Committee; Assemblymembers Barrett, Buttenschon,

Carroll, Clark, Conrad, Darling, Jones, Lunsford. And I'm sure there will be other members who will be joining us as we go through the -- as the hearing continues.

Let me turn it over to the ranker of Ways and Means, Assemblyman Ed Ra, to introduce the members of his conference.

ASSEMBLYMAN RA: Thank you, Chair. Good morning, everybody.

We are joined by Assemblywoman Jodi Giglio, who is our ranker on Tourism, and Assemblyman Chris Friend, who is our ranker on Economic Development.

CHAIRWOMAN KRUEGER: Great. Okay, before I turn it over to our first testifier, let me remind everybody that there are two hearings today, which means we're going to be fairly strict about the time frames. And when the clock hits zero, I will actually cut you off whether you're a legislator or a guest, because we want to make sure we leave time for us to go through both hearings. So I'll be the bad guy today, as the chair of this committee -- this hearing today, excuse

me.

The government testifiers have 10 minutes to summarize their testimony. We all have copies of all testimony available to us, as does the public, so we really urge people to focus on their top key points. Give us time to have a Q&A system back and forth.

We will be hearing from Hope Knight, acting president, CEO and commissioner of Empire State Development Corporation and the Department of Economic Development; Jeanette Moy, commissioner of the New York State Office of General Services; and Mara Manus, the executive director of the New York State Council of the Arts, before we go on to panels of other New Yorkers who have asked to testify.

So we will start with Hope Knight, acting president, CEO and commissioner, Empire State Department of Economic Development.

Good morning, Hope.

COMMISSIONER KNIGHT: Good morning,

Chairwoman Krueger, Chairwoman Weinstein, and distinguished members of the Legislature. My name is Hope Knight, and I serve as the president and CEO-designee of Empire State Development and as acting commissioner of the New York State Department of Economic Development.

Thank you for your invitation to participate in today's hearing. I am honored to appear before you virtually to discuss Governor Hochul's 2023 Executive Budget alongside ESD's chief operating officer, Kevin Younis.

While I am new to this role, I am not unfamiliar with ESD and its ability to bring positive economic change to communities, particularly those left out of society's broader progress. I have been a Regional Economic Development Council member, served on a Downtown Revitalization Initiative local planning committee, and participated on a Community Advisory Council working group. In each of these roles, I found ESD to be community-oriented and focused on creating

positive local impacts.

Economic development is how ESD supports Governor Hochul's broader goal of expanding opportunity across the state. The focus of my career, including my work with former Congressman Charles Rangel and Congressman Gregory Meeks, has been expanding economic opportunity.

Frankly, opportunity is the reason I am here before you today, nominated by New York's first female governor to be the first African American to lead ESD. I share Governor Hochul's commitment to expanding economic opportunity. Her budget reflects it, and it should be the foundation of ESD's programs, projects, and priorities.

New York was the epicenter of the COVID-19 pandemic, and the crisis had a devastating impact on our economy. From the end of 2019 to April 2020, our unemployment rate quadrupled to more than 16 percent. Since Governor Hochul assumed office, New York has continued to experience an economic recovery, even in the face of the

Omicron variant. Despite this progress, statewide unemployment remains high at 6.2 percent, and is even higher in New York City.

Meanwhile, the pandemic has highlighted the systemic inequities in our society. In response, Governor Hochul has proposed a bold and ambitious agenda that will focus on the immediate COVID recovery, while launching a "New Era for New York."

Last November, the Governor announced $250 million in support for the state's hard-hit tourism industry. This targeted approach includes grants to support tourism employers and workers, funding to bring large events back to the state, and new global tourism marketing efforts.

Looking ahead, Governor Hochul's Executive Budget will create economic growth, provide tax relief for the middle class, strengthen our infrastructure, confront the climate crisis, and reimagine a new American dream, one that is more equitable and more inclusive. To that end, her budget

outlines billions of dollars in new economic development assistance, and ESD stands ready to administer the funding with the support of our legislative partners.

Under Governor Hochul's $1.4 billion ConnectALL initiative, ESD will make the state's largest-ever investment in digital infrastructure to provide all New Yorkers with affordable and reliable broadband. This statewide initiative includes capital investments, regulatory reforms, and digital-access programs to encourage new and more affordable broadband connections.

As part of the governor's Billion Dollar Rescue Plan for small businesses, ESD will provide unprecedented support to the lifeblood of our economy. Small businesses make up 98 percent of the state's businesses and support more than half of the state's private-sector workforce. Utilizing tax credits, loans, grants and venture funding, ESD will invest in our small businesses like never before.

Additionally, the Governor's budget

proposes a $75 million investment in our venture competitions to attract the next generation of entrepreneurs and small businesses.

Governor Hochul has also proposed overhauling the state's approach to workforce development. The Governor's proposal includes a new Office of Workforce and Economic Development within ESD. This office will coordinate workforce efforts through the Regional Councils, in partnership with the Department of Labor, SUNY, CUNY, and other state agencies.

After years of underinvestment, Governor Hochul has proposed more than $11 million to bolster the state's Minority- and Women-Owned Business Enterprise certification program. This funding will support new staff and a dedicated appeals unit to address the unacceptably long wait times.

Furthermore, ESD will establish an interagency Excelsior Contracting Opportunities Council to advance strategies

that encourage greater MWBE and small business participation in upcoming federally funded infrastructure projects.

To complement the federal government's focus on domestic production and supply-chain resilience, Governor Hochul's budget proposes to increase New York's portfolio of shovel-ready sites. ESD will target investments to attract high-tech manufacturing, especially semiconductor manufacturing firms.

Governor Hochul is also proposing $250 million for a revitalized Restore New York Communities program. This program supports municipal efforts to address blighted properties and spur local economic growth. Under the Governor's proposal, the program will emphasize disadvantaged communities and rural areas, which have often been overlooked in revitalization initiatives.

These are just some of the items in Governor Hochul's budget that will support the recovery and growth of our state's

economy.

The Governor has called this a "new era" for New York. To that end, I am looking at ESD with fresh eyes and full transparency. I intend to work with the Legislature to review the REDC process. I will also seek more outside analysis for some of ESD's business incentive programs, like the Excelsior Jobs Program and START-UP NY, in the same way that we evaluate our Film Tax Credit Program. And we will continue to expand the information provided in our Database of Economic Incentives with each quarterly update.

This administration is also committed to ensuring that job and investment incentives are tied to accountability, whether through pay-for-performance or clawbacks. Further, our agency's goals must extend beyond our job and investment numbers. We should develop more partnerships and training for workforce development to ensure local communities are better positioned to benefit from job creation.

Due to their varying objectives, there is no one-size-fits-all approach to evaluate our programs, and I will work with our legislative partners to explore common criteria that could establish a baseline for future assessment. I am confident that the legislative members with whom I have worked closely in the past can attest to my personal approach -- honest, sincere, collaborative and open-minded. I look forward to further conversations on ways that ESD can expand -- continue to expand economic opportunity for all New Yorkers. We continue to live in unprecedented times. By working together, I'm confident we will overcome the challenges of today and build New York's economy back stronger and more resilient.

I thank you for your time and the opportunity to speak to you this morning, and I'm happy to take your questions.

CHAIRWOMAN KRUEGER: Thank you very much.

And our first questioner will be Anna Kaplan, the chair of the Economic -- oh, let

me make sure I have the title of the committee right. Economic Development and Small Business.

SENATOR KAPLAN: Commerce, Economic Development and Small Business.

CHAIRWOMAN KRUEGER: Thank you. I neglected to have the writeup of the name of the committee. Thank you.

SENATOR KAPLAN: No worries, Senator Krueger.

CHAIRWOMAN KRUEGER: Thank you.

SENATOR KAPLAN: I want to thank both chairwomen for conducting this hearing. Special thanks to Senator Krueger for all your hard work on these hearings. We all appreciate you for it.

CHAIRWOMAN KRUEGER: Thank you.

SENATOR KAPLAN: I also want to thank Ms. Knight for being here and for your testimony.

I want to start by first acknowledging the great experience I've had working with ESD as the chair of the Committee for Commerce, Economic Development and Small

Business.

I have to say, I want to thank the dedicated ESD staff, some of whom I've traveled the state with and have developed strong collaborative relationships, and finding those relationships making a very positive impact in our state and in our residents.

And as we in the Legislature work to fully review all of the existing tax incentive programs available to ensure that our residents are getting the best return on their investments, I know, Ms. Knight, myself and my colleagues are all on board to work with you, your team and Governor Hochul to continue to support our small businesses and support community development. And this partnership has to be a very collaborative partnership with you and also the Legislature.

With that said, Ms. Knight, I have to tell you -- and again, thank you for your testimony talking about how we need to make investments in our small businesses. Without

a doubt, the number-one issue facing businesses in New York right now is the ticking time bomb of unemployment insurance taxes.

I sent a letter to the Governor in December urging an investment of 2.5 billion to start filling the hole in the Unemployment Insurance Trust Fund, but there was no funding allocated in the budget to address this crisis. Since this is an issue that is a top-facing issue for job creation in our state, I would like you to weigh in on this and give me any idea how we can actually get this done.

COMMISSIONER KNIGHT: So thank you, Senator, for your question. You know, it's obviously been a difficult year for employers. You know, New York was hit hardest and hit first. The Unemployment Insurance Trust Fund is an issue not really in the purview of ESD, so I'd defer to my colleagues at DOL and DOB. But, you know, I appreciate your concern. I will look into it, but it's not exactly in ESD's purview.

SENATOR KAPLAN: And I appreciate that. I understand that. But just the fact that it is impacting small businesses, I think, again, it's something that we all need to work together to find a solution. Thank you.

COMMISSIONER KNIGHT: So I agree. Thank you.

SENATOR KAPLAN: My next question is -- I was also pleased to see the Governor's budget includes part of a small business tax cut proposal that I've been championing for years. But I was concerned to see that it leaves out small businesses that pay their taxes via the corporate tax rate. Can you explain why the proposal leaves out these businesses?

COMMISSIONER KNIGHT: So, Senator, you know, I understand your question. And I would defer to my colleague at the Department of Tax and Finance with respect to how they are looking to calculate that deduction, because it does leave out those folks that pay their taxes that way.

But I -- what I would --

SENATOR KAPLAN: I understand this is more in the purview of DFS. But again, it is dealing with small businesses and their issues. Again, I ask you for your help so that we can all work towards finding solutions that could be helpful to all of the businesses.

COMMISSIONER KNIGHT: And, Senator, I look forward to working with you.

And, you know, the Governor has invested an extraordinary amount of funding for small businesses in this budget, doing much more than we ever have before.

SENATOR KAPLAN: Thank you.

I'm a huge supporter of the State Centers of Excellence and Advanced Technology, also known as CATs and COEs, because they're one of the most successful economic development programs in this state and they've proven to be a major source of innovative new business development.

I will be pushing hard to increase their funding over last year's budget level.

Do you support me in increasing their budget, and will you join me in being a champion for these programs?

COMMISSIONER KNIGHT: So, Senator, I agree with you, I understand the importance of academic institutions partnering with business to foster innovation, and this is what these CATs and COEs do.

I think that the Governor's budget for these CATs and COEs is higher than it was in previous years, and if the Legislature chooses to appropriate more funding, I can certainly put it to good use.

SENATOR KAPLAN: I have to say I've gone and visited many of these centers, and really every dollar that we spend comes back with a very high rate of return. And I think it's a wonderful partnership between the centers, the private money, and really creating a lot of jobs.

So thank you very much. And I'm hoping -- yes, it is higher than usual, but it's not high enough. So we will be advocating for more funding on that.

My next question is the Governor's proposed budget creates a Small Business Seed Funding Grant Program, yet it doesn't address problems with the existing Pandemic Recovery Grant Program that is still flush with cash due to overly restrictive qualification requirements. Even worse, money for this new proposal takes money out of the Pandemic Grant Program.

Can you please explain, why are we creating a new program instead of improving the one we already have? And what is being done to expand the Pandemic Grant Program to serve more small businesses?

COMMISSIONER KNIGHT: So, you know -- thank you for your question. You know, before I got here I was at the Greater Jamaica Development Corporation, and we pivoted to be on the ground focusing on small businesses. And I can tell you that a lot of new businesses that were started right before COVID began, or right after, were shut out of the Small Business Grant Recovery Program, the $800 million pool.

And so this fund is really targeted to focus on those businesses that weren't eligible because they had been started right before or right after the requirement period. And we've heard a lot from those small businesses about their inability to access funding. They also weren't able to access federal funding. They weren't able to access PPP or any of those other programs. So that's why this grant program for $200 million has been created.

SENATOR KAPLAN: I would really urge you to take a look at the program that was already there and see how we can actually improve on that, because I think that could work much better. But I would love to work on this with you.

COMMISSIONER KNIGHT: And, Senator, I just want to let you know, we are not taking the $200 million from the $800 million. That $800 million pool will still be intact.

SENATOR KAPLAN: Okay. My understanding was that the 200 was coming out of the 800 million. That is not the case?

COMMISSIONER KNIGHT: No, it's not the case. It's new money.

SENATOR KAPLAN: Okay. Thank you very much for clarifying that.

COMMISSIONER KNIGHT: Yes.

SENATOR KAPLAN: I was also thrilled to see a Capital Costs Tax Credit Program in the Governor's budget, because it does include many proposals from legislation I've introduced.

I'm very concerned, however, that the language drafted in the Governor's proposal will limit the program's usefulness because it limits qualified capital costs to expenditures made after January 2021 -- which leaves, again, behind very small businesses who made these investments the first nine months of the pandemic. I don't think that is fair, and I think we really should reconsider and make sure that everyone gets the benefit of this pool.

COMMISSIONER KNIGHT: So, you know, the costs must be incurred between January 1st of 2021 through the end of '22. You

know, there was a lot -- we're focused on the fact that there was a lot of assistance provided during the year of 2020. And we know businesses had to incur a lot of costs -- 2021, you know, buying outdoor heaters if they had restaurants and things, and air purifiers, and equipment to conduct contactless business.

And so those are the type of expenses that we're looking for to provide the --

SENATOR KAPLAN: We agree with you.

COMMISSIONER KNIGHT: -- other programs.

SENATOR KAPLAN: I agree with you, and I do -- we're totally on board with that. But I think some of those businesses made the investments prior to January 2021. Which I would hope that they could be included in this tax credit. That's my only concern.

COMMISSIONER KNIGHT: Well, looking forward to --

SENATOR KAPLAN: I have a few more questions, but I am running out of time.

One of my other issues is really

brownfields, which comes under your territory again. But I will discuss that further with you offline. Thank you --

CHAIRWOMAN KRUEGER: And Anna, as chair, you get a three-minute follow-up at the end if you want.

SENATOR KAPLAN: Thank you.

CHAIRWOMAN KRUEGER: You're welcome.

Before I introduce the next Assemblymember -- or pass it over to the Assembly, we've also been joined by Senator Leroy Comrie, Senator Sean Ryan, Senator Mike Martucci and Senator Sue Serino.

And now to the Assembly.

CHAIRWOMAN WEINSTEIN: Thank you.

While the commissioner was speaking, we've been joined by Assemblyman Otis, chair of our Science and Technology Committee, Assemblyman Cahill, Assemblymember Sillitti, Assemblymember Santabarbara, and Assemblymember Tapia.

And we go now to our chair of Economic Development, Assemblyman Bronson, for 10 minutes.

CHAIRWOMAN KRUEGER: And Senator Sanders just gave me a shout-out that he's here also. Sorry, Assemblymember Bronson.

ASSEMBLYMAN BRONSON: Thank you, Chairs Weinstein and Krueger, for your hard work over the last few weeks -- and we're almost to the finish line.

Commissioner, thank you for being here and being accessible. And I look forward to working with you as we move forward.

Some of my comments reflect the past, and I know that you're new to the position, so please understand that -- as my computer just fell. I am going to try very hard to get five questions in. I'm going to ask questions that will be less than a minute, and hopefully you can answer in less than a minute. We'll get through this, okay?

So, Commissioner, if the Executive proposal to create the Office of Workforce Development is accepted, what specific strategies and actions will you take to ensure that both workforce development and

MWBE programs provide the assistance necessary to lift workers out of low-wage poverty jobs and help create a business climate that is inclusive, equitable and diverse?

COMMISSIONER KNIGHT: So, Senator {sic}, thank you for your question. You know, I think the key of the Office of Workforce Development is focusing on working backwards. So we want to identify good-quality, high-wage jobs that are located in communities across the state. And so we want to develop that and work with training providers to develop that training so that residents can connect directly to job opportunities.

So the key is really around supporting these training programs that connect directly into employment opportunities and working with not-for-profits who provide that training, working with the employers, and providing support, et cetera, so that these residents are successful in the training and are able to access jobs.

ASSEMBLYMAN BRONSON: Great. Thank you, Commissioner. I look forward to supporting those efforts.

Regarding the Regional Economic Development Councils, you know, I support the concept and I strongly believe that bringing regional stakeholders together to develop a regional economic strategy is a very good approach and helps us as a state to make the right investments for those regions, including my own in the Finger Lakes region.

But we do need improvement, as too often these councils are insular, leaving out many small businesses and representation of minorities. Going forward, what strategies will the department implement to help guide the REDC process to include projects that emphasize the need to reduce poverty in communities, promote workforce development, childcare, and other programs across the state?

And also, how can we ensure marginalized people and those historically left on the economic sidelines will be

included in the decision-making process and the benefits from these projects?

COMMISSIONER KNIGHT: So, Senator {sic}, I want to talk about my personal experience as an REDC member in New York City. You know, I share your support for the council. One of the things I think that I'm going to focus on is, you know, who's benefiting when we're looking at this work and particularly sort of at the community level.

As I said in my testimony, I'm committed to looking at the REDCs -- you know, what's working, what's not, and what can we do better. And I think that, you know, placing equity at the center of some of the decisions we make -- you know, who's benefiting, how are we supporting underrepresented socially disadvantaged people -- I think that's a goal that we will look forward to pursuing.

ASSEMBLYMAN BRONSON: Perfect. And, you know, I think we need to be intentional in this area for sure.

And I know the Senators really want me to join them, but I'm actually in the Assembly. So it's Assemblymember. But --

COMMISSIONER KNIGHT: I'm sorry, Assemblymember. I know that.

ASSEMBLYMAN BRONSON: Not a problem at all.

Regarding transparency, since the launch of the department's database last spring, groups have reached out to my office requesting that it be expanded to include more detail related to the definition of what is a job, what counts and is recorded as a job for creation purposes or retention of jobs, basic program information such as timing of fund disbursements, and required reports get filed.

And Comptroller DiNapoli found that ESD has failed under previous leadership to meet more than half of the statutory reporting requirements for job creation programs.

Given that there have been situations of pay-to-play and you want to move, in your

words, to pay-for-performance, and transparency is an important pillar of the current administration, what if any plans do you have as a department to expand information available on the public database and to make sure that we can truly evaluate our investments?

COMMISSIONER KNIGHT: So, Assemblymember, you know, Governor Hochul has made transparency the hallmark of her administration and is driving that down to the agency level, and I am certainly committed to that goal.

You know, we're looking at how to improve the Database of Incentives, what project information we want to add, the number of projects listed. We have 1700 projects in the database with several billions dollars of assistance. We believe that it's one of the most transparent state-level databases in the country, but welcome your suggestions about how to improve.

And, you know, with respect to

information, we have tremendous amounts of information on our website. We have an opt-in email feature so that when we post new things, you can be emailed and you'll know that we've posted new information. We are very committed to transparency.

And the last thing I'll say, the reports, statutory reports that are due are definitely going to be submitted within the time frame which they are. We have a process in the agency to make sure that happens. So that will not be a finding, you know, going forward.

ASSEMBLYMAN BRONSON: That's excellent to hear. And, you know, certainly one of the parameters we have to do with this database is to do a better job of how we are evaluating job retention and job creation so we can work on that together.

COMMISSIONER KNIGHT: Okay.

ASSEMBLYMAN BRONSON: Regarding shovel-ready sites, in order for communities like mine to be in the best position to attract and retain businesses, they need to

be able to develop sites in their regions ahead of time. Shovel-ready meaning, you know, the commercial and industrial sites that have all the planning done, the zoning done, the surveys done -- title work, environmental studies, public infrastructure, to name a few items.

In your testimony you stated Governor Hochul's budget proposes to increase New York's portfolio of shovel-ready sites. Yet I don't see an actual line allocation for shovel-ready-sites funding. I'd like to see that.

That said, given the numerous proposed allocations in this year's Executive Budget, can you tell me where the allocations are specifically targeting to promote the Governor's shovel-ready goal?

COMMISSIONER KNIGHT: So, Assemblyman, we understand the importance of the shovel-ready program. There are several appropriations in the budget we believe we could use to support it. Could be, you know, a variety of sources.

One of the -- NY Works, the economic development fund, is an example. And we believe that we could provide funding from that line item in the budget.

ASSEMBLYMAN BRONSON: Okay, I would ask if you could identify and submit in writing to the chairs and to the committee members exactly which allocations you think would be used.

I'm going to be strongly advocating for a single allocation for shovel-ready. I think it's important to identify it and expressly have it in the budget. But we'll have that discussion.

COMMISSIONER KNIGHT: I --

ASSEMBLYMAN BRONSON: My last question -- go ahead.

COMMISSIONER KNIGHT: I understand your concern, and we'll definitely get back to you on that.

ASSEMBLYMAN BRONSON: Excellent. Thank you, Commissioner. We're doing really well.

The last question I have for this turn

is the Downtown Revitalization Initiative, which I strongly support, the funding of that and the New York Forward program to fund smaller and rural downtowns, both are proposed to receive $100 million. You're probably going to be happy to know I'm actually going to advocate for more.

But that being said, what I really would like to hear you talk about a little bit is, you know, the current DR model of having competition to decide the new set of downtowns. Is that really the best approach? And is there a better way that we can determine who the awardees are so that we can lift communities out of poverty and promote social and economic justice?

COMMISSIONER KNIGHT: So, you know, the DRI process and the way it's structured now is work through the Regional Economic Development Councils in conjunction with the Department of State. I think that -- you know, I'd like to talk to my colleague about how to, you know, create a process that is more inclusive that provides for what you're

talking about. And look forward to having that dialogue with the Secretary of State.

ASSEMBLYMAN BRONSON: Okay, that's great. I've also been talking to the Secretary of State about this particular issue, and so we'll continue that conversation.

Again, thank you so much for your testimony and thank you for adhering to our time restrictions. I appreciate it.

COMMISSIONER KNIGHT: Thank you.

CHAIRWOMAN KRUEGER: Thank you both for adhering to our time restrictions.

CHAIRWOMAN WEINSTEIN: We've been joined by Assemblywomen Griffin and Zinerman.

And to the Senate now.

CHAIRWOMAN KRUEGER: Great. I don't think we have any new Senators quite yet. Oh, I might have missed Gustavo Rivera before. I apologize; he wasn't in his chair.

Let's move it to Tom O'Mara, the ranker in Finance, for five minutes.

SENATOR O'MARA: Thank you, Chairwoman Krueger.

And good morning, President Knight. Thanks for being with us this morning.

You know, I acknowledge and appreciate your opening remarks regarding creating opportunity in New York for so many that need it. But to get to opportunity, we need to have affordability in this state. And certainly the economic development programs help incentivize some programs or some businesses to create jobs. But, you know, I really believe that government is not the driver of creating jobs. Businesses create jobs, that's what they do. You know, we can help foster an environment that's more affordable, more competitive with other states. And we are in competition with other states and nations around the world.

So, you know, from your perspective, to create these opportunities that we all want for our constituents so people stay here and we can end the exodus of people departing New York State, what are your plans for, first of all, you know, working with our local and regional economic developers -- our

IDAs, our LDCs -- working in conjunction to put together the best promotional packages that we can?

COMMISSIONER KNIGHT: So thank you for your question. You know, I think that creating strong downtowns and adjacent regions are the way to attract businesses and families to want to be in a location, and so plan to work with IDAs, REDCs, on doing things like identifying, you know, shovel-ready sites to make them attractive so that businesses want to locate.

Focusing on the plans of the Regional Economic Development Councils. You know, they've developed plans that want to create these vibrant and economically viable areas in the state, across New York State.

And so working with those organizations, I believe that we can continue to provide guidance and create the environment to support business growth.

SENATOR O'MARA: I'm glad to hear that, in working with local development entities. I am certainly a big supporter of

those and the partnership between local and state to get things done.

I'm very concerned that the majorities in this Legislature do not share that philosophy. Evident today is the lack of the New York State Economic Development Councils being invited to testify here, which is just appalling to me, that they're not even here to share their perspective. So I hope that you're going to work with them, because the majorities of this Legislature clearly are not.

And we are all in this together. We need to work to promote opportunities in New York State, across the state, with every piece of ammunition we have, because we're so unaffordable. You know, just a couple of weeks ago WalletHub.com came out with their ratings of states. New York ranks No. 50 for affordability. And that lack of affordability eliminates -- or makes it much more difficult to provide opportunities to our constituents to live here.

Can you tell me your philosophy and

outlook on how we're going to compete with other lower-cost states? Because, you know, we can put together grand packages of incentives and everything, but these even more competitive, less expensive states, they're putting together incentive packages as well. How do we compete against that in New York?

COMMISSIONER KNIGHT: So, you know, I believe some of the initiatives put forth in this budget help to do that.

You know, I talk to CEOs and business owners all over the state, and one of the things they talk about with respect to location decision is access to talent. And so to the extent that we can provide access to talent, provide connections to world-class academic institutions that can support innovation -- you know, there are other factors that businesses look at. Cost is certainly, you know, one of those. But definitely --

SENATOR O'MARA: Well, I agree we have those great institutions and everything, but

clearly, from the exodus of people from New York State, our talent is leaving to more competitive, lower-cost states that have the ability to provide more opportunity. How do we deal with that?

COMMISSIONER KNIGHT: We want to build workforce programs that supply employers with talent. And so that is why we are creating this Office of Workforce Development, and get in front of it.

SENATOR O'MARA: Time's up. Thank you.

CHAIRWOMAN KRUEGER: Thank you very much. I think next -- excuse me. We've been joined by Senator Michelle Hinchey.

And now to the Assembly.

CHAIRWOMAN WEINSTEIN: We've been joined by Assemblymembers Hyndman, Fall and Rajkumar.

And we go to our chair of Small Business, Assemblyman Stirpe, 10 minutes.

ASSEMBLYMAN STIRPE: Thank you, Helene. Hi, Commissioner.

COMMISSIONER KNIGHT: How are you,

Assemblymember.

ASSEMBLYMAN STIRPE: Good.

And a lot of my testimony is going to sort of leverage on the discussions we had last week where I talked about, you know, a number of different things. I've got to say that a lot of the issues I have concerns about, Senator Kaplan's already reviewed. And of course Assemblyman Bronson has also taken a lot of those.

But let's go and talk about the Centers of Excellence again.

COMMISSIONER KNIGHT: Yes.

ASSEMBLYMAN STIRPE: Now, you know, as Senator Kaplan said, the return on investment is almost astronomical -- I mean, from 27:1 to 42:1. And I kept saying, year after year, to the people sitting in your chair, why do we keep, you know, either cutting them or just keeping them the same if they're having that much success? Why aren't we doubling or tripling the amount of funding that goes into that? And I haven't really gotten a good answer to that.

Is there anything, you know, you see that makes it stay at such a small price? And all these other economic development programs we have don't have nearly the kind of return that Centers of Excellence and CATs have.

COMMISSIONER KNIGHT: So, Assemblymember, you know, I agree that they're great programs and they've done well with the resources that we've provided -- that they've been provided with. And Governor Hochul has increased funding relative to prior budgets. You know, I think it's an appropriate level, but I'm definitely open to having more conversation with you about it.

ASSEMBLYMAN STIRPE: Okay. Yeah, we've asked to increase them from -- the main ones from $1 million to $1.5 million. And the other two Centers of Excellence, in healthy water solutions and weather, from Albany, to bring them up to at least a million dollars to allow them to function fully.

Also, there's a proposal we're putting in for a new Center of Excellence in Workforce Excellence in elder and healthcare giving at Onondaga Community College. We're in a situation in both those industries -- you know, in healthcare and elder care -- where it's a crisis situation, we desperately need more people. And by creating a Center of Excellence and providing some additional funding, they can take successful programs they have in nursing, CNAs, you know, home healthcare workers, et cetera, and really open the pipeline and try to push through a lot more people.

So I hope, as these suggestions get thrown out into the mix, that you'll take a look at those and give them a good look.

COMMISSIONER KNIGHT: So, Assemblymember, I understand the importance of child/elder care and other care. They're necessary to ensure participation in the economy. And so I look forward to seeing the Legislature's proposed budgets.

ASSEMBLYMAN STIRPE: Okay. Statewide

Broadband Initiative. A number of years ago we put in $500 million to help broadband expand throughout the state. What we got were a lot of reports that said everything was great. And as we all knew, that wasn't really true. You know, rural and urban areas continue to have lots and lots of problems.

And I'm just wondering, even though it is, you know, now $1.4 billion, what kind of things are we going to do that's different to ensure that broadband actually expands? You know, we tried to do it basically using the private sector, supposedly giving incentives to those businesses to go ahead and expand. And, you know, they tried to do everything they could to sort of skirt around those requests and just sort of focus on things that were the most profitable.

So I'm wondering if there are any other ideas that you might have.

COMMISSIONER KNIGHT: So a lot of things that we can improve on with respect to the last -- prior program. You know, we were working with the best data that we had, but

the data was not great. And so we are expecting PSE data with more granularity, and we'll be able to understand better, you know, how to penetrate the state more.

This investment that is proposed is the largest investment ever. And so the funding provided for that will get us greater coverage across the state. And then we'll be -- take much more of a holistic approach.

And so although we had invested $500 million in the last program, it wasn't enough to provide broadband throughout the state. And we believe that the funding that is provided for in this budget will give us an opportunity to pursue this more probably both, you know, in rural communities, creating more coverage, and providing more reliable, competitive, affordable broadband in urban areas.

ASSEMBLYMAN STIRPE: Okay. Could I recommend you take a really hard look at both cooperatives and municipal broadband. I think, you know, you can get people to join together and they'll identify better where

the broadband is needed, and I think this makes it more affordable.

COMMISSIONER KNIGHT: So, Assemblymember, I just want to say that we are looking at providing planning dollars for municipalities, because we know that local challenges need local solutions. And so, you know, to your point about municipalities providing broadband, that's certainly one of those ideas that we would like to have pursued.

ASSEMBLYMAN STIRPE: Okay. Another issue involves the film industry upstate. And, you know, while the tax credits have gotten people to come upstate and produce films and TV, one of the things that is still missing -- and I think the film industry struggles with -- is the human infrastructure, the people trained in the industry in upstate.

And, you know, we have a couple of proposals that we're putting in to help build that. There's a group in Syracuse in particular that's looking for some money, and

they have four or five different programs that they want to kick off. They've started on a very small basis, but they want to move into the high schools and take kids who normally would not go to college, maybe, who would have an interest in something like this, bringing them in internships so they get experience actually working on films, et cetera, and then once they graduate they can move right into the industry.

So I hope you'll take a good look at that.

COMMISSIONER KNIGHT: Certainly, Assemblymember. You know, the new Office of Workforce Development may be able to support this.

And also, as you know, the Film Tax Credit Program has a contribution that is put forth from the tax credits. The proposal this year is to move from a quarter of a percent to a half-percent into the fund. And so that's also a possibility with respect to providing funding for training in the film and television industry.

ASSEMBLYMAN STIRPE: Okay. In the budget the Governor put 45 million for state economic development initiatives. And, you know, I've always wondered exactly what that money does. It's kind of like walking-around money that ESD uses when something pops up, I guess.

But do you have any more concrete examples of how this money is used?

COMMISSIONER KNIGHT: So it supports a range of our operations. I'm going to have to ask Kevin Younis to speak to that.

ASSEMBLYMAN STIRPE: I was wondering when he was going to come in here.

Kevin, are you there?

ESD COO YOUNIS: Sorry there. Can you hear me okay?

ASSEMBLYMAN STIRPE: Yes.

ESD COO YOUNIS: Assemblyman, that 45 million is for -- if I'm thinking of the right thing, it's the tourism and business marketing efforts. So it's things, you know, like the I Love New York programs and -- that's what that -- if I understand the 45

you're talking about, that's what it is.

ASSEMBLYMAN STIRPE: Okay. Also, you know, there's a certain amount of money for the Minority and Women-Owned Business Development and Lending program. What I don't know and what we don't find out a lot, how much is used versus how much is requested by this community? And, you know, I'm just trying to find out if it's underutilized, you know, underfunded. Kevin, do you have any answers for that?

CHAIRWOMAN KRUEGER: We're going to actually ask Kevin to give you that answer offline because you've hit the zero mark.

ASSEMBLYMAN STIRPE: All right.

ESD COO YOUNIS: I'll do it.

CHAIRWOMAN KRUEGER: Thank you, and I apologize.

We're going to go back to the Senate, but we've also been joined by Senator Ramos.

And Senator Liu is up next.

SENATOR LIU: Thank you, Madam Chair.

And thank you, Commissioner, for joining us.

I first want to expand a little bit -- or not expand but underscore what Chair Stirpe had talked about, the broadband initiative. I think that's very important.

I do question why the state has a $1.4 billion investment in that. Not to say it's not a good investment, but the federal government is already earmarking quite a bit for broadband development. I would think that we'd get a nice chunk of that here in New York State and that we wouldn't have to necessarily use our own taxpayer funds for it.

And then a lot of the buildout actually has to -- should be done by the companies, which I think during this global pandemic they've been making money hand over fist. So I would ask you to take a look at whether we actually need to expend that large amount of New York State funds for the development of broadband. It's important, but I think there's money elsewhere to do that.

COMMISSIONER KNIGHT: Yes. So,

Senator, just wanted to respond to that. So approximately $300 million of the $1.4 billion proposal, the ConnectALL proposal, is state funding. The rest is federal from, you know, prior COVID relief funding as well as the IIJA bill.

SENATOR LIU: Okay.

COMMISSIONER KNIGHT: So it's $300 million for state funding.

SENATOR LIU: That's a great clarification. Thanks very much.

I also want to underscore what my chairperson, Anna Kaplan, said before, which is we need to help our small businesses. And to the extent that the state can come up with ways to cut the taxes, the business taxes for small businesses across the board -- even if it's not a huge amount, because maybe we can't afford a huge tax break, a small amount of reduction in the tax rates would go a long way to helping these small businesses and really send a message to these small business owners that we care about them.

COMMISSIONER KNIGHT: Yes. Understand

where you're coming from. Governor Hochul's budget does have a line item for small business tax relief, so we are working in that direction.

SENATOR LIU: Yeah, I understand that. But I'd love to get to a point where we can have a differential tax rate, business tax rate for small businesses that is not a program that small businesses apply for but really a reduction in the tax tables for these small businesses.

And I think we could do much more of that if we stopped emphasizing these special deals with big companies. Which I'm so happy to see that it was not part of your initial testimony. I think that we do need to focus more on small businesses, across-the-board tax breaks for these small businesses.

And speaking of large companies that get special tax deals, Tesla recently informed me in writing that they had absolutely met their job creation goals. I guess I'm supposed to just take their word for it.

But, you know, we -- we can't -- I can't hold Tesla accountable, that's your job at ESDC. Our job in the Legislature is to hold ESDC accountable. And part of the way we were supposed to do that is this database of all these tax breaks, tax deals, throughout the State of New York that had -- that were supposed to have been created years ago --

CHAIRWOMAN KRUEGER: I have to cut you off, Senator Liu.

SENATOR LIU: All right. Is it done?

CHAIRWOMAN KRUEGER: I promise -- your three minutes is up, but I promise that I will follow up with that question if no one else has when we get to me. So thank you.

SENATOR LIU: Thank you, Madam Chair.

CHAIRWOMAN KRUEGER: Thank you.

And turning it over to you, Assembly.

CHAIRWOMAN WEINSTEIN: We go to the ranker on Ways and Means, Assemblyman Ed Ra.

ASSEMBLYMAN RA: Thank you, Chair.

Good morning, Commissioner. It was good to connect with you last week in advance

of the hearing.

What I wanted to ask you about actually was something that came up yesterday, and the DOT suggested I bring it up today. So regarding the fiber right-of-way fee, as you may know, you know, there's a proposal to exempt projects that are coming through the -- state-funded projects from this fee. So, you know, I think that people in the industry who are putting private investment in are concerned with this fee.

But one of the other things that has been brought up, at least with me in talking to our local companies, is the whole process, the approval process. And one of them is getting their permits. And they have to get these maps of the rights-of-way -- which, look, I understand the purpose of all this. We want to make sure the work is being done in a safe manner and all of that. But they say that some of that takes a really long time to get the maps of the right-of-ways that they need.

So I'm wondering, you know, since we're trying to streamline this process with regard to the fee, does it maybe make sense to have a centralized database also for the maps when somebody is, you know, under that, I guess, umbrella of the ConnectALL program?

COMMISSIONER KNIGHT: So, you know, it is contemplated that the ConnectALL will provide for proposals that standardize the right-of-way access and also improve, you know, the transparency of permitting.

And I'm open to, you know, specific proposals. But, you know, we certainly want to clear some of the regulatory hurdles in getting our broadband deployed.

ASSEMBLYMAN RA: So, I mean, is this idea of exempting these projects from those fees -- I mean, do you view that as an acknowledgement that perhaps these fees are inhibiting private investment?

COMMISSIONER KNIGHT: So the notion of exempting these fees, we want to, as I say, streamline and be able to have the providers have no barriers to deploying the broadband

infrastructure.

ASSEMBLYMAN RA: Okay, thank you. And then the other thing -- and I know we spoke about this last week -- if you could maybe elaborate, I know it's come up already with others today. Just ESD -- in terms of trying to evaluate our economic development programs, obviously it's -- with the change in administration and, you know, your leadership coming in, what is ESD doing to try to better evaluate the success of their programs? This has obviously been a hot topic for many years within the Legislature, to make sure as we fund these programs that we are getting the job growth that we're seeking.

COMMISSIONER KNIGHT: Absolutely.

So, you know, the thing about it is ESD already produces a lot of data. You know, we can do more to evaluate our programs. And as I stated in my testimony, looking to do more third-party program evaluations, like Excelsior and START-UP.

ASSEMBLYMAN RA: Thank you. I yield

back my time, Chairs.

CHAIRWOMAN KRUEGER: Thank you very much.

CHAIRWOMAN WEINSTEIN: We've been joined by Assemblymembers McDonald and O'Donnell.

To the Senate.

CHAIRWOMAN KRUEGER: Thank you.

I'm just checking for any -- we've been joined by I think Senator Savino and Senator Hoylman since the last time.

And I turn it over to Senator Borrello.

SENATOR BORRELLO: Thank you, Madam Chair.

Good morning, Commissioner.

First of all, I want to say I spent 10 years in county government, and I worked well with ESD and the Western New York REDC. I served on the board when I was county executive. So I appreciate the challenge you're facing.

You know, as Tom O'Mara mentioned, this is the worst state to do business in and

the most costly state to do business in. So we face a lot of challenges.

We've talked a lot about broadband, but one of my concerns is that -- you know, I asked the commissioner of DOT yesterday if she could assess the impact of the DOT fiber-optic tax on the right-of-way tax and the other fees on the expansion of broadband, and she said to -- she referred to you, basically. She said this was an ESD issue.

So can you give me your estimates? Have you actually looked at what this fee has done to hinder the projects that are currently underway?

COMMISSIONER KNIGHT: So, Senator, I just want to say that, you know, with ConnectALL we're looking to exempt all fees in deploying broadband. You know, we understand that it's very expensive to deploy rural projects and so, you know, they need more support. And, you know, that is one of the drivers of exempting the fee under the ConnectALL.

I have -- we have not done, you know,

analysis with respect to barriers created by the fee, but, you know, we can take a look at that and come back to you.

SENATOR BORRELLO: I think that's really important. Because here's the thing. That program is only -- obviously anybody that's going to be participating in that program is exempt from the fees. But I can tell you countless small projects, medium-sized projects by local, you know, family-owned businesses that are not part of the -- either the ConnectALL or the Broadband for All that have to pay the fees.

So what you're saying is if you're taking government money, then we'll exempt you -- but if you're just paying your own way, we won't exempt you. And that's why you have all these projects that have been scaled back or canceled, where they're redrawing lines so they avoid state rights-of-way. In the rural areas like I represent, that's a big problem. It's also -- it means a lot of people that live along those rural state routes will just not get broadband service.

So I think we need to -- first of all, I would appreciate if you would advocate to the majorities to eliminate this fee, because it has been so damaging. But I would like to know what the impact has been, if you could tell us -- again, not now, but to look at it to see what the actual real impact is. Because it seems like the benefit far outweighs the damage it has done (sic).

COMMISSIONER KNIGHT: I certainly appreciate your perspective, and we'll look into that and get back to you.

SENATOR BORRELLO: Well, thank you. And again, I think that -- it was mentioned before about shovel-ready. And I have only a few seconds left. But again, to me it is a huge problem. As a former county executive, we do not have the ability to have three to five years to have land ready to go. We need to have more shovel-ready throughout the state so we can attract businesses immediately.

Thank you.

COMMISSIONER KNIGHT: Understand. And

we ought to be able to provide resources to support that effort.

SENATOR BORRELLO: Thank you.

CHAIRWOMAN WEINSTEIN: We go to Assemblyman Friend, ranker on Economic Development, for five minutes.

ASSEMBLYMAN FRIEND: Thank you, Chair.

And good morning, Commissioner.

I'm going to jump back to the situation at Tesla. There was a news article in December 2021 that said that Tesla has 1,636 employees working at the Gigafactory. Can you confirm that those are Tesla employees and not subcontracted out? Are you -- do you know what their current employment status is?

COMMISSIONER KNIGHT: Yes, today -- so we're in the process of confirming the information. We will have a third party confirm this information. We also check against Department of Labor data. But that number is what they have reported to have at Tesla, and those are Tesla employees.

We understand that they hire employees

through an outplacement firm. And once they reach 500 hours, they are then converted to full-time Tesla employees. So we understand that transition, and that is not allowed to be counted.

ASSEMBLYMAN FRIEND: Okay. And then do you know, are they making cars or solar panels? What is it that they're making at the plant? Or are they --

COMMISSIONER KNIGHT: Yes, so I visited the plant in December. They've diversified the product mix, so they're manufacturing the solar roof tiles, superchargers, home residential energy storage devices. They're, you know, manufacturing a range of products.

ASSEMBLYMAN FRIEND: Okay, that's good to hear.

At one point they had excess equipment that the state had bought for them. Is that -- have we sold off that equipment? Or are they using that equipment that was purchased by the state?

COMMISSIONER KNIGHT: I know that

there is some equipment that was able to be used, and then there are other pieces of equipment that are in the process of being sold. I can turn to Kevin Younis on this.

But when I was there in December, they were looking to move that equipment out of the way so they can bring on more lines and hire more people for production.

ASSEMBLYMAN FRIEND: Okay. And is there a chance, then, that some of the equipment that they might not be using could possibly go to like our universities for students to be trained on or for workforce to be trained on to use?

COMMISSIONER KNIGHT: So I don't have details like that at the moment, but I can get back to you on that.

ASSEMBLYMAN FRIEND: Okay, I appreciate that.

And I'd like to switch gears. I mean, Tesla is one of the big companies, part of the Buffalo Billion. But 95 percent of our businesses in the state are small businesses. And for the COVID-19 small business recovery

grant program, what we're seeing in the applications submitted and applications awarded is that roughly -- New York City and Long Island have roughly a 50, 54 percent application award rate, whereas upstate is well below that, at only 20.4 percent.

Can you give an explanation on why there's that discrepancy?

COMMISSIONER KNIGHT: I can't give you an explanation at this moment, but I can come back to you after we, you know, review the data and understand what the discrepancy is.

You know, what I will say is that this program is focused on reaching small businesses, some of the hardest businesses to reach. And I know that the regions are working very hard to support these businesses in gaining applications.

We have our next quarterly report due in March, at the end of March, and so we'll be able to provide for you a summary of awards by region and by county.

ASSEMBLYMAN FRIEND: Okay --

(Unintelligible cross-talk.)

COMMISSIONER KNIGHT: Go ahead, Kevin.

ESD COO YOUNIS: It is -- I was just going to add, Commissioner, that it does track largely with population. So pretty consistently, you know, by population, by region, those grants are going proportionately.

ASSEMBLYMAN FRIEND: Okay, so population, not by actual applications, then.

ESD COO YOUNIS: I mean, you know, so roughly the applications approved in each region is consistent with the population in that region. So New York City is predominating, but New York City's population is, you know, roughly 50 percent of the state's population.

ASSEMBLYMAN FRIEND: Right, okay.

And then again, going back to small businesses, I mean, I just hear over and over again from my small business owners that, again, it's a regulatory issue, being a big thing that always gets in their way, as well as looking for opportunities, whether it's a grant or some sort of assistance. Which our

Regional Economic Development Councils have been helpful with, but it might be good to think of not only like our database of deals, but an opportunity to take all of our grant and award programs under ESD and put that in one place so that our small businesses would just have one place to look to be able to have access to what is available for state funding for them to be able to reach out and ask for.

Thank you for your time, and I'll pass it along.

CHAIRWOMAN WEINSTEIN: Back to the Senate.

CHAIRWOMAN KRUEGER: Thank you very much. And we are next up with Senator James Skoufis.

SENATOR SKOUFIS: Thanks very much, Chair.

And good to see you again, Commissioner. I have a couple of comments and then I want to focus on one question.

First, I know the ranking member mentioned, as did one or two others, the

unaffordability for some in this state. I just want to respectfully respond and note that perhaps we would not be unaffordable if constituents in my district and around the state did not have to shoulder the wasteful subsidies that local IDAs provide when they're not needed -- and, quite frankly, unnecessary spending from ESD when it's -- when, you know, it's been not needed in years past.

And second, you know, I appreciate the nod, Commissioner, that you offered to a number of suggestions that some like-minded colleagues and I have put to you in the past few weeks to consider. I do just want to note, though, that, you know, they do fall short, in my opinion. You know, your suggestion that, you know, you're going to review the REDC process does not exactly instill a lot of confidence in me that that's going to be taken seriously. It's a very vague statement and open-ended statement.

And so I want to offer, I want to re-up again, as I have the past number of

weeks, the opportunity to meet with me and like-minded colleagues to collaborate on some commitments to reform ESD.

That said, I want to ask about the but-for provision of economic development to you. You know, but for an incentive, the company would not site here in New York State. I know that some if not many of your programs require an attestation from applicants that they basically check that box: But for, we would not come.

I want to know, I would like to know how you suss that out, what you at ESDC do to determine whether they are being truthful when they tell you but for the Excelsior job credit or but for whatever program, we're not coming to New York. Do you think the current process is satisfactory? And if not, what you believe, you think we should do to change that and try to basically, again, determine whether they are BSing, whether they are lying to you and our taxpayers here in New York.

COMMISSIONER KNIGHT: So thank you for

your question, Senator.

I agree on the importance of but-for. We have, you know, a team of individuals that examine the facts of each application. And, you know, all of our programs are different, but we look at, you know, what is the applicant saying with respect to their ability to move, whether or not they have, you know, a lease that is up for renewal, whether or not they have a facility that is aging, what it is that they need to expand their business and why would they be moving.

And so those are things that we look at and take seriously and, you know, applicants have to attest to the truthfulness of the application. And any attempt to defraud the state is a crime. And so I think, you know, we are holding applicants accountable for what it is that they say.

SENATOR SKOUFIS: Okay, my time is up. Thank you for the answer.

CHAIRWOMAN KRUEGER: Assembly.

CHAIRWOMAN WEINSTEIN: We go to Assemblywoman Clark, three minutes.

ASSEMBLYWOMAN CLARK: Hello, Commissioner. Thanks for joining us here.

I'm going to push in a little on childcare, which is one of my favorite subjects. I wanted to chat a little -- I know you do know, you know, many of the issues surrounding the childcare sort of ecosystem here in New York. But I wanted to just ask a few -- and I have a couple of questions at the end, but mostly just want to make the point we know our providers -- we know our workforce is leaving. Right? We know parents are leaving the workforce at the highest rate ever, particularly moms. And we know businesses can't hire because of it. They're struggling to find employees.

We also know that over 2,000 providers shut their doors during COVID. Which our providers are small businesses themselves, and they can't cover costs in the current subsidy system. There's not been enough done there to understand what the true cost of care is, let alone giving a wage increase to those who work in the industry.

And we know -- you know, I've heard the Governor talk at times about creating on-site childcare places at some of our larger companies. But I'm fearful of the inequity that that would create. That doesn't take into account our small businesses, our restaurants, those companies that don't have that kind of capacity to build on-site childcare.

So my first question is, you know, are there things that we can do to create a system supporting small businesses that are childcare providers?

Two, do you think employers have some responsibility here to join in the game to help with childcare as an issue, given how much it affects their employees?

And last but not least, do you have any ideas or suggestions of ways that ESD could really be a partner in all of that?

Thank you.

COMMISSIONER KNIGHT: So thank you for your questions about childcare. Definitely agree on the importance. You know, it

impacts, you know, both economic growth and economic equity.

You asked a couple of questions; I'm going to try to get to them in order.

You know, the REDCs have prioritized childcare. And the state has funded I think about 27 childcare facilities across the state through the REDC process. So that's one way that we look to support the growth of childcare facilities.

Secondly, we have implemented a Childcare Tax Credit, it's recently come into the fore. And whenever we're talking to businesses, we believe that they should think about locating childcare as they are locating their business facilities.

And then, thirdly, you know, this is not the purview of ESD, but Governor Hochul has provided $75 million in a line item to support wage growth for childcare workers. So I think, you know, those items, along with a number of others, you know, support increasing childcare availability for the folks in this state.

ASSEMBLYWOMAN CLARK: Thank you. I'd just echo that --

CHAIRWOMAN WEINSTEIN: Thank you, Commissioner.

ASSEMBLYWOMAN CLARK: Okay. Sorry.

CHAIRWOMAN WEINSTEIN: Let's go to the Senate.

CHAIRWOMAN KRUEGER: Okay, thank you, Assemblywoman.

Next up is Leroy Comrie.

SENATOR COMRIE: Good morning. Good morning, Commissioner Knight.

COMMISSIONER KNIGHT: Good morning.

SENATOR COMRIE: I have some questions, I'll go right into them.

I agree with what my other colleagues have said about the REDC. It's imbalanced, and it needs to be corrected. And I would hope that we could hear from you what you plan on doing to help correct the imbalance in the REDC. It's -- I'll ask that question first.

COMMISSIONER KNIGHT: Yes. So, Senator, I just would like to say that, you

know, with respect to taking a look at the REDCs, I think that what we want to do is see, you know, what's working and what's not and what can we do better. And we'll be, you know, soliciting input from --

SENATOR COMRIE: So you're willing to meet with a group of us to make sure that we can have that wide discussion about what's wrong with it? Because there are many members that are frustrated with the REDC.

COMMISSIONER KNIGHT: Definitely want to solicit your input with respect to the challenges --

SENATOR COMRIE: And we can have it before the end of this month so that we can be ready for something in the budget?

COMMISSIONER KNIGHT: Would like to have that discussion with you, yes.

SENATOR COMRIE: Okay. The second thing is on small business tax breaks, as other members have said earlier, it's important that the government and the Governor's office come up with a series of determined and focused tax breaks for small

business. I would hope that we could see something from your office in specific on that as well. If we can make sure that that can happen, and if there's some questions about it, there's an opportunity to reach out to make sure that we have those -- that package in place so that we can add it to the budget as well.

Small businesses around the state have been hurting due to the pandemic, and we need some specific help and some specific actions. And I hope that you can get back to us about that as well.

The other issue that they talked about would be the issue on Workforce and Economic Development. What would be the duties of this new office?

COMMISSIONER KNIGHT: So the office will really focus on working with businesses to understand where their needs were with respect to trained employees, working with workforce providers to connect them to the businesses to understand how to create training programs that prepare New York

residents for, you know, in-demand, high-quality jobs.

SENATOR COMRIE: Thank you. And then finally, on the Database for Economic Incentives, can you tell us about where that is vis-a-vis its placement and the effectiveness of it?

COMMISSIONER KNIGHT: So, you know, the Database of Economic Incentives are up. I'd like to let you know that most of the data and inputs were modeled after your proposed legislation. And so that is available on our website. It has about 1700 projects. We update it every quarter. And billions of dollars of projects on the database.

SENATOR COMRIE: Thank you. I just want to say I believe that you will be a great commissioner once we get you up and running, and I hope that the outreach that we've asked for can happen --

CHAIRWOMAN KRUEGER: Thank you, Leroy.

SENATOR COMRIE: Thank you.

CHAIRWOMAN KRUEGER: I'm going to cut

you off there. You can compliment her offline. Thank you.

Assembly. Helene?

CHAIRWOMAN WEINSTEIN: Assemblyman Jones for three minutes.

ASSEMBLYMAN JONES: Good morning, Commissioner. Thank you for joining us today. And I do have some -- a few points as well.

We're talking about shovel ready. I know Chair Bronson had mentioned it before. Many of us are working on legislation to commit for funds that are shovel-ready funding there, so I would make that point.

And broadband. We have to look at broadband again. I know it was mentioned before by a few of my colleagues, but the DOT tax that was put in the budget a couple of years ago is just ridiculous. It's one of the most ridiculous budget items I've ever seen shoved in a budget.

From what I understand, the state made $8 million off of it last year. I read something about that. It only hurts the

smaller businesses that try to get broadband out to our rural areas and to our -- you know, our impoverished communities. So we need to get rid of that tax.

Not only that it's connected to the ConnectALL -- and I applaud the Governor and yourself for putting the $1.3 billion for ConnectALL. We just need to get rid of the tax. Not if it's associated to the ConnectALL, just get rid of it. That's all.

And the surveying fees that these small companies have to put up with while they're trying to connect to the infrastructure here that's already in place.

MWBE. I bring it up every year in this hearing. And I was pleased to hear the Governor mention it, that she is going to streamline the process and add, as you had said before, add personnel to that office.

What are we specifically going to do to that? Because I still have minorities and women-owned businesses that have been on this big loop and they still can't get certified after three, four, five years of dealing with

this. And they're frustrated, I'm frustrated about it as well. What are we going -- what are we doing?

COMMISSIONER KNIGHT: So --

ASSEMBLYMAN JONES: And one other question -- my time is very limited. One other question. The $800 million that we put out for small business relief -- I don't know if this has been asked already, but how much of that money is actually out the door to our small businesses? And do we have statistics on that?

COMMISSIONER KNIGHT: We do have statistics on that. I can answer that question for you first.

You know, we are headed towards $500 million of disbursement. Over 27,000 businesses; 98.6 percent of those businesses are microbusinesses with 10 employees or less. Eighty percent of those businesses are MWBEs. So we can get you more specifics on the program, but those are the high-level metrics.

Want to speak to your question about

MWBEs and certification. You know, unfortunately, you know, I encountered a situation where the organization was not able to keep up with processing of MWBE certification applications. And so the Governor has provided for $11.4 million to hire staff and consulting services to eliminate the backlog of applications, and then to be able to process them on a more timely basis.

ASSEMBLYMAN JONES: Thank you very much for your service, and I look forward to working with you.

CHAIRWOMAN WEINSTEIN: Yes, to the Senate now.

CHAIRWOMAN KRUEGER: Thank you. Thank you. We are up to Senator Hinchey.

SENATOR HINCHEY: Hi. Thank you, Chair. Thank you very much.

And Commissioner, it's nice to see you.

I actually have very similar questions to Assemblymember Jones. I echo the -- and from Senator Borrello, the rural buildout.

But my question was specifically on MWBEs also.

You know, we help -- I've helped, my office has helped thousands of people with cases, and some of the most frustrating have been the MWBE cases. Which is really disheartening and really sad. Because we want to make sure these small businesses are getting the support that they need and they feel utterly failed by state government and by a program that was meant to support them and actually hurts them.

We had a business actually lose a state contract because they had checked the wrong box. And they brought their paperwork back, put it forward, and then no one was able to answer. They actually had to hire a lobbyist to try to do it. And the whole point is to not -- most of these businesses don't have the funds to hire lobbyists to be able to push that forward.

And so I guess -- I know you started to answer the question with $11 million. Do you think that's enough? And what else are

we doing or do we plan to do to make sure that this program really works? Because of course a big piece of it is staffing, but there's so many more angles in which we need to make it work better for the people who we designed it for.

COMMISSIONER KNIGHT: So, you know, I want to say, you know, I'm still new to this role. But historically this agency had not had the resources to process these applications on a timely basis and provide the customer service to support the process.

You know, the Governor has committed -- has, you know, acknowledged that there is a problem. And we are -- we have resources now to address it. And so that is what we're going to do on a forward basis to support --

SENATOR HINCHEY: Do you think that's enough? Do you think the $11 million, though, is enough? Or do you think there's more funding needed? And what are some of the other avenues that we could do to make the program stronger?

COMMISSIONER KNIGHT: So, you know, we will review this. We believe it's enough to clear out the backlog and commit to timely processing. But, you know, we also provide support to MWBEs for our Small Business Initiative and provide technical assistance and access to capital and all kinds of other supports to help our MWBEs.

SENATOR HINCHEY: Okay. I guess I -- so then I'm curious and I would love your thoughts -- maybe you can send them separately to us. But I would like your thoughts on a more concrete plan, on how you plan -- being new to the role, and we appreciate that, but how you plan to reform both the process as well as other ways we can really support them.

Because it is the sign-up and the designation and the recertification -- the recertification process is what's been really challenging. Even hearing that, you know, there was a stack of applications and nobody knew how to sort.

So would love, with my final seconds,

if you could send us separately in writing some of the plans to bolster that program.

COMMISSIONER KNIGHT: I can assure you this is a strong priority for me.

CHAIRWOMAN KRUEGER: Thank you.

I think she would like written follow-up on how the design will change.

COMMISSIONER KNIGHT: Yes.

CHAIRWOMAN KRUEGER: And we will take it both for the Assembly and the Senate, Helene and I. Thank you.

Helene Weinstein.

CHAIRWOMAN WEINSTEIN: We go to Assemblywoman Lunsford, three minutes.

ASSEMBLYWOMAN LUNSFORD: Thank you very much. I'm glad to have the opportunity to speak to you today, particularly about childcare and transit. So I'm going to ask my two questions and then go to you.

When we talk about economic development, we focus a lot on what encourages businesses here, but we don't talk enough about what supports the workforce that then works at those businesses.

So I'd like to hear a little bit about what your plans are to help support our community colleges, which -- you know, in Monroe County we're very lucky to have a community college with on-site daycare that offers nontraditional hours to support people who are trying to get into the workforce to advance their careers to get certifications. How can we expand that to more community colleges, particularly in our rural communities?

And transit. My district is a suburban district. We have very limited public transportation. And while we have many qualified people in the city that abuts my district, they can't get to work in my district, particularly in home health care, in group home settings that are in residential parts of the district.

What can we do, particularly in upstate, to help expand public transportation to get more workers to the jobs?

COMMISSIONER KNIGHT: So thank you for your question. You know, I agree with the

importance of childcare and its ability to create opportunity to access the workforce. You know, community colleges are a great workforce asset, and we expect the new Workforce Development Office to work closely with them.

With respect to the new Workforce Office, we also are going to be focused on, you know, wraparound services and supports for the ability for not only folks to be trained, but what other supports do they need to obtain this training. And that is something that we are going to focus on.

With respect to transit, you know, that could be a part of the supports that are necessary for folks to be able to access training and opportunity. And would also, you know, connect with some of my colleagues with respect to local transit, to figure out if there are ways that we can support that effort.

So look forward to working with you to understand more how we can be supportive of it.

ASSEMBLYWOMAN LUNSFORD: Very happy to provide more information. I think the transit piece is also important to our workforce development. Because when I talk to people at community colleges, when I talk to administrators, they tell me that the barriers to entry into those programs are transit and childcare. I hear it over and over and over again.

So we need to make sure that those particular supports exist for particularly our women, people of color, people coming from low-income communities who otherwise lack these supports in their family settings. We need to do everything we can, because we have the workers and we have the jobs, we just need to match them together.

I'm going to relinquish the rest of my time, and thank you very much.

CHAIRWOMAN KRUEGER: Thank you.

Back to the Senate, we're now up to Senator Ramos.

SENATOR RAMOS: Thank you, Chair Krueger. And good morning, Ms. Knight.

I wanted to ask a few things. First off, with the New York State Department of Economic Development, I couldn't help but notice that there's no labor, community or climate representatives on its board. And I'm wondering what your plans are in order to make sure that the ESD board actually is reflective of our sustainable economic development needs in the future.

COMMISSIONER KNIGHT: Absolutely. So thank you for your question.

We have several board openings available right now. And, you know, the board appointments are the purview of Governor Hochul. But agree that there should be representatives, you know, across the economic spectrum to support the work that we do.

SENATOR RAMOS: Okay. Now, on the Workforce Development Program, the Executive Budget allots 350 million. And 150 million of that funding goes to workforce development programs, which includes 20.8 million for a new Office of Workforce and Economic

Development inside of the ESD.

What role will the Department of Labor and WBI be playing in this new office? There's $10 million that are earmarked for the expansion of alternative certifications. And I'm wondering if that covers union apprenticeship programs with the trades.

COMMISSIONER KNIGHT: So just to, you know, decompose the $350 million, 170 is for the new Workforce Office at ESD, and 180 is for the Department of Labor, which will continue to operate its programs. I can't speak to the Department of Labor's programs with respect to the apprenticeship --

SENATOR RAMOS: You don't know if they play a role with ESD in this?

COMMISSIONER KNIGHT: So they will be housed at ESD and continue to operate their existing programs. And so ESD will focus on programs related to the companies and businesses in high-growth innovation areas to support the training of those workers. So we will coordinate, but ESD will be industry-focused.

SENATOR RAMOS: Mm-hmm. And so the other part of my question was the 10 million earmarked for the expansion of alternative certifications. Does that cover union apprenticeship programs, yes or no?

COMMISSIONER KNIGHT: I would have to get back to you on that.

SENATOR RAMOS: Yes, I think it's really important to know what's in the budget and exactly how that's going to impact people. I mean, we expect those answers at this hearing.

Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRWOMAN WEINSTEIN: We go to Assemblyman Conrad.

CHAIRWOMAN KRUEGER: We're not hearing him.

CHAIRWOMAN WEINSTEIN: William -- Bill, we're not hearing you. Can -- even though you're not muted, can you try muting and unmuting again? Otherwise we'll skip you. You may have to log out and come back

in. No, we're still not -- we're still not hearing you.

So we're going to skip you. I think you need to log out and log back in. Okay?

So we'll go -- next on our list is Assemblywoman Giglio.

CHAIRWOMAN KRUEGER: I don't know that she heard you --

ASSEMBLYWOMAN GIGLIO: Yes, I'm here. Thank you.

So good af -- good af -- well, good morning still. I am looking at the chart that is up on ESD that has the awards by region for the COVID-19 Small Business Recovery Grant Program. It appears that out of 53,000 applications, only 23,000 were awarded. And out of the $800 million, only 397,000 was awarded. So that's half.

So I'm wondering why they're falling through the cracks and why these small businesses are not getting the funding.

COMMISSIONER KNIGHT: Well, you know, Assemblywoman, sorry that -- those numbers are outdated. The current awards are closer

to $500 million, and 27,000 small businesses.

You know, these businesses, having worked, you know, in this space for a long time, are the hardest to reach, and we're still reaching them. We're processing about 175 applications a day, nearly $3 million a day of awards. And so we continue to reach these hard-to-reach businesses and continue to disburse funding from this program.

ASSEMBLYWOMAN GIGLIO: So I'm looking at the application that you have online, and it appears as though it's -- you know, the qualifications are that you have to show that you basically had a loss due to COVID in 2019. A lot of businesses had losses in 2020 and 2021. Do you think that we need to change -- make changes to the program so that people can access this money for the continuation of loss due to COVID for 2020 and 2021?

COMMISSIONER KNIGHT: Well, the loss has to be from '19 to '20. So the legislation really talks about, you know, impact of COVID. So that loss --

ASSEMBLYWOMAN GIGLIO: Right, but there was a tremendous -- I'm sorry, I don't mean to interrupt, but I am limited in my time.

COMMISSIONER KNIGHT: Okay.

ASSEMBLYWOMAN GIGLIO: There's a tremendous loss from 2020 to '21 and then from '21 to '22. Do you think we need to make changes to the program to open it up to people that have suffered losses in those years and not just 2019?

There's $300 million still sitting in the account. I'd rather see that in the small business owners' hands.

COMMISSIONER KNIGHT: So we have a new $200 million C fund which is focused on businesses that were started, you know, near or after COVID. And so those -- that program is designed to support newer businesses that would have had potentially the loss between '20 and '21.

ASSEMBLYWOMAN GIGLIO: Okay. So I'm looking at the 800 million for COVID-19 Pandemic Small Business Recovery Grant

Program. And one of the qualifications is that you had to be in business prior to March of 2019. So if that money is going to new businesses that were created after March of 2019, then that's not what's in the program.

COMMISSIONER KNIGHT: No, no, I'm talking about the -- we have a $200 million program that we're proposing to support --

ASSEMBLYWOMAN GIGLIO: Okay, I'm talking about the 800 million, because you said that there is 500 million that has been disbursed.

COMMISSIONER KNIGHT: Yes, it has.

ASSEMBLYWOMAN GIGLIO: So that leaves 300 million in the account. And out of 53,000 on this outdated -- you said there's more now applications you've awarded 27,000.

COMMISSIONER KNIGHT: -- 27,000.

ASSEMBLYWOMAN GIGLIO: Right. So we're still tremendously behind in getting this money out.

COMMISSIONER KNIGHT: Yeah, no, but we're still disbursing about $3 million a day. So we think it's working. We're

processing about 175 applications a day.

ASSEMBLYWOMAN GIGLIO: So you don't think that we need to open it up to people that suffered COVID losses in 2019 and 2020, 2020-'21, '21-'22?

COMMISSIONER KNIGHT: I think that Governor Hochul's proposed $1 billion Small Business Rescue Plan provides support for businesses that potentially have suffered difficulty during that time.

ASSEMBLYWOMAN GIGLIO: I disagree. But thank you very much for your time.

CHAIRWOMAN KRUEGER: Thank you.

We're back to the Senate. Oh, we're up to Senator Savino, who's the chair of -- I'm trying to get the committee right, I'm sorry -- of technology and other categories. Diane will explain the title. So she gets 10 minutes.

SENATOR SAVINO: Unfortunately, Senator Krueger, can I pass now? I'm on another call.

CHAIRWOMAN KRUEGER: Oh, yes.

SENATOR SAVINO: Can you come back to

me?

CHAIRWOMAN KRUEGER: Yes, I can do that.

SENATOR SAVINO: Thank you. I'm so sorry.

CHAIRWOMAN KRUEGER: You're welcome. That's okay.

Senator Hoylman, please, for three minutes.

SENATOR HOYLMAN: Thank you, Madam Chair. Good to see you, Commissioner.

I wanted to ask you briefly in my three minutes about the Penn Station redevelopment plan. We've spoken about it before. Senator Krueger and I actually wrote an op-ed this week requesting that ESD hold off on approval of the general project plan until we have a clear idea of what this is going to cost, cost both the taxpayers, what the private developer is anticipated to reap in terms of benefits from the plan, and what the ultimate design and goals of the project are.

Do you commit to waiting until we have

an opportunity to look at the numbers before the ESD board approves the general project plan?

COMMISSIONER KNIGHT: So, Senator, what I can say is that, you know, there are a number of negotiations and agreements that we have to get through, particularly working with the city on the pilot framework. And so, you know, we will be able to provide that information before we go to the ESD board.

SENATOR HOYLMAN: Thank you.

And is there anything in the budget in terms of direct state support for the Penn Station redevelopment plan? Last year there was a $1.3 billion allocation -- I actually voted against it, for the record. Is there going to be another allocation? Or is that money, which may not have been spent last year, going to be reappropriated in this year's budget?

COMMISSIONER KNIGHT: So -- so I believe that $1.3 billion is appropriated in this year's budget for railroad projects, but I will confirm that for you.

SENATOR HOYLMAN: Thank you.

And finally, thank you for your support of services for the homeless and New Yorkers who are struggling with addiction and mental illness in the area. I just want to say for the record I really have appreciated ESD's willingness to work with local stakeholders in this once-in-a-generation opportunity to improve the lives of so many people who live unhoused around Penn Station.

And this is a tremendous opportunity, as I've expressed to you, to build more affordable and supportive housing. I urge you to think big in that regard, because we don't have too many chances to house New Yorkers with this kind of magnitude. So look forward to discussing that with you as this proceeds.

Thank you very much.

COMMISSIONER KNIGHT: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRWOMAN WEINSTEIN: We're going to

see -- I'm not sure if Assemblyman Conrad has --

ASSEMBLYMAN CONRAD: I'm here. Can you hear me?

CHAIRWOMAN WEINSTEIN: Okay, the sound is working.

ASSEMBLYMAN CONRAD: It is. It is.

CHAIRWOMAN WEINSTEIN: Okay. You have three minutes.

ASSEMBLYMAN CONRAD: Thank you. Thank you, Chairs.

And thank you, Commissioner Knight.

You know, Western New York is home to Launch NY, 43North, these nonprofit programs. And, you know, Rochester has the GRE, and they focus on this Economic Gardening program.

Where are we, on the New York State Development side, looking at to getting away from focusing on Tier 3 companies and getting on to focusing on these Tier 2 companies? You know, they're 35 percent of businesses, they're scalable, they're unique, there's a high growth potential.

Where are we in trying to shift away from focusing on these Tier 3 companies that tend to commoditize wages and, you know, we don't tend to get our bang for our buck here. Where are we on that? Are we shifting anything there resource-wise?

COMMISSIONER KNIGHT: So we, you know, are focusing on venture funding, looking at, you know, high growth -- high-growth companies, high-growth industries.

With respect to the business competitions, you know, there is $75 million allocated to streamline those competitions to benefit from best practices and to provide some centralization -- you know, maybe economies of scale on marketing and outreach -- with the goal of having these innovative companies stay in New York and grow. And so, you know, that's a focus of the $75 million.

You know, some of your colleagues mentioned the CATs and COEs. Those are other opportunities for innovation to happen with respect to business, industry and academic

support, looking to commercialize products and get those businesses to stay in New York.

So we have a number of initiatives really focused on growing these innovation companies that can plant their roots here in New York State and grow and hire New Yorkers.

ASSEMBLYMAN CONRAD: You know, I just feel like it's a checkerboard right now. You know, that there's little things here or there. But like you said, the CATs and the COEs are certainly a great resource. But making sure that this becomes kind of a unified program rather than focusing just on Tier 3s. You know, we tend to, you know, award a certain amount of money to Walmart coming in or something. I mean, that, to me, doesn't seem beneficial.

It's more beneficial to me to see these, you know, like I said, these Tier 2 companies, high-growth potential that are going to, like you said, put their roots here in New York State, to get the better share of that resource. So just want to put myself on the record saying that.

COMMISSIONER KNIGHT: And, you know, we have this commitment to preparing these shovel-ready sites which really do provide the foundation for industries like the semiconductor industry that, you know, provides high-quality, high-wage jobs.

ASSEMBLYMAN CONRAD: All right. Well, thank you very much.

CHAIRWOMAN KRUEGER: Thank you. And back to the Senate?

CHAIRWOMAN WEINSTEIN: Back to the Senate.

CHAIRWOMAN KRUEGER: Thank you.

Mike Martucci, our ranker, five minutes.

SENATOR MARTUCCI: Thank you, Chairwoman.

Thank you for being here, Ms. Knight, and for -- you've answered a lot of my questions already. I have just two quickly for you.

One, could you take a moment and please expand a little bit on the 350 million that's been appropriated for workforce

development and sort of -- in particular, what programs that will be used for and what sort of workforce development you intend on targeting?

COMMISSIONER KNIGHT: Yes. So with respect to the 350 million, I want to kind of decompose that a little bit: $170 million for ESD workforce development programs, and $180 million of that are for existing Department of Labor programs.

With respect to the $150 million of support, we're looking to provide to workforce providers that are connected with employers that have defined their training needs so that we can link training directly with employment and get more people in our state employed through this kind of process.

The $150 million really is to support -- you know, some operating support for workforce providers. And then we are envisioning a pay-for-performance that is defined or tied to quality job placement. And then the third piece of this would be for capital expenses that could be for equipment

or workforce training expansion.

And, you know, following the passage of the budget, we would issue, you know, more detailed program guidelines. But that's sort of a high-level overview.

SENATOR MARTUCCI: Thank you.

And my second question is with respect to the 75 million that's appropriated for an Innovative Venture Competition Program. Can you tell us a little bit more about what that is?

COMMISSIONER KNIGHT: Yes. So, you know, we have venture competition programs around the state today. And that $75 million would be aimed to provide support for five years of those competitions.

You know, we're looking to create, you know, a more centralized structure. The competitions wouldn't look too much different on the ground, but really want to provide best practices. You know, maybe be able to recruit centrally, leverage some marketing. And we think that the competitions could benefit from economies of scale. And so that

is, you know, what we're seeking to do.

SENATOR MARTUCCI: Thank you so much, Ms. Knight. And thank you, Chairwoman, for the time today.

COMMISSIONER KNIGHT: Thank you.

CHAIRWOMAN KRUEGER: Thank you very much, Mike.

Back to you, Helene.

CHAIRWOMAN WEINSTEIN: We go to Assemblywoman Zinerman.

ASSEMBLYWOMAN ZINERMAN: Thank you, Madam Chair.

Good morning, Commissioner. I'd like to start out by thanking you for partnering with the Bridge Street Development Corporation in my district to provide information to the public yesterday. It was very well received, and I thank you for that.

Certainly there's a number of people who have brought up the Regional Development Councils, and I want to just plus-one that we should meet as soon as possible to just kind of talk about the unevenness of those services.

And I want to start out by asking you about this new workforce -- Office of Workforce and Economic Development. Unfortunately, a lot of times when we create a new office it's because something hasn't worked in the past. And so I want you to talk a little bit more -- and I know you've been asked about this, which is how are you planning to have the folks who are in charge of these various agencies coalesce under this one office when clearly they are empowered now to interact with one another and share information and support?

So what's going to be different? Have you already selected a head of that agency? And, you know, how quickly is that person going to be able to get on board to really work with the agencies involved? So that's one thing.

I just want to say that I am glad that the Governor is investing in this model for employment opportunities for workers with disabilities. As you may know, the People with Disabilities Committee in the Assembly

has a suite of legislative bills out right now, and I hope that you look at them and utilize some of those suggestions in ensuring that people living with disabilities have employment opportunities, from our young people in schools to adults.

I am curious about the $4.5 million reduction to NYSCA, given where we are with the arts and needing to ensure that not only Broadway but, you know, small districts like mine where we do have world-class artists who need support, why that's being cut.

And then finally, finally, finally, very near and dear to my heart, the establishment of the BIPOC Farmer Engagement and Outreach Program. This is great. But what we need is land. And I think, you know, urban development, the focus on urban development and urban farms is good, but we're not a project. We really are people who are growing food to sustain communities downstate.

And so I really encourage you all to figure out ways that people can actually buy

land that the city owns that they're not doing anything with, to do some real farming so that we don't have a sharecropper model continuing into the 21st century.

So thank you.

CHAIRWOMAN WEINSTEIN: Okay. The Senate?

COMMISSIONER KNIGHT: I don't think I have time to answer your questions, but I can come back --

CHAIRWOMAN KRUEGER: I think you will need to give a follow-up with the Assemblywoman. And if you do so in writing, we can share it with everyone.

ASSEMBLYWOMAN ZINERMAN: That was my first three-minute question. I'm sorry.

I look forward to speaking with you, though.

CHAIRWOMAN KRUEGER: That's all right. Thank you.

CHAIRWOMAN WEINSTEIN: To the Senate, yes.

CHAIRWOMAN KRUEGER: Yes. Senator Diane Savino, chair of Technology and

Internet, et cetera.

SENATOR SAVINO: Thank you, Senator Krueger.

Good morning -- is it still morning? Yes, it's still morning, Ms. Knight. I am going to bounce around on a couple of different issues. I know that people have touched on the ConnectALL initiative; I'm going to come back to it in a minute.

I want to talk a bit about the Small Business Pandemic Relief Program that was implemented and continues to provide assistance to people. But there are gaps in this program because there are businesses that just don't seem to qualify for anything. Particularly, small, like -- I see people shaking their head up and down, so we're probably all hearing from the same types of people. Businesses that are gyms, that are not large operated gyms but more studio gyms, like fitness centers that are martial art studios, none of them -- I have several in my district, boxing gyms. They don't qualify for anything. They were ordered to be closed

during the entire pandemic because of the smallness of their operation and there's no way to engage in that type of activity and maintain social distancing.

So all of these programs, they reached out to several different ESD grant programs and they've been turned down consistently. So what can we do to close those gaps so that these businesses, who suffered tremendously, don't lose everything and wind up going out of business?

COMMISSIONER KNIGHT: So, you know, I have to say the program was intended to be industry-neutral. So I'd want to work with you and look into that.

Most of the criteria was set in legislation, but the program was intended to be industry-neutral. So it wouldn't be because of the type of business; it may be some other eligibility criteria. And I would like to look into that with you.

SENATOR SAVINO: That would be helpful.

To the extent that we've sent, you

know, applicants, there's been every attempt to assist them, it just seems to be they don't qualify for anything. No matter what metrics that they try and reach, they just don't qualify. But it is a real problem, and several of them have been forced out of business.

I want to go back to the ConnectALL initiative. So I understand that -- it looks a bit like the previous program that Governor Cuomo had created. So I'm just wondering, how will it work differently than the Governor's old New NY Broadband Program?

COMMISSIONER KNIGHT: Well, the New NY Broadband Program was really focused on rural communities.

But I'll tell you, you know, there are kind of three key areas. You know, we're going to have better data, so we'll be able to better understand how to deploy the broadband infrastructure more effectively. This larger investment will support broader deployment. And we're going to be looking at this more holistically and have a digital

equity component to support the program.

SENATOR SAVINO: Do we have a sense of how many regions of the state are still without broadband? Have we been able to quantify that?

COMMISSIONER KNIGHT: We will know with better detail when the PSC maps are released this spring. We'll have a much better sense of what the coverage is.

SENATOR SAVINO: And -- but do you have any -- and maybe you don't know this yet. Maybe you can get back to me. What gets in the way? I mean, we set out -- I think it was 2015 was the beginning of this process to finally achieve universal broadband across the state, and here we are almost seven years later and I think we're probably no further down that road than we were when we started this process.

I mean, what continues to be the barrier to broadband?

COMMISSIONER KNIGHT: So, you know, deploying broadband in rural and remote areas, very difficult. And, you know, the

ConnectALL initiative seeks to identify some of those problems and, you know, deal with that a little more effectively.

You know, there's some regulatory issues that make it difficult to create expansive broadband coverage. And, you know, we're looking to focus on how to do that.

SENATOR SAVINO: It's seven years later. I mean, you certainly have your work cut out for you.

I want to switch to something else that's in the Governor's budget, something that's very important to me and I know to Senator Krueger, and she'll probably want to talk about it as well.

There's a proposal to -- that the Governor has that will create a Social Equity Fund for cannabis dispensaries. Because one of the challenges in other states that have gone forward with allowing for the adult-use market to proceed, almost every state has a goal of bringing on social equity applicants. And every state that has done it has failed, because of the challenges of having access to

capital and credit in the marijuana industry.

It is -- as difficult as it is to have access to capital and credit for MWBEs in traditional industries, it is doubly difficult in the marijuana industry. You cannot walk into a bank, you cannot go to traditional lending sources, so you either have to have very rich friends or you have to be able to capitalize it yourself. And that's very generally very difficult to do for MWBEs in any industry.

So I think the Governor wisely recognized that and she's decided to put forward this Social Equity Fund that will be managed by ESD. But have you had an opportunity to look at how you're going to do it and how we're going to achieve these goals of making sure we have the capitalized funds for social equity applicants so that they can enter this market and be competitive in New York State, so we'll actually be the first state that solves this problem?

COMMISSIONER KNIGHT: So I can tell you that our ESD MWBE team is closely working

with the Office of Cannabis Management. This fund is expected to be, you know, of the purview of the Office of Cannabis Management, but our staff is, you know, working actively to help stand up this agency. And, you know, we're providing them with foundational, you know, information, documents to support, you know, creating this fund, as we have experience in, you know, creating other types of funds.

SENATOR SAVINO: So I know that we're moving legislation to accelerate provisional licenses because we can do this, we'll have this capitalized program for social equity applicants and we won't have enough product, legal product to sell. So we're going to try and accelerate the growing and cultivation of legal product with these new provisional licenses so that things will come together, hopefully all at the same time.

So do you think your program will be ready in time for the potential dispensary licenses to kind of be there when the -- I guess when the crop is -- what's the term?

Would be reaped, right? Whatever it is. I'm not a farmer. I guess when the product is ready to come to market.

CHAIRWOMAN KRUEGER: Harvested. Harvest the crop.

SENATOR SAVINO: Right, thank you.

COMMISSIONER KNIGHT: So I think that -- it will be an Office of Cannabis Management program, and I defer to my colleagues. But we're working hard to support them and will do everything that we can to help them, you know, make this a reality.

SENATOR SAVINO: I hope so. Because again, I think it's very important that New York be the one state that finally gets this right. And I certainly look forward to working with you on it.

I yield the rest of my time. Thank you.

COMMISSIONER KNIGHT: Thank you.

CHAIRWOMAN KRUEGER: Thank you, Senator Savino.

Assembly.

CHAIRWOMAN WEINSTEIN: We go to Assemblyman Otis, chair of our Science and Technology Committee, likewise for 10 minutes. (Pause.)

Steve, you're muted still. There you go.

ASSEMBLYMAN OTIS: There we go. Thank you so much.

And thank you, Commissioner. And good luck on what is a great operation at ESD, Empire State Development.

Two issues. One, we've had mentioned in a few of our budget hearings in the last few weeks the issue of electric vehicle charging stations and the need to grow that in the state. And one of the areas of potential growth -- and I just sort of throw it out there as something for you and the Regional Economic Development Councils to think about -- is at workplace parking locations, and also at commercial shopping center locations, EV charging stations become an amenity to workers, become an attraction to shoppers. And it may be something, as you

look into it, as always is tweaked, the Regional Economic Development Council sort of priorities and things that maybe you would like to encourage applicants to look at as part of broader plans, to look at the electric vehicle charging station opportunities. There is federal money out there for this as well. And it is one way to grow the electric vehicle purchase, is for people to have a comfort level that charging opportunities are going to exist at a variety of locations and that they're visible.

So you are free to comment on that if you have something --

COMMISSIONER KNIGHT: Yes. Absolutely, yes.

ESD is very committed to growing the green economy, and we can do that through, you know, green projects under our Excelsior program.

You know, EV charging stations are mostly being supported by agencies like the Public Service Commission and NYSERDA. But we certainly will do all that we can to

support the growth of these stations.

Also, I believe that the Biden administration has also announced major support for EV charging infrastructure, so we'll keep an eye on that as well.

ASSEMBLYMAN OTIS: Well, and there may be a way to access some of that federal money to bring it to commercial entities that are -- that you're dealing with at Economic Development, and try and draw that in.

We did have great comments from a number of state agencies at a hearing last week, and at some of the budget hearings as well. So it certainly is a priority for the Hochul administration, that is clear. But thank you for your comments on that.

Then on the broadband, the digital equity issues -- and I actually have had some good conversations with folks on your team. Wanted to bring to your attention the digital inclusion tool, which is a -- beyond getting people their broadband access and beyond getting the mapping issues solved, there is really an important need to get individuals

who were excluded from digital literacy into the digital world that we're all benefiting from right now, being on Zoom.

And so just wanted to bring to your attention that there are great opportunities there at Empire State Development, through your Broadband Office, to -- and I think folks are looking at this already -- to make sure that we're dealing with the digital inclusion model and that part of the equity issue which really involves delivering digital skills to excluded individuals. It's very local, it's very hands-on, but it's a necessary piece of the pie.

COMMISSIONER KNIGHT: So thank you for that, the importance of that issue.

You know, the federal infrastructure funding has -- will provide ESD with the ability to lead a statewide digital equity plan, in coordination with other agencies and nonprofits. You know, we view digital literacy and digital equity in a more expansive view. So, you know, not only providing affordable and reliable broadband,

but also providing -- you know, does the person have access to internet-enabled equipment. As you say, do they have the training to operate on the internet safely. And do they have access to high-quality technical support.

So we'll be putting together a plan to figure out those things as we think about digital equity.

ASSEMBLYMAN OTIS: That sounds great. And I certainly have offered my help to your team on these matters. So we'll continue to work together on it.

And thank you, and I'm going to yield back the rest of my time. But good luck at Empire State Development.

COMMISSIONER KNIGHT: Thank you.

CHAIRWOMAN KRUEGER: Thank you very much -- for yielding back your time as well.

All right, I think that actually I am up. Thank you, Hope.

So just a follow-up for a couple of my colleagues. And childcare has come up several times today, which actually intrigues

me, that it did in the context of your agency. But I have a question from my colleague -- excuse me, I'm just calling it up -- Senator May, who wants to double-check that you know that in December the Governor signed the Investing in Care Act, which requires the commissioner of Economic Development to implement a long-term strategy to support the growth -- oh, I'm sorry, of the caregiving industry in New York State, which I believe is really home care, not childcare.

So is this on your radar? And what is ESDC putting into the process? Because apparently you have till the end of the year to provide us a report.

COMMISSIONER KNIGHT: Yes. I'm aware of the legislation that speaks to the caregiving industry. Agree, you know, on the importance of that. We're currently evaluating how to best complete this, and it may require a third-party consultant. But, you know, we're working through, we'll figure this out very shortly how to best tackle

providing this information.

CHAIRWOMAN KRUEGER: Okay, thank you.

And actually, then, it was another Senate colleague who did ask about the childcare issues and highlighted that there's been a significant drop-off in the amount of REDC funding for childcare from 2019 to '21, but that the state did receive $100 million last year from ARPA to expand childcare in deserts of childcare. And I'm wondering -- he's wondering what role the REDC Council plays in the distribution of these funds and can we expect that with the federal monies we should see an increase in funding of childcare through your agencies?

COMMISSIONER KNIGHT: So we're definitely encouraging the REDCs to look at, you know, bringing forth more childcare projects. I'm not sure about the specifics of these funds that were being referenced. I don't think they've gone through ESD. But, you know, would want to talk about those funds and know more. But I'm not familiar with those funds that --

CHAIRWOMAN KRUEGER: Other than the initials and the dollar amount, I'm not either. So I will refer you to Senator Brisport for follow-up on that. Thank you.

COMMISSIONER KNIGHT: Yup. Yup.

CHAIRWOMAN KRUEGER: Okay. So I want to go back to comments that were made by a couple of my colleagues, and one was of course that there's an been an outmigration of people in New York State and some perception that we are losing businesses to outmigration.

And yet when I look up some economists' research on migration out of New York and the growth in it, it actually shows that it's -- we're top-heavy with people heading towards retirement. And so several states saw outmigration because people are retiring to warmer states, and they're not at the stage of their lives where they were likely to be starting businesses.

And I'm wondering whether you all do research to confirm, you know, what are the

trigger points of people coming to or leaving New York? Because I think we throw around a lot of information that's not necessarily based on facts.

COMMISSIONER KNIGHT: So, you know, we certainly do look at factors with respect to, you know, what's driving population issues. And although we had 319,000 people leave from 2020 to '21, the population did grow in New York State from 2010 to 2020, you know, according to the census.

And we also saw significant growth in some cities around the state -- you know, Buffalo, I think 6.5 percent growth. And Syracuse, 2.4 percent growth. And Utica, 4.9 percent growth. And so we have seen that some cities, communities around the state have grown.

And so, you know, we are looking at -- you know, our budget reflects investing in, you know, communities, workforce development, tax relief -- you know, all the things that we believe create the right environment for economic growth. And so like I said, we

certainly keep our eye on these issues.

CHAIRWOMAN KRUEGER: And also do you keep your eye on growth in new businesses? Because I've also found some data showing that until the pandemic, we were one of the states with the highest rate of new businesses being created, and something like 98 percent of them were small businesses, to reinforce what I think quite a few of my colleagues pointed to today, the importance of our making sure that we are prioritizing what we do correctly for smaller businesses.

And yet on your website the most recent report I could find on businesses growing or shrinking was 2015 data in a 2018 report.

So do you still do annual reports on the patterns of small businesses and business growth? Maybe I just couldn't find it.

COMMISSIONER KNIGHT: So we have -- we publish every year the state of Small Business, and it's on our website. We're happy to share it with you.

But, you know, we have seen data

that's suggesting that new business incorporations are very high. And so, you know, we will continue to track that. We certainly believe that there is -- you know, the work from home and other trends have promoted, you know, more entrepreneurship, and we will continue to keep our eye on that to figure out what we can do to support, you know, this emerging-business growth.

CHAIRWOMAN KRUEGER: Thank you.

Can you define what economic development is? And I'll say that when I point out, for example, so there's all this news that we have a new form of gambling in New York State, online betting, and $2 billion went through it in a very short period of time. But I don't think of that as economic development. I mean, it's not any new jobs. And it's $2 billion that didn't get spent somewhere else and instead went to pretty much whoever owns online betting.

So is that economic development? And how do you define it?

COMMISSIONER KNIGHT: So, you know, I

think about economic development, you know, sort of looking at balanced growth and with an equity lens and, you know, opportunity at the forefront.

You know, I believe that it's, you know, improving the standard of living for the people that live in our state. It's things like providing access to employment and income and reducing rates of poverty.

And I think that Governor Hochul's vision for economic development, you know, reflects that -- much more focused on investment in small business. We know that 98 percent of all businesses are small businesses, and so that's an important area to focus.

CHAIRWOMAN KRUEGER: So then you would agree with me that online gambling isn't increasing income for most people who actually participate in it and doesn't really create jobs and actually takes money away from other things that people no longer have to spend that disposable income on because it went into their phones into bad bets?

COMMISSIONER KNIGHT: It's hard for me to comment. I don't really know the composition of the elements of the online betting industry. I could take, you know, a look at that.

But, you know, I know it does generate significant tax revenues. And so --

CHAIRWOMAN KRUEGER: That's true, it does. It does. So the Tax Department gets a couple more people to collect the taxes, yup. But -- and --

COMMISSIONER KNIGHT: You know, I would defer to my colleagues who are in the space.

CHAIRWOMAN KRUEGER: I think you should not defer to them, that you should be the economic development expert who actually can explain to us what generates economic activity and jobs in our state and what doesn't. Because even though not everything in the world is your responsibility, when huge amounts of money go in one direction, they're not available to go in another direction.

So I will ask you to think about that for the future and being able to define what the mandate of your agencies are, actually.

And I am out of time, so I'm going to hand it back to the Assembly. Thank you very much.

CHAIRWOMAN WEINSTEIN: So we are going to go to Assemblywoman Gallagher for three minutes.

ASSEMBLYWOMAN GALLAGHER: Good morning. Yes, it's still morning.

CHAIRWOMAN WEINSTEIN: Barely, yes.

ASSEMBLYWOMAN GALLAGHER: Okay, so I was very pleased to hear that your definition of economic development is balanced growth with an equity lens, because I know that there are quite a few transitions that we need to make in workforce in a number of different fields that have long propped up our economy. And one of them will be my first question, then we'll see if I have time for the second one.

So New York's incarcerated population has fallen dramatically in recent years to

just above 30,000 people, less than half of the incarcerated population six years ago. Yet New York jails remain overstaffed, 30 of which in excess of SCOC guidelines, costing upstate counties $638 million annually. In several facilities the average number of correctional officers outnumbers the average number of people in detention.

So I'm wondering, what is ESD doing to retrain corrections officers to assure that the incarceration of downstate Black and brown New Yorkers is no longer an upstate jobs program? Thank you.

COMMISSIONER KNIGHT: You know, I cannot speak to Department of Corrections agencies' operations. But I can tell you that ESD will be focused on the strategy of how to repurpose the prison facilities across the state, and Governor Hochul is putting together a commission to do that. That is something that we will provide a lot of support and guidance on.

ASSEMBLYWOMAN GALLAGHER: And what kind of -- what kind of industries are you

really thinking about placing in these counties that really need jobs and job opportunities? What are the industries that are going to be growth industries for those counties so that they can permanently move away from corrections?

COMMISSIONER KNIGHT: So, you know, as we have stated earlier in the hearing, really focused on, you know, manufacturing and, you know, also looking to site semiconductor facilities across the state.

It really depends on the counties, you know, their assets, what the realities are. We're going to take the opportunity to understand those and figure out, you know, the best industries that we can attract to those regions across the state.

ASSEMBLYWOMAN GALLAGHER: And all of those industries will come with New York State economic development job training programs to make sure that they benefit the people who are losing the work in the correctional facilities? Can I have you promise that?

COMMISSIONER KNIGHT: We will be attracting companies that will be providing employment opportunities, and our Workforce Development Office will be focused on linking those opportunities to training.

CHAIRWOMAN KRUEGER: Thank you. I'm cutting you off.

CHAIRWOMAN WEINSTEIN: Yes, thank you.

ASSEMBLYWOMAN GALLAGHER: Thanks.

CHAIRWOMAN KRUEGER: I'm sorry, our last Senator, I believe -- just double-checking no other extra hands went up; correct -- is second round for Senator Anna Kaplan.

SENATOR KAPLAN: Thank you, Ms. Knight, I know it's been a long day for you. I just want to bring it back again to REDC. My colleague Senator Comrie talked about how important it is for us to really sit down and reexamine that -- the whole regional award.

I want to bring to your attention that last year REDC changed to a new format where there are no longer regional awards and

instead the money was given out on a rolling basis for individual projects. I think that is a concern for me, because I think some of the regions lost in a big way. I can tell you Long Island went from a 90 million award to a 40 million award, whereas the Hudson Valley took home 102 million.

So I think when we sit down and reexamine this whole REDC, the approach to ensure better regional parity should be part of the conversation. And I hope that you're on board on that and with me, and hopefully we can discuss also how we can get parity for the entire state.

COMMISSIONER KNIGHT: So definitely want to have that discussion. It's important that we invest in every region. So I agree and want to, you know, have that discussion.

SENATOR KAPLAN: Thank you.

I want to go back to the capital costs tax credit program that I started. There was additional language setting impossible deadlines for businesses to submit applications which ultimately will make the

program useless.

Will you work with me to fix this provision to ensure that we're actually delivering real benefits to the small businesses who are seeking our assistance?

COMMISSIONER KNIGHT: I want to work with you to, you know, definitely make the process so that businesses seeking our assistance are able to access the funding. I want to make it successful.

SENATOR KAPLAN: Absolutely. Thank you.

I've also been championing a manufacturing tax cut parity measure for years. Currently the largest manufacturers have a zero percent franchise tax rate, while small manufacturers still pay a franchise tax. Can you speak about the discrepancy and what manufacturing tax cuts for small manufacturing would mean for economic development here in New York?

COMMISSIONER KNIGHT: So, you know, I would like to spend more time with you on this because I want to have a better

understanding of what the inputs are with respect to providing a more significant tax cut for a small manufacturer. So look forward to talking to you about that.

SENATOR KAPLAN: Thank you. Thank you very much, my time is up. Thank you, Chair.

CHAIRWOMAN KRUEGER: Thank you, Chair.

Helene, back to the Assembly. I don't think we have any more Senators, so why don't you just keep rolling.

CHAIRWOMAN WEINSTEIN: We have quite a few Assemblymembers. We'll go first to Assemblywoman Rajkumar.

ASSEMBLYWOMAN RAJKUMAR: Thank you.

Good morning, CEO Knight.

COMMISSIONER KNIGHT: Good morning.

ASSEMBLYWOMAN RAJKUMAR: I only have three minutes, so I'll ask all my questions and then you can dive right in.

COMMISSIONER KNIGHT: Okay.

ASSEMBLYWOMAN RAJKUMAR: First, after ESD has fulfilled its commitment in terms of grants and tax credits, is there any actual monitoring of the job creation that was

spurred? How do we know the job creation stemming from ESD's support is long term?

Second question. For years there's been discussion of Northeast states not undercutting each other with their tax grant proposals. For example, New York not luring business from Connecticut, Connecticut not luring business from New Jersey, and so on. How has that worked out for us? What has come of entering into this kind of armistice?

Third, is there a concern that we are in some cases offering incentives to keep businesses in New York State when there's not actually a risk that they will relocate? And if so, how is that prevented?

Next, is there a plan for workforce development to train New Yorkers for jobs of the future instead of the past? How do we ensure that we are responding to the future needs of our economy rather than the needs of entrenched employers?

And then finally, let's talk about economic development in South Queens. You actually used to lead the Greater Jamaica

Development Corporation, so I consider you a unique authority on the region. I am very interested in any proposals you may have to utilize Resorts World and JFK Airport to create jobs in my district. This would be a game-changer for my constituents, lifting up entire families. So what are your plans for job creation in South Queens?

Thank you.

COMMISSIONER KNIGHT: Thank you for your questions. I'm going to try to answer them in order.

So, you know, with respect to projects in terms of monitoring them, we monitor them for the duration of the commitment. So the projects have to provide reports, we verify them and then are able to affirm their commitments.

Most of our assistance is not paid out until the milestones have been achieved. So, you know, we're only going to advance assistance when these milestones for job commitments have been achieved. And if they haven't, we have the ability to apply

clawbacks.

With respect to flight risk of companies, you know, I'm doing some more research with the team on this but it's a very small percentage of companies that come to us to tell us that they are going to leave and -- you know, if they don't get an incentive package or if they're getting an incentive package from another state. And so really trying to circle, you know, what the universe of that group of businesses are.

But we believe a very small number. And so, you know, I'll come back to you on that.

With respect to jobs in the future, I think this is what the Workforce Development Office is expressly focused on. We are, you know, looking at jobs of the future and then, like I said, migrating back, understanding what the training is required to access those jobs of the future, and standing up our Workforce Development Office to really focus on those emerging industries and jobs associated with them.

CHAIRWOMAN WEINSTEIN: Commissioner, I hate to cut you off, but the time has expired. You can email Senator Krueger and myself as well as responses to questions you haven't been able to answer, and we'll make sure they're distributed to all members here.

So now we're going to go to Assemblywoman Griffin.

ASSEMBLYWOMAN GRIFFIN: Thank you. Thank you, Chairs.

And good morning, Ms. Knight.

Like so many of my colleagues, I remain concerned about support and assistance to our small businesses. Specifically, I find that small businesses which employ under 50 employees have really been left out of support. And I find that many of the businesses in my district that are the smaller size are still struggling to bounce back, are still struggling to make ends meet and recover from their businesses being closed for so long.

And many of these businesses have applied for various forms of support but

really haven't received any or the support they've received has strings attached that they can't meet those standards.

And I wondered if you could tell me the steps being taken to utilize the money that's left over in that pandemic grant. What steps are being taken to apply that to these small businesses? And then also how will the seeding funding grant proposal -- how is that planned to help these struggling small businesses of this small size?

COMMISSIONER KNIGHT: So most ESD programs go to small businesses. You know, our $800 million Small Business Grant Recovery Fund, 98 percent of those awards went to microbusinesses, those with under 10 employees. So tremendous grant support to microbusinesses.

The $200 million seed fund is a companion to the $800 million fund, but it will help new businesses that were formed, you know, immediately prior to or during COVID. And so those businesses were left out of a lot of the funding that was available to

businesses that were in existence in 2019, which is why we've provided this fund for what we'll call new or emerging businesses.

ASSEMBLYWOMAN GRIFFIN: Okay. Well, thank you. And I also wanted to echo the comments of Senator Kaplan regarding the REDC. You know, it was disappointing to see that the support to the Long Island region, which is so in need, that it was reduced by so much. And so I just wanted to echo those comments, because I believe the regional support should be equitable throughout the state and one region shouldn't see a great drop while another area receives a great increase.

And if you could just send information on the other proposal of the investment venture competitions that's in Governor Hochul's proposals, I would love to see more information on that. Thank you very much for your time this morning.

COMMISSIONER KNIGHT: Thank you. Will do.

CHAIRWOMAN WEINSTEIN: Thank you.

We're now going to go to Assemblywoman Woerner.

ASSEMBLYWOMAN WOERNER: Thank you, Chair Weinstein.

And thank you, Ms. Knight, for your testimony.

I represent a particularly rural area, so I'm going to focus on rural economic development. And you had mentioned in an earlier statement that you foresee emphasizing manufacturing and semiconductors throughout the upstate rural communities to try and basically bring those communities back which have been so hollowed out over the last few years.

I'm wondering if you can talk a little bit more about how do you intend to build an ecosystem of businesses that support the semiconductor industry, as well as how does the agency intend to support the agriculture part of our state, particularly in terms of value-added agriculture? And my particular area of focus is on fiber and textiles, which are a growth opportunity for us in this

state. So that's one set of questions.

The second is on the workforce development office, which I'm supportive of, what metrics do you anticipate using to assess the effectiveness of the extensive set of workforce development programs we offer in this state? And how will you measure that effectiveness longitudinally? And then I'll make a comment about broadband if I have time at the end.

COMMISSIONER KNIGHT: Okay, thank you for your questions. I'll try to answer them in order.

You know, with respect to looking at the semiconductor industry, we have a range of initiatives. You know, we have R&D initiatives at the NY Creates Albany Nanotech Complex; other entities that are focused on how we build out our ecosystem for the semiconductor industry.

And so we're looking at, you know, all sorts of sites. I think Luther Forest is in your district.

ASSEMBLYWOMAN WOERNER: It is.

COMMISSIONER KNIGHT: And that's a site that, you know, we certainly want to focus on and build out ancillary businesses as well. So we, you know, envision, you know, a suite of businesses around the semiconductor industry.

You know, with respect to agriculture, we know that's an important industry. You know, it's important for the state. And, you know, in your district where you have farms that are focused on value-added fiber and textiles, you know, we look to these partnerships with academic institutions to focus on innovation and commercialization of products that, you know, kind of feed back to these farms that are producing the foundational products.

So, you know, we look towards the innovation that's happening at these academic institutions to support the work of the farms in your district.

And then finally, with respect to workforce development and metrics --

CHAIRWOMAN WEINSTEIN: Commissioner,

the time has expired. So if you could follow up in writing with us, along with some of the others.

And we go to Assemblyman Palmesano.

ASSEMBLYMAN PALMESANO: Thank you, Commissioner. I've got a couple of quick questions and I think it could be a real quick answer.

Given our challenges with our tax regulatory policies, our energy policies, comments about us being at a competitive disadvantage in the business climate at 49th or 50th, don't you view your working relationship, your partnership with our local IDAs as absolutely critical in the efforts to recruit, retain and grow jobs and businesses right here in New York State to improve our economy? Do you view that as a critical relationship in your efforts working with our local IDAs, yes or no?

COMMISSIONER KNIGHT: So local IDAs have been very important in many of the projects -- you know, particularly in identifying shovel-ready sites --

ASSEMBLYMAN PALMESANO: Perfect. So that's yes. Thank you.

The reason I cut you off is because I have -- the reason I'm glad you view that as a critically important relationship, it's important. I believe that and so do my colleagues. My concern is I believe the majorities in our house do not, given the fact that they denied New York State Economic Development Council from testifying here today so we could not hear their input or get them to answer some questions.

And given the fact that they have that relationship with our local IDAs -- whose primary focus is to help improve our local economic development and the local economies. So given that -- this is a follow-up on that question -- aren't you more apt to have daily conversations and meaningful conversations on economic development in New York State working with our local IDAs and Economic Development Councils than, say, you might regarding the University of Minnesota, with no disrespect, who was allowed and is a part

of our panel to testify -- isn't your relationship going to be more apt to have those conversations about economic development efforts in New York working with our local IDAs versus the University of Minnesota? Yes or no.

COMMISSIONER KNIGHT: You know, the IDAs are definitely strong partners.

ASSEMBLYMAN PALMESANO: Great, and I agree. And I'm glad you agree, I'm glad the administration agrees. But again, I think it's just kind of unfortunate the majorities of this house refuse to let the New York State Economic Development Councils testify here today on those important areas, to get answers, get input and ask questions.

I would like to shift to broadband, if I could, real quick. I know this proposal about the ConnectALL, that kind of removed the burdens of the fiber optic tax on the right-of-way for some projects. Wouldn't it be a much better and smarter policy to totally eliminate the DOT right-of-way fiber optic tax on everyone, given the fact that

we're hearing this has been a disincentive for businesses to invest, with this burden -- added cost and burden? So wouldn't it be better, wouldn't it be a smarter policy for New York just to totally eliminate it altogether, rather than just picking specific areas and picking winners and losers? Wouldn't that be a better, more effective economic development policy, from your perspective?

COMMISSIONER KNIGHT: Your colleagues have definitely raised this. And, you know, I've heard this concern and I will follow up.

ASSEMBLYMAN PALMESANO: Thank you. And I hope you weigh in to the Governor and say this -- we should just scrap it altogether if we want to develop broadband, particularly in our rural areas. Because, you know, our rural areas really need the help. And I hope you can make that a priority in your efforts.

CHAIRWOMAN WEINSTEIN: Thank you.

Assemblywoman Buttenschon, are you here? I know --

ASSEMBLYWOMAN BUTTENSCHON: Yes, thank you. Can you hear me?

CHAIRWOMAN WEINSTEIN: Yes. You're next.

ASSEMBLYWOMAN BUTTENSCHON: Thank you, Chairs.

And thank you so much for the update, Commissioner Knight. I sincerely appreciate it.

Many of my colleagues have touched on so many important issues -- broadband, childcare -- and so many that Chair Bronson had brought forward. My concern continues to lie, as many of my colleagues have talked about, with the minority and women-owned businesses and that process. And I know you stated there's money in the budget.

My question is specific to the timeline of how to help those folks now. And as you look at the funding that will be coming forward, when would you see the implementation, as currently so many businesses have advised me of those concerns. So just, again, specifically the timeline.

COMMISSIONER KNIGHT: So, you know, we're looking at a timeline of a year to significantly improve the processing of MWBE applications -- certifications. You know, we will work immediately after the budget is passed to implement these new resources and have a better understanding of where we will be a year from now.

But, you know, I'm committed to making those improvements and getting up and running very quickly.

ASSEMBLYWOMAN BUTTENSCHON: Thank you.

And then just one final question, I know we touched on it earlier, regarding our small businesses and the ability of being involved in the regional system that is in place that I know is wonderful. However, is there any thought of working with our chambers, as so many of them connect to small businesses to ensure that those small businesses are addressed in those {audio dropped}.

COMMISSIONER KNIGHT: So, you know, many of our partners in the regions are

connected to the chambers, and we've worked with a large number of them, you know, since the onset of COVID, being able to help push information out and work collaboratively with the chambers and organizations to support small business.

ASSEMBLYWOMAN BUTTENSCHON: I understand. My question is just a direct link because they have explained, as others have stated, that they don't have that input that they would like.

So thank you for your time this morning. I yield back.

CHAIRWOMAN WEINSTEIN: Thank you.

We go to Assemblyman Palmesano -- no, actually -- sorry, I've been missing some people in the order in the chat. Assemblyman Palmesano and then Assemblywoman Hyndman.

ASSEMBLYMAN PALMESANO: With all due respect, Madam Chair, I did do my questions.

CHAIRWOMAN WEINSTEIN: You did speak, right. I'm sorry.

ASSEMBLYMAN PALMESANO: Although I would happily take another three minutes --

CHAIRWOMAN WEINSTEIN: No. No, no, no. I had you on my mind because I'm going to correct something you said later.

Assemblywoman Hyndman.

ASSEMBLYWOMAN HYNDMAN: Hi. Thank you. Thank you, Chair. I know Phil would love to speak again.

(Laughter.)

ASSEMBLYWOMAN HYNDMAN: Good evening -- good afternoon. I hope not. It's so good to see you from Harlem to Queens and now to Albany.

So my question is a little different. You may not have the answers for this, but I'd appreciate the follow-up from your staff. If you would be able to tell, how much revenue does the state get in appearance enhancement? And I ask that because in the budget it specifically talks about the ability of individuals to become natural hair care licensed through the State of New York by way of a professional who's been in the industry that has the cosmetology license.

And my concern is that individuals --

it will create an environment for fraud for individuals that would sign off on licenses whether or not someone has adequately trained under their license. So I would just like to voice my concerns. It's not really a question.

I just wanted to also talk about the revenue that the state would lose from the appearance enhancement training institutes that are throughout the State of New York, some of them owned a lot by women who have gotten -- been in the industry and now are training those in the industry. So I'm concerned about the oversight that would take place -- not necessarily from Economic Development, but the Department of State, and knowing the Department of State doesn't do enough outreach to unlicensed barbers, beauticians, cosmetologists, and nail technicians.

So I'm concerned about seeing this in the Governor's budget. So if you could relay those concerns to the Governor. And if I could get an answer about how much revenue

does the appearance enhancement industry bring into the State of New York, I'd be happy to --

COMMISSIONER KNIGHT: I will follow up on that and also consult with my colleagues at the Department of State on some of your specific issues.

ASSEMBLYWOMAN HYNDMAN: Okay, thank you very much. Thank you, Madam Chair.

CHAIRWOMAN WEINSTEIN: Okay. Well, now I'm definitely next.

So first, Commissioner, I have a question on behalf of a colleague, Assemblyman Lavine, who isn't a member of one of these committees so he wasn't able to be here today. So I'm just going to read what he said.

"Much like Moynihan Train Hall project before it, Governor Hochul's Penn Station project proposal will result in major transit improvements for the millions of commuters and travelers passing through this nationally significant transportation hub and will create much-needed improvements to the

adjoining neighborhood and district. This will be of tremendous benefit to Long Island Rail Road riders.

"Do you believe this will result in more New Yorkers being able to return to in-office work and support the continued revitalization of New York City and the metropolitan region?"

COMMISSIONER KNIGHT: Thank you for that question.

We agree that the work to Penn Station is important, and Governor Hochul's plan supports the desire for folks who want to come back into the office. You know, being able to access a world-class transit hub definitely will contribute to a desire to want to come back into the office and be in the central business district. So yes.

CHAIRWOMAN WEINSTEIN: Thank you.

And then on behalf of myself, so first I want to just respond to comments made by a Senator and by an Assemblymember accusing the majorities of both houses of not inviting the REDC and not caring about the regional

developments.

I've been a member of the Ways and Means Committee for many years, and the REDC were never formally invited. They are not an official government agency. There is nothing that prevents them from requesting to testify as a public member, as other public groups have requested, and we'll be hearing from them later.

And I just want to emphasize that that includes the time that the Democrats were in the majority in the Senate and all the time that the Senate majority was Republican: They never sought to invite the REDC. So it's not a partisan issue, and they're welcome to come testify before us next year.

Commissioner, talking about the REDCs, I am a member, along with Assemblywoman Donna Lupardo in our house, of the SIAT, the Strategic Implementation Assessment Team, which in some years past has heard the REDCs present their proposals to us, with the idea that we'd make the assessments and refer them for grant funding.

However, under the prior administration, the -- there really hasn't been a reliance upon certainly the recommendations of the SIAT, I think it's been really just a pro forma presentation to us.

So I would hope that moving forward that there would be more involvement from the members of the SIAT in helping to determine input and not just sort of be a rubber-stamping of ESD. And, you know, I do look forward to that change moving forward.

I have a --

COMMISSIONER KNIGHT: Yeah, I welcome more legislative involvement in the REDCs for sure.

CHAIRWOMAN WEINSTEIN: Okay, thank you.

And then turning to the DRI, the Downtown Revitalization Initiative, so the Executive provides 100 million for the new NY Forward program. And if you could just explain -- so I think this -- if I'm reading it correctly, this is a supplementation that

will run alongside the DRI. So what's the justification for the creation of this new program, and how will its economic impact differ from the existing Downtown Revitalization Initiative? And how will eligibility of these funds -- both sets of funds -- be determined?

And if you can elaborate what constitutes a small or rural community, and will these communities also be eligible for the DRI funds?

COMMISSIONER KNIGHT: So -- you know, thank you for that question, Assemblywoman.

You know, so this NY Forward communities program is focused on smaller downtowns. We'll have to define, you know, what those are, you know, from a size perspective. But certainly, you know, the DRI process has focused on what I'll call larger communities. And this is definitely something to focus on smaller communities and rural areas.

We understand that, you know, to make this recover -- the economic recovery more

equitable, we've got to focus on investing in smaller downtowns and more rural communities. We're looking at implementing this process very similar to the DRI. So the REDCs, working in partnership with the Department of State, will be involved in the selection of these communities.

CHAIRWOMAN WEINSTEIN: Okay. Thank you. So I look forward to working with you with your vision and with the Governor's vision as we recover from the pandemic.

And I will yield back the remainder of my time.

COMMISSIONER KNIGHT: Thank you.

CHAIRWOMAN WEINSTEIN: And, Senator, I don't see any new Senators, so I'm going to go to Assemblyman Bronson for his second round of three minutes.

CHAIRWOMAN KRUEGER: A good plan. I also do not see any more Senators.

ASSEMBLYMAN BRONSON: Thank you very much, Chairs.

Commissioner, I just want to highlight a couple of points that have been brought out

earlier.

First of all, the Centers of Excellence and the Centers for Advanced Technology have a very long record of success in developing innovative businesses. It's great that in this budget there is not the historical approach to combine the two programs and require a new RFP.

That said, I join many of my colleagues in pushing that we need an increase in the overall funding this year, given that solid record of success for the CATs and COEs.

Regarding UI assistance, I know this isn't directly in your area, but the borrowing I think at this point from the federal government is around $9.5 billion. And our businesses, especially small businesses, will be adversely impacted through assessments for years to pay that back. You know, as we fight for federal help, we at the state also need to offset this cost.

Regarding my question, this relates to

the creation of the Small Business Seed Funding Grant Program to provide grant funding to support early stage small and microbusinesses recovering from the COVID-19 pandemic that did not meet the eligibility requirements of the $800 million Small Business Recovery Grant Program enacted last year.

Why are we doing this? Wouldn't it be a better strategy to increase the dollar amount of the current grant program that's already being implemented and adjust the eligibility requirements to include those early-stage businesses as well as the businesses that were eliminated?

And with all due respect, the parameters were drastically narrowed by the department and are not in legislation. We need to better evaluate viable businesses and not eliminate a business because it showed a loss in 2019. And many businesses show losses all the time on their tax returns but they're very viable and have been in existence for many years and contribute to

the economy.

So I'd like to hear your thoughts about the approach of combining the new proposal and adjusting the current criteria.

COMMISSIONER KNIGHT: So, you know, we think that it's cleaner to create a new program. We still see businesses that are eligible for the $800 million program still applying. As I mentioned, we are processing $3 million a day in applications for businesses that do meet the criteria of the $800 million program.

So, you know, we believe we need to leave that intact and create a new program to support these businesses that were started just around COVID or just after. But, you know, we're open to any ideas and, you know, would want to talk to you about this.

ASSEMBLYMAN BRONSON: Okay. There are so many businesses that have reached out to us showing that they're not meeting the eligibility requirement of the current grant program, so we have to address that. Thank you, Commissioner.

CHAIRWOMAN WEINSTEIN: Thank you. Back to the Senate. The Assembly is finished with questions.

CHAIRWOMAN KRUEGER: Thank you very much, Assembly.

And I believe the Senate is finished with questions. Which means, Ms. Knight, you are free to go on with your day and your responsibilities to the state. Thank you for being with us here today. I know you have a number of requests that you'll be following up with in writing --

COMMISSIONER KNIGHT: Yes.

CHAIRWOMAN KRUEGER: -- that we will share with everyone. Thank you very much.

COMMISSIONER KNIGHT: Thank you.

ASSEMBLYMAN PALMESANO: Madam Chair, may I just make one quick point? Not a question, just more on a logistical thing that was brought up by Chairman -- Chairwoman Weinstein.

CHAIRWOMAN KRUEGER: Why don't you bring it up to her directly rather than take committee time. Let me just move on to --

ASSEMBLYMAN PALMESANO: I'll put it in the chat, because it's important. I'll put it right on the chat because it's important. Maybe someone --

CHAIRWOMAN KRUEGER: That's perfect, thank you.

I'm going to ask the New York State Office of General Services Acting Commissioner Jeanette Moy to come before us now.

OGS COMMISSIONER MOY: Hi, how are you doing? Good morning -- or good afternoon.

CHAIRWOMAN KRUEGER: Hi. Good afternoon. You might have had the illusion you were starting in the morning, but that was just an illusion.

I think you have now figured out how we do this. You have up to 10 minutes to do an overview of the testimony you have submitted to us, and then we will ask you questions.

OGS COMMISSIONER MOY: Greetings, Chairs Krueger and Weinstein, Ranking Members O'Mara and Ra, and distinguished members of

the Legislature.

My name is Jeanette Moy. I joined Governor Hochul's administration in November 2021 and was recently confirmed as commissioner of the New York State Office of General Services. It is a privilege and an honor to appear before you today and to provide an update on our efforts at OGS since my esteemed predecessor, Commissioner RoAnn Destito, last testified before the committee in February 2021.

Like 2020, 2021 was a challenging time for all New Yorkers. The pandemic continuously changed the way we live, work, and interact with one another. In addition to our COVID-related activities, OGS continues delivering the services and support that our customers and the public depend on.

For our real estate portfolio, OGS manages and maintains 20 million square feet of state-owned space and leases 11.7 million square feet of office, warehouse and other required space on behalf of agencies statewide. We are responsible for the

administration and daily operations of over 150 state-owned buildings and structures totaling over $7 billion in assets, serving approximately 30,000 tenants and thousands of visitors.

As a part of Governor Hochul's proposed Executive Budget, we requested $175.5 million in capital funding to address critical Empire State Plaza infrastructure needs, including health and safety concerns, electrical systems, conveyance systems, and structural repairs. We will begin design and procurement planning to restore the Capitol Eastern Approach, which includes comprehensive repair and rehabilitation of the Eastern Approach Staircase along the connecting North and South Promenades, East Portico, and Executive Ramp at the Capitol.

We will launch the Capitol Roof Project to address the failing center courtyard roof as well as restore the windows and install new copper wall cladding and roofing for the Hawk Street passage and

restaurant.

And finally, the Empire State Plaza Energy Infrastructure Master Plan, awarded in August of 2021 and scheduled for completion in the spring of 2023, seeks renewable energy and energy efficiency solutions for the plaza.

In addition to maintaining space, we also design, build, and conduct project permitting with our design and construction division. This team provides architectural, engineering, contracting, and construction management services to over 50 state agency clients, with a current workload of $1.2 billion in active construction projects and another $1.8 billion in design development.

OGS provides shared services for other agencies. Through the Business Services Center, OGS provides transactional back-office administration services for many Executive agencies. We deliver personnel-related transactional services for 55 agencies and financial transactional

services for 65 agencies, supporting approximately 44,500 state employees. This year we will launch a long-awaited modernization initiative to replace three antiquated, end-of-life human resource technology systems maintained by the state.

We also deliver administration and support services for agencies, including fleet management, printing and mail services, food distribution, warehousing, and surplus property disposition. In 2021 our team partnered with DOH, DHSES, and DMNA to distribute 15 million pieces of PPE that included non-surgical masks, face shields, gloves, and surgical gowns, along with 3 million test kits to nursing homes, adult care facilities, Senate and Assembly offices, childcare resources and referrals, and independent living centers.

Our procurement services team manages a portfolio of approximately 1,500 centralized contracts for commodities, services, and technology valued at $29.9 billion. These contracts are leveraged

by more than 8,000 authorized users consisting of state agencies, local governments, schools, and nonprofits.

In 2021, OGS supported pandemic-related buys including aggregate buys, contracts for PPE and testing kits, and support for employee COVID testing initiatives. We stood up a contract award for PPE and other related items that has 34 awardees, including 11 New York State-based manufacturers, two certified SDVOBs, and six certified MWBEs.

Our success in administering the statewide Service-Disabled Veteran-Owned Businesses program continued in 2021. Last year our team certified 143 firms, resulting in 936 active certifications. Through effective outreach and engagement, our certification program has empowered SDVOBs to win nearly $182 million in state contracts in fiscal year '20-'21, representing a 22.4 percent growth compared to the previous year.

We are proud of our track record in

supporting SDVOB companies. In fiscal year '20-'21, our agency awarded $13.5 million in contracts to SDVOBs, totaling a 6.49 percent utilization rate.

We are also proud of our commitment to minority- and women-owned businesses interested in state contracting. For fiscal year '20-'21, OGS awarded $208 million in contracts to MWBEs, resulting in a 49 percent utilization rate for OGS.

Now, providing an exceptional visitor experience at the Capitol and the Empire State Plaza is a source of pride for OGS's convention, cultural events, and curatorial teams. This winter we reopened the Empire State Plaza Ice Rink for the first time since the start of the pandemic, a time-honored tradition for Capitol Region residents, visitors, and their families. And most recently, we hosted a brief Lunar New Year celebration on the Concourse for state employees.

OGS continues to take on new initiatives announced in the Governor's 2022

State of the State, including the EV Light-Duty Fleet Plan to electrify the state’s light-duty passenger fleet by 2035, which will drive demand for electric vehicles in the state and generate new job opportunities for New Yorkers. OGS, which is responsible for developing statewide contracts for vehicle purchases and administering the state's fleet program, will lead the implementation of the Governor's EV initiative with care and precision.

The Governor's Executive Budget also includes a proposal to create the Office of Language Access, which will codify the state's language access policy by ensuring that these vital services are administered efficiently and in a manner that is most responsive to the needs of limited-English-proficiency New Yorkers. The plan is to house this office at OGS to leverage our experience with creating and managing statewide shared services and enterprise systems.

If included in this year's budget, we

look forward to working with members of the Legislature, and stakeholders such as the Language Access Coalition, to ensure the success of this initiative.

It is an absolute honor to lead OGS's talented and dedicated team. I am confident that this agency has the talent necessary to do great things for the State of New York. Together we will launch new initiatives and focus our efforts to ensure that our services drive efficiency, resiliency, sustainability, diversity, and transparency.

Thank you for listening to my testimony. I'd like to turn it back to Chair Krueger and Chair Weinstein, and I'm happy to take any questions.

CHAIRWOMAN KRUEGER: Thank you very much, Commissioner Moy. Or Acting Commissioner Moy.

Senator Mike Martucci, our ranker, will be the first questioner.

SENATOR MARTUCCI: Thank you, Chairwoman.

Commissioner, I have a question with

respect to a regulation or a rule -- I guess you should call it a rule, really -- that the OGS currently has in place that restricts visitors from coming here, where I'm sitting now, into our Legislative Office Building.

As you know, and so many of our colleagues, the reason we have these forums is because we want to hear from folks especially during the budget process, which is really the biggest thing that we undertake each year. Do you have any perspective on when OGS might change its approach on some public facilities like, for example, this Legislative Office Building, to allow public access so we can have more access to constituents, especially as we undergo this really important process?

Because right now, as I'm sure you're aware, myself and other legislators sometimes take meetings on the street, where it's rather cold, to talk to constituents who travel a long way to be here and have some face time with us.

OGS COMMISSIONER MOY: I appreciate

the question.

You know, the overarching goal when we instituted that rule was to keep folks safe, to keep the buildings safe and to keep government moving forward. The visitation rules were created in consultation with the Department of Health, with the State Police, and with all parties. And certainly over the past -- this past winter has been a difficult one with the surge in Omicron. We are constantly looking at the facts on the ground to see when we might be able to make changes or modifications.

At this time there are active conversations that are taking place. Certainly if there are shifts that will take place in that visitor policy, your team and your group -- we'll certainly get to you and make sure that you're aware of it.

But I appreciate the feedback on it. Certainly I look forward to a day when, you know, we can lift all of those access points. And, you know, it is exhausting to be at this moment in the pandemic. But we are going to

be monitoring it very closely, and I'm eager to be able to lift those restrictions in the future. I just don't have plans right now to share.

SENATOR MARTUCCI: Thanks, Commissioner. And again, I'm sure you understand my concerns with respect to this. And again, I would ask -- I know that you're monitoring this regularly, but that that regular monitoring continues. There's some new data, new data that emerges really every day. And again, I think this is an important part of the process of allowing public access to elected officials.

So thank you for your response. And thank you, Chairwoman Krueger.

OGS COMMISSIONER MOY: Absolutely. And I deeply appreciate that feedback and we'll certainly -- we'll be monitoring very, very frequently, and we'll get back to you.

CHAIRWOMAN KRUEGER: Thank you.

Back to the Assembly.

CHAIRWOMAN WEINSTEIN: We will go to Assemblyman Bronson --

ASSEMBLYMAN BRONSON: Thank you, Chairs.

CHAIRWOMAN WEINSTEIN: -- for 10 minutes if he needs it.

ASSEMBLYMAN BRONSON: Absolutely. I'll be quick.

Thank you, Chairs. And congratulations, Commissioner, on your new role. So very excited for you and for our state.

I also want to thank you for your work on the contracts for PPE, testing kits, and other ways to support and protect our public employees. That those employees kept our state running during the pandemic, and so we are indebted to them and to you in helping to protect them.

Looking at the important issue of electric vehicles as part of our overall strategy to reduce adverse impact on our environment, the Executive Budget includes $17 million related to the conversion --

(Zoom freeze.)

CHAIRWOMAN KRUEGER: We lost you,

Harry.

CHAIRWOMAN WEINSTEIN: Harry, you look frozen.

CHAIRWOMAN KRUEGER: Uh-oh, he is frozen. I don't know what to do to help him. Warm up, Harry.

(Laughter.)

CHAIRWOMAN KRUEGER: Oops, we now are losing him.

CHAIRWOMAN WEINSTEIN: So, you know, why don't you -- I see Senator Savino has her hand up. Why don't you go to her and Assemblyman Bronson will probably have to log out and log back in.

CHAIRWOMAN KRUEGER: Okay. Senator Savino, are you ready to come on? I see you talking to someone. Are you available to ask your question?

SENATOR SAVINO: Yes, I am. I am.

CHAIRWOMAN KRUEGER: Thank you. The Assemblymember froze, so while he's trying to get back on, we're trying to keep going.

SENATOR SAVINO: Thank you. Thank you, thank you.

Commissioner, good to see you. So I just only have a couple of questions. I notice that in your testimony you're talking about replacing some of the legacy systems, which are older than most of us combined here, particularly the ones with HRA. So can you talk a bit about that process, where you are in it?

And then the other issue is you reference also about $29 billion worth of contracts, some of them with respect to technology. I'm very concerned about the way the state and local governments are purchasing technology, often doing it at the local level, and the current risks that we face with respect to cybersecurity and ransomware attacks.

So I think a more coordinated approach from the state level, helping local governments avoid the potential risks, are really necessary. So I'm hoping you can talk about what role OGS can play with respect to that.

OGS COMMISSIONER MOY: Great. So

there are two questions that you asked. I think the first one you're asking about is the human resources system that we're looking to implement.

SENATOR SAVINO: Right.

OGS COMMISSIONER MOY: We are replacing three different systems. One is Human Capital Management, HCM. Another is NYSTEP, which manages the current employment information. And then NYBEAS, which does benefits and accounting.

Those three systems are in PeopleSoft. They're older enterprise applications. We've been looking to replace them for quite some time. We have gone through a solicitation process and we've identified a vendor who's going to help us through that implementation. We've worked very closely in partnership with our sister agencies -- ITS, GOER and Civil Service. And there's also a broad set of input that comes in from other state agencies.

We're looking to begin that implementation this year. It is a process to

actually build out that system. So we're going to be hopefully getting input around the design. We're going to be working through the creation of the system itself and hope to launch something in a few years.

So we'll be updating that timeline relatively soon.

SENATOR SAVINO: And then I hope that there's some possibility to work with Civil Service in terms of developing a workforce that can then manage these systems so that we're not constantly relying on contracting out for IT consultants, which the state in the past has spent an extraordinary amount of money on relying on IT consultants.

OGS COMMISSIONER MOY: Absolutely. And I think, you know, one of the things that we are grateful for from a partnership perspective, you know, our Business Services Center is one of the primary users, along with many other state agencies. So we are going to be making sure that our business applications that folks can actually use the system are able to make changes as needed.

The second question that you had relative to the technology, you were asking about the support that possibly we can provide in terms of support for local entities. We do provide a fair amount of cybersecurity training that's available. We're happy to give more information to your office.

We do so in partnership with ITS and DHSES. Those are the two entities that are really more of a lead on it. But we help to deliver that training, we have the relationships from a procurement perspective. We push out that training. We do so for procurement officers, whether it's at the agency side or clients use our contracting services.

But between ITS and DHSES, the two of them have been leading cybersecurity efforts on behalf of the state. And certainly happy to take back that feedback and make sure that we are reaching out to any constituent that needs access to those services and support.

SENATOR SAVINO: Thank you.

OGS COMMISSIONER MOY: Absolutely. Thank you very much Senator Savino.

CHAIRWOMAN KRUEGER: Great.

Assembly.

CHAIRWOMAN WEINSTEIN: Thank you. And I believe Assemblyman Bronson is back with us for the hearing. So if you can --

ASSEMBLYMAN BRONSON: Yes, I am. Yes, I am, Chair. And hopefully the technology works better this time.

First of all, Commissioner, I want to congratulate you on your confirmation and new role as commissioner and want to thank you for all the work and contracts for PPE, testing kits, and overall support for our public employees who kept our state running during the pandemic and continue to do so.

Looking at the important issue of electric vehicles as part of our overall strategy to reduce adverse impact on our environment, the Executive Budget includes $17 million related to the conversion of light-duty vehicles in the New York State fleet to electric vehicles.

How many vehicles will the $17 million allow us to purchase? And what's the timing of those purchases? And what limitations do you see, given the limited electrical vehicle infrastructure that we currently have in the state?

OGS COMMISSIONER MOY: That's a great question. And, you know, one is I think investing in the EV fleets is one of the bold ambitions that's been laid out by the Governor. I'm thrilled to take it on.

Our first step is to better understand the infrastructure that needs to come into place. Certainly our state agency, we have about 18,000 light-duty vehicles that are maintained by numerous agencies. And one of the first things we have to do is to start planning out that infrastructure: Where are they located, what are their usage, what are their driving patterns.

Our first step is going to be to understand, from a technology perspective, my priorities looking at the telematics system -- you know, an ability to be able to

identify, as we invest in EV vehicles, which ones are performing, what does that look like, how is the battery life, which ones should we buy for future years.

So there are a lot of steps that we need to take at the inception of this process. Thankfully, there are a number of state and local entities that have already started down this route of converting to an all-EV fleet, and we'll be leveraging their knowledge and awareness.

My partners in NYSERDA, NYPA, Thruway Authority and others -- DOT -- will all be looking together at the infrastructure that's available. There are a number of state locations where I want to take a look at opportunities for charging stations, how that fleet is used.

So this year is a year in which we need to do a significant amount of planning. I do look forward to getting back to you all soon in terms of what our progress is so we can start looking at where the purchases are, which parts of the fleet are going to be

replaced first. But we have through 2035 to really make this program work, and I am incredibly dedicated towards moving this path forward. I think it's the right thing for the state, and I'm glad OGS is taking it on.

ASSEMBLYMAN BRONSON: Thank you, Commissioner. Thank you, Chairs.

CHAIRWOMAN KRUEGER: Thank you very much. Okay, back to me, I think, Helene.

CHAIRWOMAN WEINSTEIN: Yes. Then we have someone.

CHAIRWOMAN KRUEGER: Good.

Hi, Jeanette. Nice to see you again.

You know, Assemblymember Bronson really headed down the same path as me with the EV vehicles. And I had mentioned to you when we met around confirmation that the Education hearing had many people discussing electric buses and could we, would we, should we, how would all these individual school districts deal with it. Then yesterday we had a transportation hearing where there were also people supporting electric buses but asking a million questions.

So I'm hoping that you have within your mandate the ability to do the advice and research into procurement of electric school buses.

And also just to ask specifically -- because it's come up so many times -- are we smarter if we allow for 15-year leases versus five-year leases on the electric buses? Because I'm hearing from quite a few people that the math doesn't really work in a five-year timeline on electric buses. And we know we want to get this right in New York.

OGS COMMISSIONER MOY: That's great feedback on the leases. I'll certainly look into that detail and make sure that our procurement team is up-to-date on it.

One of the positives -- OGS is actually right now crafting a replacement for the solicitation of school buses. We're looking for more electric options. So it is something that we are actively working on.

We do have contracts that allow for purchases of vehicles, including school buses, and so it is something that we are

actively paying attention to. We're looking to see what's out in the market. We want to shape a solicitation that makes sense and will be useful for local governments and our partners and our clients of our contracts.

That solicitation -- you know, the school bus contract itself I believe expires in November, I want to say. And, you know, hopefully we'll be resoliciting it in the next couple of months. So it is something that we are actually working on, and your feedback was incredibly helpful in the conversation. So we'll be thinking about not just the infrastructure of the buses themselves, but infrastructure.

And the pieces around leases, again, we'll take that back and happy to hear more feedback on it.

CHAIRWOMAN KRUEGER: Great. And I would just suggest, have someone in your office review the Senate/Assembly budget hearings for Education and for Transportation, because there's testimony in both of those hearings from the districts and

from people who apparently are in the electric school bus business. So it might be useful information for you as well.

Because I do feel that the entire Legislature agrees with the Governor: We want to get this done, we want to get this right. But speaking for most legislators, we didn't go to vehicle mechanic school, so we are not particularly helpful to our districts in their goals of trying to make sure they have electric vehicles.

So that was really my focus for you today. I'm going to hand it back to the Assembly. And thank you very much.

CHAIRWOMAN WEINSTEIN: We have our chair of Science and Technology, Steve Otis, for three minutes.

ASSEMBLYMAN OTIS: Thank you.

Commissioner, I'm just going to hit -- drill down on a few of these topics briefly.

On the electric vehicle piece, one of the things you're obviously going to have to be doing is installing more charging infrastructure for your fleets. And one

thing to look at in doing that is at some locations making the charging equipment publicly facing, to give the public an opportunity, would help sort of with the whole cause.

Question. The decision on whether an electric vehicle is going to be purchased for a particular agency's fleet, does that initially come from OGS or from the home agency?

OGS COMMISSIONER MOY: We are going to be partnering very closely with the agencies in order to determine what is the path forward.

To your point around infrastructure, one of the things that OGS is going to be doing is we have a number of statewide facilities across the state. We're going to be looking at places where we can put in infrastructure that allows for charging so that other agencies can have access to it.

Whether it's on the Harriman State Campus or Duryea, down on Long Island, we're going to be taking a whole-agency approach to

try to look at options. I think it's great feedback around, you know, public charging and ensuring that others have access to it. And certainly I'll make sure that we take that feedback and see what can be possible.

ASSEMBLYMAN OTIS: That's great.

Now, another topic -- and I'm not sure which agency deals with this primarily. But we've had, in the last few years especially, first with the Department of Labor through the unemployment insurance and then ERAP, Department of Health, different agencies have had big surges in demand for online participation and basically having to upgrade the online infrastructure to deal with great demand.

And none of us know where the next agency that's going to get a surge, receive a surge, where that's going to be. What role does your agency play compared to the Office of Information Technology Services or other agencies to sort of anticipate and have us better prepared for wherever the next surge occurs?

OGS COMMISSIONER MOY: That's a great question. And, you know, we have a very strong relationship with ITS, who leads many of those conversations.

We are a business owner. So in our perspective, we have a number of systems that we manage as business owners, so those applications are ones in which we give input to it, we're able to identify when there are issues, we have regular conversations on the applications in which we own them.

ITS actually is the one that actually looks across the portfolio of all state agencies. And I'm sure that Tony Reddick and his team would be able to answer that for you.

ASSEMBLYMAN OTIS: Great. Thank you very much. Congratulations on your new position. And it's a very important agency to all of us. Thank you.

OGS COMMISSIONER MOY: (Inaudible.)

CHAIRWOMAN WEINSTEIN: Thank you. There are no other Assemblymembers.

Perhaps we should mention to people

who may be thinking they're going to -- oh, I see Assemblywoman Giglio has just put up her hand.

So why don't we go to you, Jodi.

ASSEMBLYWOMAN GIGLIO: Thank you. And yes, congratulations. And we do appreciate everything OGS does.

So my question goes back to the electric vehicles. So how many stations is OGS planning on putting in? And how many -- out of the $17 million in the Executive Budget for the conversion of light-duty vehicles in the fleet to electric vehicles, how many vehicles do we currently have in the fleet and how many vehicles do you anticipate purchasing?

OGS COMMISSIONER MOY: So I'm going to have to get back to you on that question. One of the areas that we're going to be doing right now is this is the beginning of a pretty comprehensive fleet program. This year what I'll be prioritizing is getting that plan in place.

So, you know, it's a good allocation

that's set aside. It will allow us to be able to assess where we need to be able to put in the charging stations. We do need to partner with NYPA and others to figure out and make sure that the electric grid can even handle some of the installations that are going to be taking place.

So it's a pretty comprehensive program that's needed in order to convert 18,000 vehicles. This year is going to be one for planning, identifying possible locations. You know, looking for what those options are as we roll out this fleet by 2035.

ASSEMBLYWOMAN GIGLIO: Okay, so you -- there's 18,000 vehicles that need to be converted to electric?

OGS COMMISSIONER MOY: There are 18,000 light-duty vehicles, correct.

ASSEMBLYWOMAN GIGLIO: Okay. And we don't have any yet that are electric?

OGS COMMISSIONER MOY: I believe there are some. I don't have those numbers specifically, but I will absolutely get that information back to you.

ASSEMBLYWOMAN GIGLIO: Okay. And then also we have a lot of electric vehicles that the Assemblymembers and Senators are using, and there seems to be a battle as to who gets to charge. So I'm just wondering if you are making any accommodations to try and get more of the electric connections.

OGS COMMISSIONER MOY: That's great feedback. And that's the kind of feedback that we need in order to, you know, make sure that we have the right infrastructure in place. So it's certainly something that we'll look into, and certainly we'll get back to you.

I will tell you that in the experience that I've had so far, that some of the charging stations aren't often full. So Senator {sic}, it would be great to speak with you about where you've been seeing some challenges, that we know exactly where those infrastructures will be included so that folks can have access.

ASSEMBLYWOMAN GIGLIO: Yeah, it's in the Legislative Office Building in the

garage.

OGS COMMISSIONER MOY: Okay. Great. Thank you.

CHAIRWOMAN KRUEGER: And actually she's an Assemblywoman. So maybe --

OGS COMMISSIONER MOY: Oh, I'm --

(Overtalk.)

CHAIRWOMAN KRUEGER: That's okay. Maybe she is -- maybe the Assembly has more of these vehicles and thus chargers, and maybe the Senate isn't using ours. So come look at ours. We have separate, but --

ASSEMBLYWOMAN GIGLIO: That's good to know.

And then my next question is, does the Executive Budget include any funding to repair the Capitol's Eastern Approach Staircase?

OGS COMMISSIONER MOY: Yes. Yes. There is $41 million set aside in the capital budget which will allow us to repair that Eastern Staircase.

CHAIRWOMAN WEINSTEIN: Thank you. I think the time is up.

ASSEMBLYWOMAN GIGLIO: Thank you.

CHAIRWOMAN WEINSTEIN: We have Assemblyman Ra, the ranker, for five minutes.

ASSEMBLYMAN RA: Thank you, Chair.

I just wanted to say hello, Commissioner. I appreciated the opportunity to connect with you last week. So congratulations. Certainly looking forward to working with you. So I don't have any question, I just wanted to say hello and thank you for your testimony today.

CHAIRWOMAN KRUEGER: Great.

Got any more, Helene? Do you have questions?

CHAIRWOMAN WEINSTEIN: Senator Krueger, I just thought we should announce that people who are tuning in to hear the Tax hearing, which was scheduled to start at 1 p.m., will be a bit delayed.

CHAIRWOMAN KRUEGER: Correct. Thank you. This is true. We have one more government rep, and then we have a couple of panels of the public. So I'm going to say, if you're interested in Taxes, check back at

2:30. Let's be optimistic about that. How's that? And we shall see.

And I'm going to thank Commissioner Moy for her participation here today, excuse her, and invite up the New York State Council of the Arts Executive Director Mara Manus.

Are you here, Mara?

(No response.)

CHAIRWOMAN KRUEGER: Let's see if her box pops open.

Ian, do we have Mara Manus with us?

THE MODERATOR: She should -- it looks like she just turned it on.

CHAIRWOMAN KRUEGER: Ah, okay. Thank you.

Good afternoon, Ms. Manus. (Pause.)

You said she was getting on?

THE MODERATOR: Yes, her camera's on, but it seems her mic is not working.

Executive Director Manus, can you make sure your mic is on?

EXECUTIVE DIRECTOR MANUS: My mic is on. Can you hear me?

THE MODERATOR: There we go.

CHAIRWOMAN KRUEGER: Ah, there we go. Now we can hear you. Good afternoon.

EXECUTIVE DIRECTOR MANUS: Good afternoon.

CHAIRWOMAN KRUEGER: Okay, so you have up to 10 minutes to do a overview/summary of the testimony you have submitted to us.

EXECUTIVE DIRECTOR MANUS: Great. Thank you so much.

And I just wanted to let you know that in order to allow for more questions on your end, I'm going to be skipping through parts of the written testimony.

CHAIRWOMAN KRUEGER: Perfect. That's what you should do.

EXECUTIVE DIRECTOR MANUS: Thank you so much.

Chairs Krueger and Weinstein and -- actually, give me one second. (Pause.)

Chairs Krueger and Weinstein and members of the committee, thank you for the invitation to address you today. I am Mara Manus, the executive director of NYSCA. On

behalf of our chair, Katherine Nicholls, the NYSCA staff, our council, and the nonprofit arts sector, we are so grateful for the state and Legislature's historic and robust investment in the arts this year, affirming our state as a global economic leader of arts and culture.

Every dollar invested in the arts has a compounded positive impact on our state and local economies. Pre-COVID, New York's creative economy contributed $123 billion and comprised over half a million workers. The impact of a single performance, a gallery opening, or a capital project has a wide ripple effect on our Main Street stores, restaurants, and hotels across our state. And NYSCA is a beacon for international tourists to experience our unparalleled arts and culture offerings.

We can all acknowledge that this year has not begun as we had hoped. Omicron has dealt a major setback to the arts, and the arts is at a critical juncture, contending with revenue loss, workforce reductions and

audience uncertainty. We applaud Governor Hochul's leadership and fulsome pandemic response as a majority of our grantees have reported that they did reopen within the last six months of 2021.

We are also grateful for Governor Hochul's proposed investment of $100 million for arts and recovery and capital, which will ensure the longevity of our sector, our spaces, our artists, and our creative workers.

Regarding the current state of our sector, studies show that the arts are recovering more slowly than other industries. One study shows a $925 million decline across New York City-based arts organizations, and another study from Central New York estimates arts losses at almost $150 million.

NYSCA's Grantee Impact Survey reported that a majority of our respondents, 71 percent, are not offering the same level of pre-COVID programming. Sixty-six percent anticipate fewer annual visitors, and 50 percent expect a longer timeline for

workforce recovery.

As we all know, the pandemic has fundamentally altered the way we work. Fully remote work as well, as a booming tech sector, are creating greater opportunities at higher wages, really across the country, and this presents challenges to everyone, especially in the nonprofit sector. While state and federal funding have played critical roles in sustaining arts organizations this past year, Omicron pushed our sector to recalibrate recovery timelines.

Moving to our grantmaking this past year, as you guys know, our core focus is grantmaking to nonprofit arts organizations and artists. Our funding reaches over 3,000 artists and organizations in all 62 counties, from the Bronx Documentary Film Center to the Buffalo Philharmonic and Hudson Hall. A majority of our direct grantmaking supports organizations with budgets under half a million dollars.

This past year, NYSCA acted responsively to overhaul our entire

grantmaking process, with the overarching goal of creating more equitable access and moving funds quickly at this critical time. NYSCA consolidated our discipline-based funding model, our funding categories; expanded individual artist funding; and we introduced a new application portal that greatly simplified the whole process. We also expedited award notifications, our contracts, and our payments. And we offered our funding in four rounds, which are in front of you.

NYSCA saw a 45 percent increase in applications for FY '22 versus the prior year, and to date we have awarded almost $83 million through over 3,000 grants. This includes $9 million in live performance grants to 462 organizations -- which our agency was able to do in 42 days, which was a record -- and over $5 million of that 9 supported artist fees.

The final round of our FY '22 grantmaking is capital projects, and those will be awarded by the end of the fiscal

year.

NYSCA surveyed our applicants and grantees about this application experience, and that feedback we will be using to develop our FY '23 funding.

NYSCA also distributed our grantee lists to all state legislators, and we are deeply appreciative to you and your offices for showcasing the work of our grantees in your districts at this critical time.

Since NYSCA's founding in 1960, there's been a significant expansion of what we understand about the arts. Where the arts were once thought to be an emblem of wealth, we now understand them to be critical to our health, both of our economy and our individuals. They create positive health outcomes for all New Yorkers, including children of all ages, the elderly, veterans, and justice-involved individuals.

We've implemented important programming with these populations through our cross-sector partnerships, such as our Creative Aging Initiative with NYSOFA and our

Arts in Corrections program with DOCCS.

Thank you for the opportunity to share the critical impact and vast reach of your investment in the arts in our state. It's an honor to serve our state and our sector, especially at this critical time of recovery.

I now welcome your questions.

CHAIRWOMAN KRUEGER: Thank you very much. And let me just double-check -- somebody I think has their microphone on, because there was a lot of wind noise going on when Mara was testifying. So if you're not speaking, please keep your mic off.

But our first speaker will be José Serrano, the chair of the Arts and Tourism, et cetera, Committee.

SENATOR SERRANO: Thank you, Madam Chair.

Executive Director Manus, it's so great to be with you. And I thank you for your testimony and all your work during this very difficult time of the pandemic.

It's so fitting that the arts and culture are being discussed here today under

the heading of economic development when you consider how important the arts and culture are to our overall economic health. And what the pandemic has -- the shutdown during the pandemic and what that has meant to the arts and culture, so many organizations and institutions suffering during that period, and the negative effect it's had on our economy.

You also mentioned, I think wonderfully, how important and transformative the arts are in all of our lives. They're far more than an aesthetic, they are intrinsically important to our mental health, our overall well-being, and they are one of the most effective vehicles for discussions on social justice and equality and other issues that are critically important today.

So it leads me into some specific questions on grants. Going into last year's budget, New York was projecting a significant deficit. NYSCA, under the Division of Budget direction, cut its own staff and began shrinking its grantmaking. Ultimately, with

the influx of federal funds and additional state revenue, we were able to provide 40 million in COVID relief in addition to the 40 million in traditional NYSCA grants.

So I just wanted to know, where are we -- where is the council on the --

(Zoom interruption.)

SENATOR SERRANO: -- of the 80 million appropriated in last year's budget?

EXECUTIVE DIRECTOR MANUS: I'm sorry, someone just interrupted your -- where is the council on --

SENATOR SERRANO: How is it going with the disbursement of the 80 million from last year's budget?

EXECUTIVE DIRECTOR MANUS: Great. Thank you so much for those questions and also for those points.

We are at a critical juncture with our recovery across the state --

(Zoom interruption.)

EXECUTIVE DIRECTOR MANUS: So we have disbursed all $80 million of those funds, and we are grateful to you for that support.

SENATOR SERRANO: And how quickly -- so in the current proposed budget is 80 million this year. How quickly do you anticipate that will go out the door?

EXECUTIVE DIRECTOR MANUS: Right, thank you. So the good news is that due to Governor Hochul's executive proposal in January, it allowed us to start some scenario planning. So our current projection of our guideline opportunities -- which is basically the information about the funds -- will be -- the goal is to post them in late spring. And we're going to -- the goal is also to post all of them together so all applicants have a sense of where they can apply.

SENATOR SERRANO: Thank you. And drilling down even deeper, what aid categories are most needed? Is it -- are you finding that it's payroll, rent and lease, utilities, to get culturals back on track? What are they mostly seeking help for?

EXECUTIVE DIRECTOR MANUS: Great. So, you know, NYSCA's really proud to be a leader in offering general operating support in our

field. I think we were one of the first in the arts world, whether it's foundations or government support, to be able to offer that kind of support.

And that's in fact what most organizations are seeking. They're seeking the most flexible funding to be able to address -- I think primarily I would say workforce issues. I mean, clearly everyone has -- even if you received -- whether you received PPP or you received SVOG, most of the organizations that we have spoken with did have to cut their workforce in order to -- but were able to keep their doors open, to a certain extent -- but are looking at this as a major year of recovery.

But I think we're all highly aware that our recovery is going to be a multiyear effort, especially because of Omicron. I mean, I think we all expected to be in a better place in January, kind of out of the gate in a big way. But that's really not been the case.

And when you think about rebuilding

audiences at this somewhat tenuous time, I think we're really having -- I think we really need to own the fact that this is going to be a two, three, four-year recovery.

SENATOR SERRANO: Last year the Legislature made a concerted effort to provide greater regranting assistance to drive aid directly to individual artists. How has this initiative unfolded? And how has it benefited the artists?

EXECUTIVE DIRECTOR MANUS: Great. So we were thrilled this year -- we increased -- we actually completely opened up both our artists and our organization categories to embrace any kind of artist and any kind of organization as long as you worked in the arts.

So our artist categories went from three to 10, but one of those categories was multidisciplinary. So it didn't matter whether -- if you are a filmmaker, great. If you are a painter, wonderful. If you are a potter, even better -- or as good, I should say.

But the fact is that if you did not -- if you did not fit into one of those categories very neatly, you could apply under a multidisciplinary opportunity. And we did the same thing with organizations. And this year I'm really proud to share that we funded -- through our creative -- we call them creative commissions, we funded about 350 artists. However, we also partnered with the New York Foundation for the Arts. They provide career funding and annually they provide about 90 grants to artists. So we're looking at over 450 grants to support artists.

But the other point I want to make is that we also have many re-grant partners, and we expanded our re-grant partnerships throughout the state. We added nine new re-grant partners, and they also provide funding for artists.

So I don't have that final figure, but I can get back to you with it, of the total amount through the re-grant process of support to artists.

SENATOR SERRANO: Thank you so much.

And I want to talk very briefly about some of the challenges that grantees are facing. So have segments of the NYSCA grantee universe, such as entities tied to school learning, suffered disproportionately under COVID conditions? And do any segments project to have a more difficult recovery given the nature of their offerings?

EXECUTIVE DIRECTOR MANUS: I think one of our big goals this year, aside from our grantmaking, is to stay very close to the field to understand what is going on in terms of recovery across all the different areas.

I don't have a specific answer to you about the arts education. I can get back to you on that. We did know that -- we do know that we fund arts education and we fund teaching artists, especially, who go into schools. And given the fact that the schools were basically closed, we know those teaching artists weren't able to provide the kind of fulsome breadth of work that we funded in the past. However, I can get back to you with

more detail on that.

We do know that some teaching artists in some areas, like musical instrument training, successfully moved online. But I couldn't tell you that every other area did. So -- but let me get back to you with those further details.

SENATOR SERRANO: Got it. And my final question has to do with NYSCA capital. So I can imagine that in the COVID world that we're still not done with, a lot of cultural organizations are thinking about capital.

And I just wanted to ask you, what types of expenses did culturals most commonly identify for state capital assistance? Is it ventilation? Was it things like that?

EXECUTIVE DIRECTOR MANUS: Thank you. So our current capital round is literally in review right now. So we had our first panel day yesterday. We did see a lot of requests for ADA and ventilations. And we are prioritizing anything that involves health and safety in this round.

I will add that we have $68 million in

requests and we have 20 million in capital. So we're very grateful for the proposed capital round. As you know, we don't get it every year, and we're very grateful to Governor Hochul for her proposal this year.

SENATOR SERRANO: Well, I thank you very much, Executive Director. I mean, the pandemic has proven how important the arts and culture are and how they will be so important for our recovery.

I'm glad to see that there's increases in funding. I can imagine we will always need more. But this is definitely important.

So I thank you for your testimony. Madam Chair, I yield back my time.

EXECUTIVE DIRECTOR MANUS: Thank you, Senator Serrano.

CHAIRWOMAN KRUEGER: Thank you, Senator Serrano.

Assembly.

CHAIRWOMAN WEINSTEIN: Assemblyman O'Donnell, I don't see your hand raised. But as chair, do you want to speak?

ASSEMBLYMAN O'DONNELL: I didn't know

I had to raise my hand. But okay.

CHAIRWOMAN WEINSTEIN: Senator Krueger and I have been putting it in the chat for a while.

But I figured that's why you were here, so you have 10 minutes.

ASSEMBLYMAN O'DONNELL: Thank you.

Ms. Manus, it is always a pleasure to see you.

EXECUTIVE DIRECTOR MANUS: Thank you.

ASSEMBLYMAN O'DONNELL: I'm going to ask you some more difficult questions. My colleague, the good Senator, got all the good ones out.

The first thing I want to ask is about the reauthorization and stabilization money and what that is and what that was and what will become of it.

EXECUTIVE DIRECTOR MANUS: So the Stabilization Fund, the million dollars?

ASSEMBLYMAN O'DONNELL: Correct.

EXECUTIVE DIRECTOR MANUS: So we are going to -- while it was allocated to this past year's budget, we are going to have it

reappropriated to this year and we are actually going to add another -- at least another million dollars to it.

There's several potential areas under consideration, including how we serve community-based organizations. But we haven't landed on -- definitively yet on that announcement.

We did -- I know that part of the Stabilization Fund was to support the cash flow of performing arts organizations. I mean, that was the original intention of it when it was implemented many, many years ago, as you know, when at the time -- offered many years ago at one time.

And, you know, what we saw this year was a lot of performing arts organizations just not open at all. So that was another reason that we thought it would be wise to try and reappropriate and see what the greatest need was for this coming year.

ASSEMBLYMAN O'DONNELL: Thank you. I want to be clear that I'm grateful for -- well, I'm grateful to have a Governor that's

very nice. And she seems very lovely, and I like that. But I do believe that what we need to do is restore your funding to the level it would have been from the highest days in the '80s, the Roy Goodman days, adjusted for inflation, which I have been told by my crackerjack staff is $120 million, which is what we are asking to do for the Aid to Localities budget.

Some of the people who will be testifying later have sent me letters very critical of you and your agency, complaining that your work is -- doesn't have proper equity, the distribution of money is inequitable. So I would like you to tell me briefly what the application process is and what is your response to trade organizations or other groups who say it's inequitable?

EXECUTIVE DIRECTOR MANUS: Sure. Thank you for that question.

And a big overarching goal, as I mentioned in my testimony this year, was to create greater access to NYSCA's dollars. I'm happy to share that we sent out -- in our

application survey, we sent out -- which we sent out immediately after the completion of the last round. We heard back that our application is now taking between five to 20 hours to complete. That is a huge improvement, and I won't even go into the detail on that, over what the challenges posed by the previous portals have been.

Secondly, equitable distribution of our dollars is part of our mission. We -- about 40 percent of our dollars go upstate, about 60 percent go to New York. These are proportional to the number of organizations in those places.

However, I want to say that we are funding this year -- because of the changes we made, we saw hundreds of new applicants and we made hundreds of grants to new organizations. And we plan to build on the work that we have started. Equity in access is critical not just to us, but to the health of our field.

ASSEMBLYMAN O'DONNELL: And so when I read from an organization that represents the

museums that your funding is inequitable, what am I supposed to think?

EXECUTIVE DIRECTOR MANUS: So museums actually historically have been the highest-funded area of NYSCA since 1960. We've -- we have been in contact and are in constant conversation with MANY about the museums and their list of who is not being funded.

We are also going to make more effort to ensure that there's a greater awareness about our dollars, about these opportunities, and that there's likely more eligible applicants in their pool, and that is upon us to communicate.

I also wanted to let you know that this year our museum applicants -- so 89 percent of all new applications from museums were funded, and so we consider that a good new start.

ASSEMBLYMAN O'DONNELL: Certainly sounds good to me.

Are museums more likely to be requesting capital money?

EXECUTIVE DIRECTOR MANUS: I don't have that data, but I'm happy to get back to you with that. I don't think I have that data in front of me.

I can get back to you, Assemblyman O'Donnell, with the -- once we make the awards this year, which are going to happen, you know, by March 31st. We can have a breakdown of that. And also I can provide your office currently with a breakdown of the capital to date and how it's arrayed across the sector.

ASSEMBLYMAN O'DONNELL: Thank you very much. And to make sure I understood what you said earlier, I think my mic was on and that was creating the wind sound, so I turned it off.

You notified all of my colleagues when their -- you funded somebody in their district; is that correct?

EXECUTIVE DIRECTOR MANUS: Correct.

ASSEMBLYMAN O'DONNELL: Okay. And so anybody who's on the Brady Bunch thing that we have here who doesn't have that

information, please contact Mara and get that information, because it's extraordinarily important for you to know who in fact is getting the money.

This year again, Ms. Manus, I'm going to fight to the death to get you more money than you, quote, can know what to do with.

With that, without further ado, I will yield back the rest of my time because I did not raise my hand. Thank you very much.

EXECUTIVE DIRECTOR MANUS: Thank you so much, Assemblyman.

CHAIRWOMAN WEINSTEIN: Thank you.

Senator Krueger --

CHAIRWOMAN KRUEGER: Yes, I don't see any Senators.

I will just take one minute to say I recognize that the arts is a critical piece of economic development in this state, and refer all my colleagues to a report "Arts and Economic Prosperity in America" that -- Mara, I will ask you one quick question.

That report says the return on an investment in the arts is a seven-to-one

investment. Would you agree that that's our experience in New York?

EXECUTIVE DIRECTOR MANUS: I would totally agree.

And I just wanted to share also one of the -- one of our treasured cultural tent poles across the state, the Glimmerglass Festival in Cooperstown. Their annual budget is about $10 million. Pre-COVID, they had an audience of 34,000, and Otsego County experienced $200 million in tourism spending. And I know a little bit of that can be attributed to the Baseball Hall of Fame, but I'm going to say that the major driver of those dollars was the arts and was Glimmerglass, and we're so very proud of them.

CHAIRWOMAN KRUEGER: Great. Great example, thank you.

Back to you, Assembly.

CHAIRWOMAN WEINSTEIN: So we'll go to the ranker on Tourism, Assemblywoman Giglio.

ASSEMBLYWOMAN GIGLIO: Thank you. And thank you for all that you're doing to try

and keep our downtowns and our historic buildings and theaters open and running.

So I'm just curious as to whether or not anybody has reached out to you and said that what they need assistance in, in order to recover. I've heard from several theater groups that are in historical buildings that they didn't have the revenue to put a roof on or fix a roof or make repairs to the building because the revenue wasn't coming in.

Are you assisting them with trying to get those items taken care of?

EXECUTIVE DIRECTOR MANUS: As it relates to capital?

ASSEMBLYWOMAN GIGLIO: Yes.

EXECUTIVE DIRECTOR MANUS: Well, if they have submitted a capital request, absolutely.

And -- but I would say, you know, to your point that earned revenue across our sector has taken, you know, an enormous hit. I think that's an understatement. I think there's been a little to no earned revenue in many cases. And so we are -- so the act of

rebuilding is about our buildings but also about the organizations and certainly their workforce.

ASSEMBLYWOMAN GIGLIO: Right. And then also with -- there's a lot going on in the city right now, as we all know. I'm just curious as to whether or not you're hearing from any of the theaters in New York City that they are getting low turnout to the plays -- to the shows that are going on due to what's happening in the city with the crime or with anything else.

EXECUTIVE DIRECTOR MANUS: Right. I think that every -- absolutely that is the case. You know, Omicron -- you know, I was in a theater in December and I wasn't in a theater personally in January. I'm going back into the theater now. But there's been a -- definitely a stop-and-start nature to the recovery, especially for theaters.

And what -- you know, it's interesting, I was just looking at Signature, one of our nonprofit's websites yesterday, and they had moved their productions to March

and April, I believe. So there -- everyone is -- you know, if they've closed, they're pushing out with the hopes that they can get a full -- a fuller attendance.

But I also know that whenever -- other grantees who had a huge hit show this year couldn't get the audience that they expected despite, you know, an incredible review in the New York Times. I mean, the audience -- audiences are -- it's a huge challenge to get audiences back in a big way into any -- I think it's any performance space, unless you're Hamilton.

ASSEMBLYWOMAN GIGLIO: Okay. And then have you heard from anybody out in the theatrical productions outside of New York City about the need to expand the music and theatrical production tax credit statewide?

EXECUTIVE DIRECTOR MANUS: So the -- are you talking about the Broadway tax credit, ESD's Broadway tax credit?

ASSEMBLYWOMAN GIGLIO: Yes.

EXECUTIVE DIRECTOR MANUS: So, I mean, the good news on that front for us is that we

are going to be realizing about 50 -- I think 50 per -- give me a second. I have all the information in front of me.

So if a show generates $12 million in qualifying expenses and is eligible for that 3 -- up to $3 million tax credit, NYSCA will be receiving a million and a half dollars at that point. So -- and that opportunity extends until 2025.

And those tax dollars -- and we worked closely with ESD to develop the tax and the legislation so that those tax -- so those dollars that come back to NYSCA can be used very flexibly and across the state.

ASSEMBLYWOMAN GIGLIO: Okay, so they will be across the state.

EXECUTIVE DIRECTOR MANUS: As long as they come back to us, we will be disbursing across the state, absolutely.

ASSEMBLYWOMAN GIGLIO: Okay. And then in upstate New York and Central New York -- they're home to the renewed venues and theaters -- what are you hearing from the theater groups in those regions about the

challenges they are facing? And what are you doing to assist them in recovering from the pandemic outside of New York City?

EXECUTIVE DIRECTOR MANUS: Outside of New York City. So we -- as I explained earlier, we do -- our -- one of the goals of our grantmaking in any given year is equitable funding across the regions. We don't prioritize one theater over another. In this case I think all the theaters are experiencing pretty similar hits.

But all of our funding -- the funding that we're going to be making and that we didn't make last year, for the most part, was very, very flexible funding, so you could use it, any organization could use it to support any of their priorities.

ASSEMBLYWOMAN GIGLIO: Okay. Thank you.

EXECUTIVE DIRECTOR MANUS: Thank you.

CHAIRWOMAN KRUEGER: Staying with the Assembly?

CHAIRWOMAN WEINSTEIN: Yes. So we go to -- well, actually I do see a Senator,

Senator Cooney.

CHAIRWOMAN KRUEGER: Oh, hello. Thank you. Senator Jeremy Cooney has joined us. Hello, Senator Cooney.

SENATOR COONEY: Thank you, Chairs. I appreciate it. No, I popped on there at the very last minute. So no problem at all.

Good afternoon, everyone. It's good to see you.

And thank you, Mara, for being here. As you know, I represent the Upstate Cities Committee, or the Cities 2 Committee, and so I appreciate your recent comments about kind of thinking equitably about the arts.

I'd like to chat about an opportunity that I haven't heard about recently, but to get your take on, which is how our different regions could work collaboratively. I had the opportunity to recently travel to the great City of Buffalo and talk with our friends at Albright-Knox about their collection and their expansion plans. And when folks come in to check out the collection at Albright-Knox, we want them to

not only stop by them and see the Buffalo Science Museum or the zoo, but also think about coming an hour down the road to Rochester and check out the Memorial Art Gallery, the George Eastman Museum, and some of our artistic and cultural organizations that we're so proud about.

And so I'm wondering about how NYSCA looks at collaboration between regions -- not for the individual organizations one to one, but really thinking more comprehensively on how we can make those investments at the state so that our arts and cultural community benefits holistically. I just wanted your take and thoughts on that.

EXECUTIVE DIRECTOR MANUS: Yeah, I think that's a really interesting idea and something that I can certainly share with our staff.

It's funny that you just mentioned it, because every time I go up to Rochester-Buffalo I do the jig between the two.

And I think we need to also call out

the fact to everyone here that the Eastman Museum in Rochester just went under an incredible capital renovation project and it's really been transformative. AKG, that's going to be a big reopening for the state next year.

So -- but I like that idea. I think that, you know, we do -- we have started to work more collaboratively with tourism. And so I think this also could be a tourism play, perhaps a further collaboration with tourism. We now have an event portal, collaborative event portal, so anything that we -- that our grantees submit to us actually gets posted on the I Love New York sites.

And so -- but I like this idea, and I want to think about how we can work together, perhaps with tourism, I'm not really sure. But it's definitely something to explore, and it definitely resonates with me. So thank you so much for that suggestion.

SENATOR COONEY: Well, thank you. And appreciate the incredible work that you're doing across the state. We're so grateful

for your investments, especially in my neck of the woods in Rochester. And we will follow up with your office, along with Chair Serrano, about some opportunities that we're thinking about in this budget and future ones.

So thank you for your commitment.

EXECUTIVE DIRECTOR MANUS: Thank you so much.

CHAIRWOMAN KRUEGER: Thank you, Jeremy.

And now back to the Assembly.

CHAIRWOMAN WEINSTEIN: So we go first to Assemblyman Carroll.

ASSEMBLYMAN CARROLL: Thank you, Chair Weinstein. And good afternoon, Executive Director Manus. It's wonderful to see you. And I would love to follow up on some of the questioning from Chair O'Donnell about NYSCA's budget and the fact that it still has a smaller budget than it did -- I think not just in the '80s, but in the pre-2008 financial crisis. And that half of your budget is still kind of under this guise

of COVID recovery.

And what I would like to ask is if NYSCA were to fulfill all of the grants that were requested by art institutions, how much money do you think NYSCA would need to meet those requests?

EXECUTIVE DIRECTOR MANUS: That is a great question. I -- do I have a -- I don't think I have a total request on that for you right now, but I certainly can get back to you with that.

As you mentioned, our highest -- our largest budget was in 1989, and that was $54 million, which in today's dollars is about 120 million.

So -- and I think the point here that you're making is that our -- is about our base budget. That if we were able to have a larger base budget, we would be able to provide more longer-term funding and allow organizations to plan for -- you know, not on a year-to-year basis but on a multiyear basis. So I think that is quite important.

ASSEMBLYMAN CARROLL: I would love

that number. And I'm sure Chair O'Donnell would. And Chair O'Donnell does a wonderful job every year in the Assembly advocating for NYSCA.

And I personally know, as somebody who worked with a number of theater companies that relied on NYSCA to allow them to survive in New York City, it is essential -- especially in a year where we have record surpluses -- I think to invest in our arts and to make sure that we build a foundation for our artistic communities throughout the state but especially in New York City.

New York City will rebound, but it's going to rebound in a different way and we need to make sure that there's a vibrant artistic part of that rebound and that we have arts organizations, be they performing arts, be they in design or studio, that they have a foundation and that they have support from our state.

So I know that any way that we could be helpful -- I'd love to find out that number, because I think it would be

absolutely imperative so that we can garner support from other legislators and the Governor to say there's a real need out there and we can meet it, especially in this year where we have record surpluses.

EXECUTIVE DIRECTOR MANUS: Thank you, Assemblyman Carroll. I will get you that number today, and we'll get you also the numbers from the past few years.

ASSEMBLYMAN CARROLL: Thank you.

CHAIRWOMAN WEINSTEIN: We also have next Assemblywoman Gallagher.

ASSEMBLYWOMAN GALLAGHER: Hello, Executive Director Manus. I actually for most of my career have been working in museum education and in arts education, so your organization is very close to my heart. And in fact, many of my friends from my former life have been displaced from New York because the industry just vanished overnight, as we know.

So I'm wondering, what do you suggest we do in our state to rescue the arts community, which is such a vibrant part of my

district of Williamsburg and Greenpoint? Do you have any specific suggestions that you would like to see in the future beyond your grantmaking capacity?

EXECUTIVE DIRECTOR MANUS: So I think that we need to -- so -- you know, it's interesting you bring up the point about educators and arts education. So one of our goals in the -- so we're very excited about our Creative Aging initiative, and it's actually an area of the arts that's getting a lot of momentum across the country, is being able to really address health issues with older adults.

And -- but we have a sort of two-pronged -- we have two goals in that, not only to be able to provide this hands-on engagement with arts by the adults, but also to develop a robust network of teaching artists so that teaching artists across our state can have regular employment.

And if you think about taking that out to, you know, what -- we now, I think, have 770 senior centers across the state. If you

think about teaching artists across that whole network, if you think about developing teaching artists, we have -- we're doing pilot programing with the Department of Corrections and we are building teaching artists to go into those facilities. Again, there's so many areas, including obviously our schools being probably the primary place for teaching artists. But if you think about -- that is a network that I think we all feel very strongly it's important to develop and provide artists with regular income.

I think the other thing I would add is that we have to remember that arts are -- create tourists. They create local tourists, they create national, international tourists. We were so thrilled to be able to partner a few years ago with ESD on the work, the arts work on the canals. We did the project with the Corning Museum, which was a glass-blowing barge. We did a project with the Albany Symphony Orchestra, the Water Music series. And each of those destinations along the

canals that was able to feature that work -- and we drew thousands and thousands of tourists.

And if you can think about creating that on a regular basis -- because if you are able to offer that kind of opportunity every summer, for instance, then people plan their travel around that. And then we can invent and then we can create -- you know, it's not just Shakespeare in the Park, it's Shakespeare on the Water.

So those kind of big initiatives are something that definitely is very interesting to us.

ASSEMBLYWOMAN GALLAGHER: Great. Thank you so much.

CHAIRWOMAN KRUEGER: We can continue with the Assembly.

CHAIRWOMAN WEINSTEIN: Yes. We have Assemblywoman Zinerman, three minutes.

ASSEMBLYWOMAN ZINERMAN: Thank you, Madam Chair.

Good afternoon, Ms. Manus. How are you? It's very nice to meet you.

EXECUTIVE DIRECTOR MANUS: Nice to meet you too.

ASSEMBLYWOMAN ZINERMAN: I'm excited about the work that you are doing and really excited about all the different levels of support that you are providing to the arts community. I certainly want to champion what Chair O'Donnell and Bobby Carroll said about getting you some more money, because we do know that arts is the lifeblood to our -- in our city, both culturally and fiscally.

So today I'm coming before you to ask for some help for the little, little, little guys. My community is considered a global destination place. Last year the International African Arts Festival celebrated its 50th anniversary. This year the Billie Holiday Theater will celebrate fifty years also.

And so people come and visit Bedford Stuyvesant and Crown Heights from all over the world. And they have done a great job of cultivating young artists and incubating other arts organizations. A lot of those

organizations, however, still are very small. And so going through the process of applying to be an arts organization with the state and then all of the paperwork that is required after they receive an award from us really is onerous.

And there was a time a long, long time ago, in a galaxy far away, where small organizations, you know, essentially got a line-item budget to operate. And so I was wondering if you all had thought about those organizations with budgets, you know, smaller than a quarter of a million dollars or even, in some cases, $100,000, could move to that structure to support them so that they can become, you know -- so they can expand their services and become, you know, a greater support to the state, the state's arts community. But also just, you know, provide some really great entertainment for all those who come and visit us.

EXECUTIVE DIRECTOR MANUS: Great. Thank you so much for that question.

And small organizations are really the

lifeblood of our communities. Right? We all know that. And they serve purposes beyond just the arts. We also know that too. And so what we've done this year -- and I would really encourage you to, for any small organizations who might be still concerned about fund -- the grant, the application experience, send them our way. Because we are doing a lot more communication and personalized service to new applicants. So that's one.

Secondly, I will say that we expanded our partnership programs extensively for this reason. We wanted to reach -- we wanted to reach much more organizations and have that application process -- which is only one page -- go through any one of our re-grant partners. And we have many, many. So that's another way that small organizations can get money.

But I just wanted to also make the point which is that small organizations constitute the majority of our recipients. So half of our funding, the dollar amount and

the number of grants, goes to organizations with budgets under half a million dollars. And even very small organizations were able to access our capital dollars, for instance.

So I would really encourage anyone who comes to you, Assemblywoman: Send them to us. Because this, to us, is critical to our process. We want to ensure that the process that we've put in place, the new process we've put in place, is one that any organization can manage.

CHAIRWOMAN WEINSTEIN: Thank you. The time has expired.

ASSEMBLYWOMAN ZINERMAN: If you can get me that contact information, that would be great.

EXECUTIVE DIRECTOR MANUS: Absolutely.

CHAIRWOMAN WEINSTEIN: There are no further Assemblymembers, Senator Krueger.

CHAIRWOMAN KRUEGER: Thank you. And I do not believe there are any other Senators.

So I would like to thank this guest, send her off to continue her good work for the State of New York and the arts.

And with that, we are completing the first part of the Economic Development hearing. We will now be moving to our panels. And again, there's a bit of a change in the rules. So we call up a full panel. Each person gets to testify for three minutes. Then if there are any legislators who have questions, regardless of whether or not they're a chair or a ranker, they only get three minutes total to address their questions to the panel.

Again, everyone has submitted full testimony. For legislators who have deeper questions they want to go into, I guarantee you if you call any of these testifiers after the hearing and say "I want to discuss your issues with you for longer," they will be happy to do so. So you have their contact information already.

And so with that, we sort of get to our lightning around. And again, we have a second hearing --

EXECUTIVE DIRECTOR MANUS: Thank you, Senator.

CHAIRWOMAN KRUEGER: Thank you, Mara. You're free to go.

EXECUTIVE DIRECTOR MANUS: Thank you so much. Thank you, Chairs.

CHAIRWOMAN KRUEGER: So we approach these panels as lightning rounds. And then we have a second hearing on Taxation when this hearing is done.

So with that, Panel A: Strong Economy for All Coalition, Michael Kink, executive director; American Economic Liberties Project, Pat Garofalo, director of state and local policy; New Yorkers for Fiscal Fairness, Ron Deutsch, director; University of Minnesota, Dr. Art Rolnick -- who may not be able to join us. We'll see when we get to him -- Good Jobs First, Greg LeRoy, executive director; New Economy Project, Michael Sandmel. So we'll just go down that list in -- oh, and I'm sorry, one more: New York Communities for Change, José Gonzalez, senior director.

So Michael Kink up first. Three minutes for everyone.

MR. KINK: Thank you, Senator. Thank you to the chairs and the members. Michael Kink, executive director, Strong Economy for All Coalition. We're a labor/community coalition working on economic, social, and racial justice. And you'll be hearing other folks representing members of Strong Economy for All later in the hearing.

I wanted to start with a note of praise for the Legislature, both for the progress you've made on legislation for progress in justice and on last year's budget, where you didn't just invest federal money but you over the long term invested revenue from new taxes on the wealthy and big corporations, in a way that signaled dramatic change for our state, in a positive direction.

And it's good you built up a head of steam, because it's going to take a lot of momentum to change the economic development programs we've got now. We feel like they've totally failed. We feel like billions of dollars need to be moved away from direct

subsidies and tax breaks for private corporations, and towards investments in public goods that benefit all people, all businesses, all workers and communities across New York.

We need to be investing in early childhood education. Art Rolnick is currently in a meeting with Tim Walz, the governor of Minnesota. He's the one that came up with the studies that show $16 on each dollar invested in early childhood education.

We should be investing in higher education, in affordable and homeless housing -- the kinds of things that help communities and families thrive.

We recommend ending all tax breaks and direct grants to private companies. We recommend that the Legislature crack down on IDAs and block their ability to drain local revenue in giveaways to corporations. We recommend that any existing deal that doesn't have clawbacks be voided. Taxpayers deserve a money-back guarantee, and I don't believe

you can give money to companies for nothing and I don't believe the public wants you to regardless of their ideological perspective.

Any deal that has a nondisclosure agreement -- they're actually doing secret deals and governments are agreeing not to reveal the details. Those should be illegal.

We should bar tax breaks that drain local school districts, and we should not be subsidizing Amazon warehouse and logistics facilities. They're distributed based on a corporate algorithm that's based on customers. They do not need subsidies to the tune of hundreds of millions of dollars.

So if we take these problems on the way that you've taken on the problems in recent years, we'll make progress. And it's been heartening to hear some bipartisan agreement. A lot of investigations, particularly from that joint Senate hearing a few weeks ago. There are a lot of problems. It's clear the Legislature is aware, and we advocates are ready to stand with you and support what you do to change this.

Thank you.

(Pause.)

CHAIRWOMAN KRUEGER: Sorry, I was muted.

Next up, Pat Garofalo.

MR. GAROFALO: Chairs and members of the committee, thank you so much for the opportunity to testify.

My name is Pat Garofalo, and I'm director of state and local policy at the American Economic Liberties Project, an organization dedicated to reducing the power and influence that corporations have over our economy and democracy. And I'm also the author of a book on economic development incentive use and abuse.

You've heard -- and you'll hear plenty more, I'm sure -- about what economic development incentives don't do in terms of producing positive outcomes. What do they do instead? They increase corruption, they siphon resources away from valuable government services, they worsen income inequality, and they disadvantage the local

businesses that help communities thrive.

Development incentives persist not due to their economic efficacy but their political power. They're useful tools to make it seem like something is being done to better the local economy. In fact, one of the surest ways to predict if a state is going to increase its economic development spending in a given year isn't by looking at any data, but simply seeing if an incumbent governor is up for reelection.

On that note, economic development incentives can degrade local democracy. Many incentive beneficiaries, as my friend Michael Kink just mentioned, require local officials to sign nondisclosure agreements, preventing them from divulging any information about the incentive deal, even including the identity of the corporation that will be receiving public funds, until the deal is fully announced.

This, and the larger lack of transparency and information across programs, cuts key stakeholders, including local

businesses, out of the process.

And I want to emphasize that last point because I think it's really important. Economic development incentives disproportionately flow to larger, politically connected businesses. This directly affects the businesses in your districts who see their tax dollars spent on entrenching the power of their larger, dominant, often national or multinational competitors.

For example, every dollar spent by New York government on subsidizing an Amazon warehouse or building out the distribution network for some other national retailer or restaurant harms the local independent businesses who aren't having their own distribution subsidized by the state.

I'd suggest a complete overhaul of New York's economic development system to focus in on what communities need most: the things that build quality of life for workers and make it possible to start small local businesses that support local communities.

In the short term, I'd ask you to pass S1196/A9092, sponsored by Senator Gianaris and Assemblymember Solages, to ban nondisclosure agreements in economic development deals. I'd suggest a hard cap on subsidies, such as the $6,000 per job created proposed by Assemblymember Kim in A3077. And I'd propose banning the use of subsidies to build out warehousing and logistics networks.

Those are really simple steps to create a foundation on which to construct a fundamental rethink of New York's economic development system, one that moves away from a reliance on corporate subsidies and reprograms that funding toward people and local communities.

Thank you so much for your time.

CHAIRWOMAN KRUEGER: Thank you very much.

Next up is Ron Deutsch, New Yorkers for Fiscal Fairness. Are you there, Ron?

MR. DEUTSCH: I am, thank you.

Thanks to the chairs and the members of their respective committees for the

opportunity to testify here today. Ron Deutsch, with New Yorkers for Fiscal Fairness.

And I've been working on economic development reform for nearly 30 years in Albany, and I have to say it is obviously long past time we begin to reevaluate, reform, redefine and, yes, reallocate funds from our failed system of economic development. Because let's face it, doing the same thing over and over again and expecting a different result is -- well, let's just say it's not the right approach.

Our heavy reliance on tax incentives as an economic development strategy is very misguided. And after many decades, there's little to show beyond a trail of political scandals, bad deals, empty buildings, hundreds of millions in equipment that no one will use. And study after study has really shown that these programs are not cost-effective and don't provide the return on investment we're promised.

I want to talk about a few reforms to

safeguard the public's dollars. I agree with my colleagues that have spoken before me, and I want to touch on some other pieces.

So I would say that first and foremost, we need a comprehensive database that tracks all state funding that's awarded in the name of economic development. Senator Comrie and Assemblymember Wallace have a bill that would accomplish this. And instead of the database of economic incentives which the state developed, we need a much more comprehensive database. And most importantly, the database needs to really define a job, what is a job. And my testimony goes into that in more detail.

We also need to make sure that New York State restores all of the State Comptroller's pre-audit power to review state contracts. That was taken away by Governor Cuomo in 2011. Right now there's about $10 billion in the Executive Budget proposal that's not subject to comptroller review, and this corruption risk needs to be addressed and the state's duly designated

elected fiscal watchdog should be able to review all contracts to safeguard the public's money.

We also really need to look at supporting small-scale economic development programs that work -- things like the Entrepreneurial Assistance Program that's been in operation for decades and really is designed to provide training and technical assistance to women and people of color who want to start their own business.

And finally, I would like to say it's time to really redefine what economic development is in New York. And we've heard a lot about this. I'm hoping that Art will be talking about early childhood investments. But I want to talk about why home care is economic development. And New York has an aging population and we're facing a massive home care shortage over the next decade, which is why the Fair Pay for Home Care Act should be viewed as economic development.

The net economic gain of passing this legislation would total at least 3.7 billion

and would lift wages for nearly 200,000 home care workers and bring them out of poverty. This will help local economies and, most importantly, provide economic development that we need in New York.

So let's all work together on fixing this broken system.

CHAIRWOMAN KRUEGER: Thank you.

And yes, I've been notified that Professor Art Rolnick, from University of Minnesota, has been called away from a governor from a different state. So I don't think it's because some of my colleagues insulted him earlier that he came from the State of Minnesota, but maybe.

So I'm sorry, his testimony is included, but he's not on the panel today.

I'll just open it up, because I don't see another Senator.

Have any of you looked at the database of deals information up on the ESD website, and is it giving us the right information? Or do we need to legislate more clarity for that website? And if nobody's looked yet,

I'm going to ask you to follow up at another point with me.

Ron, your hand is up?

MR. DEUTSCH: Yeah, I guess I would say that the database of economic incentives is not complete. It only includes data for projects beginning in 2018 and for projects managed directly by ESDC. It leaves out roughly half of the annual New York State economic development spending, and it also leaves out all local economic development spending.

It also -- most critically, I think -- fails to standardize the definition of a job. So without doing that, you know, we don't know are they full-time, part-time, temporary, and we have no way to really compare, program by program, whether or not we're getting a good return on our investment unless we have that as a definition.

So I would suggest, as we have for many years, along with many other groups, that the database of deals be the answer to this issue. And really, I mean, all we're

really asking for here is a good accounting of how this money is spent. And that should not be too much to ask of our state government when we're talking about billions and billions of dollars.

CHAIRWOMAN KRUEGER: Thank you.

Assembly?

CHAIRWOMAN WEINSTEIN: Yes, we have Assemblyman Bronson, three minutes.

ASSEMBLYMAN BRONSON: Thank you, Chairs.

And I want to thank each of the witnesses on this panel for your testimony. And I look forward to having follow-up conversations with you about the various proposals. And, you know, recognizing that you're really asking for transformative change in the way we're dealing with economic development in this state -- which is very inconsistent with what some other states have done. But we'll take a look at that.

I have a general question; each of you can take a quick stab at answering it. And that is, you know, one of my primary goals as

a relatively new chair of Economic Development is to make sure our economy, our recovery from COVID-19 is not like the recovery from the Great Recession, which left marginalized communities out, and those who have been left on the economic sidelines for far too long.

What can we do now to make sure that we have a recovery in the economy that is equitable and inclusive?

MR. KINK: Well, thank you, Chair. And I'm glad you're there. I'm glad there's someone that's new to take a look at these.

Honestly, you know, as Pat mentioned, the current system of big grants to big corporations make inequality worse. It makes racial and economic inequity worse. What builds broad prosperity at the local level is investing in people and in the kind of public goods and services that benefit everyone. Right? And if you look at, for example, the guidance that the United States Treasury gave for investment on the state and local fiscal recovery funds, they're explicitly saying you

should invest in services and people in the communities that have been hardest hit by COVID -- people with preexisting inequities in access to healthcare and jobs and economic opportunity.

So I would argue that investments in early childhood education, in higher education, in affordable and homeless housing, in green energy infrastructure -- those types of investments that benefit entire communities, and that also benefit small businesses, are way better than cutting big checks to big corporations.

ASSEMBLYMAN BRONSON: Pat or Ron, we have 45 seconds.

MR. DEUTSCH: I'll just jump in quick. I'd say I would totally agree with that and I think what Mike's talking about is important because investing in kind of the quality of life issues that we need to invest in, that is true economic development. I mean, when you just think that Mike mentioned higher education, right, so we know that nearly 80 percent of CUNY graduates stay in

New York. We know that CUNY graduates earn a combined $57 billion annually, they pay an estimated 4.2 billion in state income taxes and represent 10 percent of the private workforce in New York State.

So that, to me, is economic development that's transformative and that addresses social inequities in our current system. So I think we need to revise and reform these programs.

ASSEMBLYMAN BRONSON: So Pat, your colleagues didn't leave you enough time, but I suspect you might say ditto to much of it.

Thank you very much.

CHAIRWOMAN KRUEGER: Thank you.

Any other members have their hands up?

CHAIRWOMAN WEINSTEIN: Yes, we have Assemblywoman Gallagher.

ASSEMBLYWOMAN GALLAGHER: Hi. Hi, panel. Nice to see you all.

I am wondering -- while we're thinking about equity and moving forward in our state, you know, I've been thinking a lot about green infrastructure investments. And I was

wondering what you think a public bank would do for green infrastructure investments and how that would be different from NYSERDA's Green Bank.

So if you'd like to jump in on that.

MR. KINK: I am happy to jump in briefly. You'll hear more from New Economy later and, you know, we've been working at Strong Economy for All in partnership with New Economy and the Public Bank New York coalition. It's exactly the right time to give local and county governments the opportunity to create local public banks. And working with local community development financial institutions, public banks can take capital and invest it exactly where it needs to go: in the small businesses, in the businesses run by women and people of color, providing access to capital in communities that will last over the long term.

I'll mention again that federal funding. Right? You've got another $8 billion to go in state and local fiscal recovery funds. And local public banks could

take some of that money and make it last over the next decade or two. As opposed to the federal rules, which say spend it all by two years from now. If the state and local governments work together to capitalize local public banks for the kinds of investments you're talking about, that money can last. And there is local expertise. There's local expertise in CDFIs, there's local expertise in small businesses. And it's a way to move money out of the big bank, big corporation system that's exacerbating inequality and drive more into prosperity at the local level.

ASSEMBLYWOMAN GALLAGHER: Do any of the other panelists want to chime in on that?

MR. GAROFALO: Yeah, I would just add -- and it actually gets at some of what Chair Bronson was asking too -- is New York is extremely overreliant on these really large, splashy, tens-of-millions-of-dollar deals. And those are the ones that are the least effective. If you're turning around and focusing that money on the local level

and letting the people who are in the community decide which projects work best for them, I think you're going to see much more bang for the buck.

And to Mike's point about the COVID relief funds, you're technically not supposed to use COVID relief funds on giant business subsidies at all. So this is just a much, much, much better way to both get bang for the buck and comply with federal rules on that relief funding.

MR. DEUTSCH: And I would say I support them -- in my limited time here -- and that also the CDFI Fund needs more money, and the Entrepreneurial Assistance Program. They work very well together. One trains people to start businesses; the other funds them. It's a match made in heaven. And it hasn't been -- the funding hasn't been changed in three decades.

ASSEMBLYWOMAN GALLAGHER: Wow. You all have just got me really excited about public banking, and I can't wait till we pass it in the state. Hooray!

CHAIRWOMAN WEINSTEIN: With that excitement, we end the Assemblymembers who have questions.

CHAIRWOMAN KRUEGER: And we end the Senate members who raised their hands.

So I'm going to thank Panel A.

I'm going to move to Panel B, which was mislabeled before. So that is Good Jobs First, Greg LeRoy, executive director; New Economy Project, Michael Sandmel, campaign organizer; and New York Communities for Change, José Gonzalez, senior director of data and research.

Starting with Greg.

MR. LeROY: Thanks very much, Madam Chair. And good afternoon.

My name is Greg LeRoy. I'm the director of Good Jobs First. We're a nonprofit, nonpartisan research group on economic development. I've been helping states with their economic development policies for more than 30 years and have written two books on the subject.

We maintain several databases at Good

Jobs First, one of which we call "megadeals." These are individual, single projects that received $50 million or more in incentives. And we do that as a measure of corruption, as a measure of special-interest capture. Because it's a real indication, when some government puts way too many eggs in too few baskets, that the system has been captured.

No state has spent more money on megadeals than New York State. Thirty-three times, to the tune of $13.6 billion, or an average of $410 million per single project, state and local entities in New York have subsidized megadeals. And I think it has everything to do with the weak performance and bad results the state's economic efforts have gotten. It's risky to put so many eggs in so few baskets.

The opposite of corruption, the opposite of megadeals, is to invest in public systems that benefit lots of companies and lots of employers. And by that I mean everything like childhood education -- that Art Rolnick would have told you more about --

to graduate engineering programs tailored and targeted to emerging industries in the region. Customized training programs to address both new, in-demand occupations and those being vacated in record numbers by the rest of the Baby Boom that hasn't retired yet. Technology diffusion and adaptation programs. Promotion assistance. And also, at the small business level, continuing and augmenting the small business assistance programs, including even subordinated or forgivable debt and mentoring and other kinds of aid.

Besides putting just a few eggs in lots of baskets and therefore de-risking the system, the net effect of that is to make a place sticky for young, promising companies. The value proposition's higher. Companies aren't going to leave if they're wed to the public systems that are giving them graduate Ph.D. engineers, giving them trained workers, giving them strong candidates out of an adequately funded K-12 education program. That's the value-add, the sweet spot about

growing companies in place and de-risking your economic development spending.

The other point I want to make is there's an emerging body of evidence now that totally reinforces this frame, and that is the idea that first you need smart people; smart people attract good employers; and good employers obviously then grow in place. But that means that if you deplete your tax base and make a place unattractive, you'll never attract smart people, because you have to have good schools, good quality of life, good amenities, good safety, to attract the smart people that you need to start.

Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Next up is -- sorry -- Michael Sandmel.

MR. SANDMEL: Thank you so much, Chair Krueger and Chair Weinstein and committee members, for the opportunity to testify today on behalf of New Economy Project. We're a New York City-based economic justice organization which for more

than 25 years has worked closely with community groups inequities in our economy.

We're also founding members of the New York State Community Equity Agenda, which is a coalition of nearly 50 groups working toward a vision of economic development that's grounded in principles of racial justice and community wealth-building. I encourage you to review the testimony submitted by many of our coalition partners, submitted in writing.

As low-income communities and communities of color across the state continue to reel from the economic devastation caused by the pandemic, this year's budget is really a historic opportunity to make bold investments that drive equitable local economic development, for years and even decades to come. And I'll speak about just two of those, which I'm very glad just came up -- public banking and CDFIs -- and direct you to my written testimony for more details.

In terms of CDFIs, we're talking about

community development credit unions and loan funds that stimulate economic development in historically redlined communities by providing responsible loans and financial services where the big banks won't. New York is home to 83 of these institutions, which serve every county in the state, and in recent years have made more than 4.3 billion in loans, creating tens of thousands of units of affordable housing and tens of thousands of jobs.

Because CDFIs leverage every grant dollar with at least 12 additional dollars from other sources, appropriating $100 million to New York's CDFI Fund in this year's budget would generate more than 1.2 billion in direct lending and services in low-income communities and communities of color statewide.

Now, on public banking, with this, localities can leverage their deposits to stimulate local economic development. There's more than 900 public bank models around the world, and they play important

roles, investing in small businesses, renewable energy, and other sectors, in partnership with community-based financial institutions.

Last month 150 community, labor and small business groups from around the state signed a letter in support of the New York Public Banking Act, carried by Senator Sanders and Assemblymember Fahy, which creates a safe and appropriate regulatory framework for localities seeking to establish public banks.

This legislation also has the backing of numerous local elected officials who want to bring public banking to their communities, including, most recently, a letter from the entirety of the Rochester City Council in support of the legislation.

New York can ensure that federal stimulus dollars serve New York communities well beyond this budget cycle by pairing the Public Banking Act -- the first in the nation -- with a matching fund, which Michael Kink mentioned earlier, to help capitalize

public banks. We estimate that $100 million in matching funds this year would translate into $15 billion in new economic activity and 47,000 jobs in New York State over a 10-year period.

This is the kind of bold investment New York must make as we pursue a just recovery and future for all New Yorkers.

Thank you again for the opportunity to testify.

CHAIRWOMAN KRUEGER: Thank you very much.

And then last on this panel, José Gonzalez, New York Communities for Change.

MR. GONZALEZ: Good afternoon, Senator Krueger, Assemblymember Weinstein, and members of the committee. My name is José Gonzalez, and I am the senior director of data and research at New York Communities for Change. Thank you for the opportunity to testify today.

New York Communities for Change is one of the largest grassroots membership-driven

community-based organizations in New York. NYCC members use community organizing, direct action, and legislative advocacy to advance the cause of social and economic justice. Through our neighborhood chapters and issue-based committees, we work to ensure that every family throughout New York has access to quality schools, affordable housing, and good jobs.

While our state has made incredible progress over the past three years in becoming a national leader in passing progressive criminal justice reform, overhauling New York's unjust rent laws, and finally taxing the wealthiest among us who have failed to contribute what they owe, our communities are still suffering -- suffering under a system that often turns a blind eye to injustice, but that under this Legislature is finally beginning to be seen. Yet, still, much more needs to be done. As is often said, returning to normal is not good enough.

For far too long, economic development has been a form of socialism for the rich

with little regard for the public good. As our communities recover from the pandemic, the Legislature has an unprecedented opportunity to finally create true economic development programs that benefit all New Yorkers and create an economy for the many, not the few.

What does this mean? It means that rather than pouring money into corporate slush funds with little accountability or transparency, that we invest in programs that support our communities. That means investing in universal childcare. It means investing in higher education and making CUNY free. It means making sure we're ready to confront the climate crisis. That should be the true meaning of economic development -- investing in the ingredients that create real economic opportunity for all of our communities.

To achieve this goal, NYCC and our 20,000 members are calling on this Legislature to reject Governor Hochul's misguided two-year plan to spend nearly

$10 billion at the Empire State Development Corporation, and direct the money towards investments in services that benefit the public as a whole, instead of wealthy donors.

We are also calling for a complete reform of New York's economic development program through more hearings, testimony under oath, and investigations.

But first and foremost, we are calling for this year's budget to prioritize the well-being of New Yorkers by rejecting corporate subsidies and investing in communities.

Thank you again for your time.

CHAIRWOMAN KRUEGER: Thank you.

Looking for any Senate hands. So I'll just jump in quickly.

Greg LeRoy, you put on chat a paper to look at, so I looked at it very quickly. So New York is one of your states in the "Worst" category for reporting CARES Act funds being spent. So that means they -- that wouldn't be up there on that website in EDC that we were hearing about earlier, I gather.

There's no way to find out how we spent that money?

You're on mute.

MR. LeROY: Yes, it is poorly reported. And we point out that some states are doing good jobs actually disclosing online the ultimate disposition of these very flexible, you know, multipurpose grants that the states are getting: 150 billion under the CARES Act; more than twice that, 350 billion, under the Recovery Plan Act -- Rescue Plan Act, rather.

CHAIRWOMAN KRUEGER: So we need to still keep pushing because we should be getting that information from New York State --

MR. LeROY: Yeah. We made the point that that was despite a sort of self-congratulatory blog by the State Comptroller's office.

CHAIRWOMAN KRUEGER: Hmm. So -- I'm sorry, so it should be our State Comptroller's office that's providing us this information?

MR. LeROY: It could be. I mean, it depends upon this -- each state has its own structure for how this money could be reported. We just noted that that office had issued a -- like I say, a self-congratulatory blog on the quality of the reporting, but compared to other states it didn't stand out positively.

CHAIRWOMAN KRUEGER: Okay. Thank you very much.

Assembly.

CHAIRWOMAN WEINSTEIN: We have Assemblyman Bronson, three minutes.

ASSEMBLYMAN BRONSON: Thank you, Chairs.

I just wanted to say thank you to all the panelists for your testimony today. My door is open so that we can have ongoing discussions. I've mentioned several times today my number-one priority as the relatively new chair of Economic Development is that we take steps to ensure that our economy is equitable and inclusive -- and we have a lot of work in that area.

I will also say to Greg, I'm a strong supporter and ally to the North Star Coalition, which is a group of folks and organizations that want to make sure that we are spending our federal stimulus dollars in such a way that will indeed make our economy equitable and inclusive. So we can have further conversations about that.

But thank you all for your testimony today.

CHAIRWOMAN KRUEGER: Yes, thank you all.

Assembly, any more hands that I'm not seeing?

CHAIRWOMAN WEINSTEIN: No, that's it.

CHAIRWOMAN KRUEGER: All right, then I am moving us to Panel C, and I want to thank our testifiers from Panel B for being with us today, and assure everyone that they should review the full testimony.

Panel C, New York Association of Training and Employment Professionals, Melinda Mack; Retail, Wholesale and Department Store Union -- RWDSU -- Josh

Kellerman; the Business Council of New York, Paul Zuber; the Business Incubator Association of New York State, Marc Alessi; and CWA District 1, Rebecca Miller.

So we'll start with Melinda Mack.

MS. MACK: Good afternoon, everyone. It's nice to see so many faces. My name's Melinda Mack. I'm the executive director of the state's workforce development association, also known as NYATEP. I'm actually not going to read through my testimony; instead, I'm going to sort of pick out a couple of the key things that I wanted to touch on.

As we've heard earlier today, the Governor's office has decided to open a new Office of Workforce and Economic Development at Empire State Development. We're a little bit concerned that this might be potentially just moving the problems that were occurring in the Governor's office to ESD. And so I raise this because I think, as we've talked about in the past, the focus of the Legislature on ensuring that the dollars are

going out the door -- and also, more importantly, that we're actually coordinating economic and workforce development -- I think will be so crucial, despite this move.

In addition to that, the push was also around making sure that there's a workforce development sort of fund that goes out through the REDCs. We're hopeful that this means that there will be much more coordination on the ground with the local workforce development system around making those decisions. Because depending on where you live, the workforce development entities may or may not involve the REDCs at all.

And so again, I really encourage you to sort of think through that and whether or not there's anything the Legislature can do.

The last two items are around funding. And so as you know, I have come to you many times talking about the $175 million workforce investment. The Governor's office has committed to us that they will continue to spend those dollars down and that the application process is still open, and so I'm

hopeful that that commitment still remains.

But one of the concerns I heard when I was listening to Ms. Knight speaking earlier is the commitment of $180 million from the Department of Labor pot. My concern is those dollars aren't flexible, and I think the whole point of coming to you regarding workforce development is that we need flexible money, money that can go to childcare, money that can meet the needs of transportation, money that allows us to flexibly address the concerns of workers but also of employers. And unfortunately the Department of Labor resources, because it's federal funding, has a lot of restrictions around that flexibility.

And then lastly, one of the items that was discussed today was around the database of deals. I would really love to see quality job numbers put into that database. Right now there's no wages, so it's very hard for us to understand what's a quality job, what's not a quality job. And of course in addition to that there's also not a whole lot of

information around what type of job it is: Is it a job that is paying, you know, minimum wage, or is it a job that has a growth trajectory?

And so we would love for -- again, ask you to focus more, much more on quality information within that database as well.

And I'll stop there.

CHAIRWOMAN KRUEGER: Thank you very much.

Next up is RWDSU.

(Zoom interruption.)

CHAIRWOMAN KRUEGER: Wait, who am I hearing? Sorry. Everybody mute except for Josh Kellerman, Retail Workers -- RWDSU.

MR. KELLERMAN: Thank you to the chairs and the members of the Senate and Assembly. My name is Josh Kellerman and I'm the director of public policy at the Retail, Wholesale and Department Store Union, RWDSU.

One key issue driving the current challenges around economic development is the employment crisis. I have no doubt that to resolve the current employment crisis, it is

incumbent on employers to improve the working conditions at their businesses, which includes raising wages; improving benefits, including paid time off; and increasing workplace democracy to ensure workers have a voice on the job. If this is a labor supply challenge, then businesses should adapt to increase the demand.

With that said, I'd like to turn to a few budget-related comments.

We're requesting that we increase funding for the Department of Labor and for NY HERO. With workers still afraid to return to work due to COVID-19, it is incumbent that the state properly fund the DOL to protect workers from unsafe working conditions. Workers returning to safe workplaces is essential for New York's economic recovery and growth.

We are heartened to see Governor Hochul earmark an additional $12 million for the DOL. And while that is a great start, it is not enough. We need robust enforcement, deep outreach and education to workers and

employers, training investments, and support for small businesses to make upgrades to protect their workers.

We respectfully request $50 million in funding to fully enforce all of New York DOL's laws, including NY HERO.

Second, we would like to expand access to childcare. Working families need support to return to work. Childcare is key to effective economic development. New York State greatly expanded funding for affordable childcare for working families in the last budget, but it is still not enough. New York should lead the way in creating a universal pre-K childcare program. Such a program would make New York a national leader, supporting women and working families.

Also, the Childcare Facilitated Enrollment Pilot Program should also be expanded and made permanent. This program covers childcare for children up to 13 years old for low-income working families.

The last issue I'll reference is ensuring economic development is fair.

Public dollars should not be used to provide tax breaks to businesses without ensuring those businesses are accountable to workers, communities and the environment. Otherwise, the public pays twice -- once for the subsidy and again to support workers who must take housing vouchers or food stamps to make ends meet.

This speaks to the need to raise the minimum wage, at least in New York City, where $15 is not enough to live on. But that's an issue for another day.

And these tax breaks then force a greater tax burden on those least able to pay. Every economic development program should have transparency, accountability, and community labor standards as a baseline. If a program lacks these standards, it should be scrapped.

We need to take a closer look at but-for clauses.

And lastly, studies have shown businesses don't choose to locate to a state based on taxes. These supposed

business-climate studies seem to say that businesses locate for the reasons stated before -- talented workforce, access to markets, and quality of life. We should invest in those things.

Thank you for your time.

CHAIRWOMAN KRUEGER: Thank you.

Next up is The Business Council, Paul Zuber.

MR. ZUBER: Thank you for inviting me and having the opportunity to speak. My name is Paul Zuber, and I'm executive vice president of The Business Council of New York State. We represent about 3500 private-sector employers. Seventy percent of those 3500 are actually small businesses.

So when we looked at the budget, we kind of looked at it through this prism, which is the changed economy and how our businesses now operate as a result of COVID. We also looked at the burdens that our businesses have as we continue to move forward with COVID. But we also looked at how to create a more inclusive economy.

Creating a more inclusive economy has actually been a long and important discussion within The Business Council. Many of our members are actively working to support MWBEs and are working in the arena of second chance programs. We believe the private sector must be supportive in areas in which we can create a more diverse economy.

So very quickly, let me go through a couple of items in the budget.

Number one, unemployment insurance. We definitely feel that there needs to be included in the budget funding to meet the current debt that we have with our Unemployment Insurance Fund. This will impact all our businesses for decades with increased taxes if we do not meet the demand of that debt.

Workforce development, another key issue as we come out of COVID, hopefully. We support increased funding for workforce development, but we would also like the Legislature to consider Assemblymember Joyner's bill, which would create a workforce

opportunity tax credit to incentivize the hiring of some of those people who have been left out of the economy, such as formerly incarcerated individuals, disabled veterans, summer youth participants, and basically 10 different targeted areas.

As I said, 70 percent of our businesses are small businesses, so we support many of the programs in the Governor's budget. We also support her additional funding for the MWBE certification program. We think that is an important, important funding to make the certification process more streamlined.

We also ask the Legislature to look at additional legislation that could improve transparency and provide additional support for our MWBEs.

Finally, two quick items. I know the Governor had put cocktails-to-go within her budget. We are relatively neutral on cocktails-to-go, but we do believe that it is time for us to look at the ABC Law. It is time to get rid of some of the archaic

provisions in the ABC Law to create more economic development.

And finally, obviously the Governor put casino development within the legislation. We do feel that -- we do support this legislation and feel that that development will create much-needed jobs in the hospitality industry.

Wow, I did it!

(Laughter.)

CHAIRWOMAN KRUEGER: Well done.

MR. ZUBER: Do I get a prize for that? Like anything?

(Laughter.)

CHAIRWOMAN KRUEGER: Yes, you do, absolutely. We'll send you a lollipop.

Okay, next, Business Incubator Association, Marc Alessi.

MR. ALESSI: Thank you for having me. Marc Alessi, I'm the executive director of the Business Incubator Association of New York State. The startup innovation ecosystem is something that has enticed me even during my days in the New York State

Assembly. And since leaving political life, I've dedicated myself to the innovation ecosystem by starting companies and helping finance startups.

The Business Incubator Association of New York State has a membership comprised of over 100 incubators across New York State that house and mentor over 3,000 startups, and those companies are in every corner of New York State.

The funding that New York State provides to incubation in New York State has created one of the most robust ecosystems of any state in the nation, and we have metrics to back that up. The Certified Incubator and HotSpot Program that is funded through the state budget, it's somewhere between six to $7 million of funding for incubators across New York State -- 24 Certified Incubators and 10 regional HotSpots. And in the last reporting, there were over 1200 jobs created annually, and 714 retained, with hundreds of companies launched in New York State.

But what's really telling about how

our ecosystem is starting to grow is that you're starting to see what is called unicorns in every corner of the state. And that's a company that is, as it's getting funded from private investment, is getting valued at over a billion dollars. And that is something that we've seen obviously more and more in New York City, since there is a concerted effort over the past 10 or 15 years to create Silicon Alley. But this is a new phenomenon in places like Buffalo, Syracuse and Albany, and it's something that we'll want to see more of.

You know, there's a big difference between a bakery as it starts up and the services that are needed and a high-tech company that might not have revenue for five or 10 years. It's an intensive row that this investment that's been made by the state is finally making a difference in.

One out of every 10 startups fails; 50 percent of incubator companies succeed. So the regional HotSpot program has been one of the most successful programs. Other states

are taking a look at it to emulate it. BIANYS was written in -- BIANYS is our acronym for the Incubator Association -- was actually written into that legislation to coordinate statewide programming with ESD to help ensure that wherever there might be gaps in one region, we could help fill them with the help of another region and with some centralized programming.

That was never funded before, and we've come back to the Legislature this year to try to get some funding to grow that programming and ensure that the investment that has been made in incubation continues to, you know, increase in terms of the returns you'll see.

CHAIRWOMAN KRUEGER: Thank you.

Next we have Rebecca Miller, CWA District 1 legislative director.

MS. MILLER: Hi, how are you? Good afternoon, and thank you so much to the chairs and members of the Legislature for allowing me the opportunity to testify today.

My name is Rebecca Miller; I'm the

legislative director for New York State for CWA District 1. We represent more than 65,000 telecommunication workers in New York State.

I have been so pleased watching the hearing today on how many legislators are laser-focused on ensuring access to broadband for all New Yorkers. As the major telecom union representing the workers who do -- who spend their days on the ground delivering broadband to New Yorkers, we share the same goal. And luckily we're in a moment that if done well and done right, we can make that goal a reality.

New York State has a once-in-a-generation opportunity to actually deliver high-speed, high-quality internet to each and every New Yorker. We know that this is critical for the prosperity of our state. The budget includes approximately a billion and a half dollars for broadband from President Biden's federal infrastructure package, American Rescue Plan funding, and state match dollars. Much of this money will

go towards actual infrastructure deployment.

We are advocating for language to be included in the budget attaching language for three things to this money. The first is labor standards. With so much money on the table, we're deeply concerned about the use of low-road subcontractors, which often come from out of state, rush through jobs, and compromise both worker safety and the quality of the deployment. Public dollars should be used to fund high-quality broadband networks, and this means the use of a well-trained workforce.

Additionally, this money should support good jobs in the industry. This means employers who have a directly employed workforce, in-house training, and a good track record of robust compliance with state and federal laws around worker health and safety.

The second thing we're advocating for is pre-qualification language. In order to mitigate risks of failed projects, the state should require that entities who receive

public dollars, in advance of receiving that award, demonstrate their capacity to actually deliver on the promised deployment and service.

Lastly, broadband funding should recognize that not all broadband is the same. Fiber technology delivers broadband far superior to fixed wireless, and fiber is able to scale to meet increased network demands and require much less maintenance and fewer upgrades. Nothing matches fiber for overall capability. The money should prioritize these types of projects.

We have an unprecedented opportunity to deliver high-quality, high-speed broadband to all New Yorkers, and with these critical provisions -- labor standards, pre-qualification for grant recipient language, and preference for fiber-based -- we can do it. These must be included to ensure highest-quality public investment and safeguard good jobs in the industry for all of our telecom workers. We encourage the Legislature to include these provisions in

the budget.

Thank you so much for your time.

CHAIRWOMAN KRUEGER: Thank you very much.

All right, I see the hand of Anna Kaplan, our chair of Small Business, Economic Development, et cetera, so I'm going to call on her first.

Anna, are you there? You were there with your hand up a second ago. Just seeing -- ah, no. Perhaps we just lost her at the wrong time. We'll come back to her.

Before I hand it to the Assembly, just one technical question for Marc Alessi. I believe you said that one in 10 new businesses close but one in two incubator businesses are successful. Did you really mean one in 10 succeed and nine out of 10 fail?

MR. ALESSI: Yeah, I'm sorry, yes. I may have misspoken.

CHAIRWOMAN KRUEGER: Okay, you threw me off on the math. I just wanted to double-check. Okay, that made more sense to

me. Thank you.

MR. ALESSI: Thank you.

CHAIRWOMAN KRUEGER: I'm going to turn it over to the Assembly and hope Anna Kaplan can find her way back on.

CHAIRWOMAN WEINSTEIN: Okay, we'll go to --

SENATOR KAPLAN: I'm back on, Senator.

CHAIRWOMAN KRUEGER: Oh, you're there? Okay. Sorry, Helene.

CHAIRWOMAN WEINSTEIN: Yes, you can go.

CHAIRWOMAN KRUEGER: We're waiting for you, Anna.

SENATOR KAPLAN: Can I go?

CHAIRWOMAN KRUEGER: Yes, you may.

SENATOR KAPLAN: So my question is for -- well, I just want to ask you again to stress the need to address the UI Trust Fund balance, which to me is the most important business issue we need to address in the budget this year.

(Zoom interference; unintelligible.)

CHAIRWOMAN KRUEGER: We're losing you,

Anna. I'm sorry, you're not coming through. Anna, you're not coming through in English at the moment.

But I believe she's asking about what is anybody's opinion about the fact that the trust fund -- are you still there?

(No response.)

CHAIRWOMAN KRUEGER: Sorry. I think we lost you again.

SENATOR KAPLAN: Can you hear me?

CHAIRWOMAN KRUEGER: We really couldn't understand you.

SENATOR KAPLAN: I'm here. I can hear you.

CHAIRWOMAN KRUEGER: Okay, so try one more time. I don't want to blow my chair off.

(Zoom connection garbled.)

CHAIRWOMAN KRUEGER: No, I'm sorry, Anna, we're not understanding you. It's not working.

CHAIRWOMAN WEINSTEIN: We have a number of Assemblymembers, so perhaps the Senator can move to a place with better

reception.

CHAIRWOMAN KRUEGER: Maybe she can get to a better site. Exactly. Why don't we pass it to you, Assembly.

CHAIRWOMAN WEINSTEIN: So first we'll go to Assemblymember Bronson, the chair, three minutes.

ASSEMBLYMAN BRONSON: Thank you, Chair.

I've worked with each of you and/or your organizations over the years, and I look forward to our continued work together. At the risk of angering my staff, I welcome meetings to discuss with you, you know, Melinda, the interplay and coordination of workforce development and economic development. I don't think one can exist without the other. Certainly we need more transparency in the economic development programs that ensure that we're actually resulting in good-paying jobs that lead to further careers. Labor standards are things that I fight for all the time.

Paul, definitely, UI -- we have to

assist our businesses, especially our small businesses. That needs to get in this budget. We can't rely on the federal government to -- you know, fully on that, although hopefully they'll help.

And broadband, strongly supportive. I didn't mention it in mine because I had limited time, but Becca, we're definitely on board with that.

And my past colleague Marc, you know, we've got to work on incubators. I think that is an important way for job development.

But given the time restrictions we have -- we were supposed to be in Taxation. The second deadline was at 2:30, and we're already past that. So I'm not going to ask questions, but I just want to make sure that you're all welcome to follow up with the various issues that you brought up.

Thank you.

CHAIRWOMAN WEINSTEIN: Thank you.

So we'll go to Assemblyman Ra.

ASSEMBLYMAN RA: Thank you, Chairs.

So unfortunately I know we lost the

Senator, but since we're in the same backyard, I was going to ask about the same thing, so perhaps we can get some of those thoughts that Senator Kaplan was trying to get, in particular I think from Paul.

You know, as many of us may know, we're in a limited window at this point, with the federal regulations changing on April 1st with regard to using some of our ARPA funding with the Unemployment Trust Fund. And I'm just, you know, wondering if -- Paul, if what you're hearing from your members already in terms of increases they may be experiencing on unemployment and what it will mean if we don't begin to address this.

MR. ZUBER: Yeah, I think for our members the biggest concern is the number of years that we might be seeing increased taxes because of the lack of movement on doing anything in regards to the debt that the Unemployment Insurance Fund has.

In 2019 I think -- my notes say we had about $2.6 million in that fund. New York probably collected another $2 billion. But

due to COVID and the increased unemployment, we paid out $12.9 billion. So we have a debt right now of around $9 billion, of which we've had to, you know, take advances from the feds on that.

So we have to pay it back. Right? And it gets paid back by increased taxes. And the thing that everybody has to remember about this is this doesn't just impact, you know, the IBMs of the world and the Bank of Americas of the world, it impacts everyone. And so we're very concerned about this. And there are a number of states that have used some of the federal money they have received in order to pay down this debt.

So we are hopeful, and I know Senator Kaplan has been an incredible advocate on behalf of this and has made numerous efforts, and even has legislation that she put forward to help ease some of the burden based on the unemployment insurance issue. But it's something that we need to address now and we need to address immediately. It really is going to affect a large cross-section of

businesses. A lot of our businesses are very concerned. They're trying to figure out, how do I operate after COVID -- or I shouldn't even say after COVID, because quite frankly we're still -- we're still dealing with COVID.

You know, the entire world has changed for most of these businesses. It's changed how they operate, how their employees work, how consumers even consume products from them. We've all changed our buying patterns. So with all that nervousness and uncertainty out there, to know that there's going to potentially be increased payroll taxes because of this huge debt is something that we have to deal with immediately.

ASSEMBLYMAN RA: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

I believe Senator Kaplan is back.

SENATOR KAPLAN: I am.

And my question was to Paul. I want to thank you for your thorough answer on the question. And the fact is obviously other states are dealing with the same issues. Do

you know, of all the other states, how many of them are asking for help from the federal government -- or asking some of the money that's coming through the federal government to help out to at least fund some of this UI?

This is to Paul.

MR. ZUBER: I believe, the last I checked -- I want to say it was 32 states that have done something in relation to that. Arizona has, Arkansas, California, Connecticut -- the list goes on and on.

So a lot of states realize that this is a major problem, because we've all faced the same issues. All of a sudden we woke up and, you know, we went from -- I think in March of 2020 I think we went from about 4 percent unemployment to somewhere around 16 percent. You know, I might have my numbers a little bit off there, not having my notes in front of me.

But that was a huge leap. So that really created stress on the system. So a lot of states realized it, and a lot of states are moving to correct it.

And again, I'd like to thank your leadership and the leadership of members in the Assembly. I know a lot of members have made this a priority for looking at this issue and trying to get funding in the budget.

SENATOR KAPLAN: Thank you so much, Paul.

My next question is for Marc Alessi. Marc, can you speak about the plans that the Business Incubator Association has to assist companies looking to enter the cannabis market?

And the other question that I have for you is, can you also talk about the work the Business Incubator Association has done to attract foreign companies to New York.

MR. ALESSI: Sure, I'd be delighted. Thank you.

First, on cannabis, similar to what we've done in trying to coordinate the HotSpots, we did a survey of our membership and incubators in New York to see who was planning on starting to advise and provide

mentorship to emerging cannabis companies, as that economy starts to grow. And we are putting in comments to the Cannabis Board, believing that similar to how there is a regional HotSpot program, every region of the state might approach the kind of mentorship they're going to provide for cannabis in their region, based on what is the, you know, dominant part of the industry that that region is going to serve.

But we believe there should be a statewide coordination of that, and a statewide virtual program that ties that together. And that's something that BIANYS is poised and interested in providing.

A lot of our programming is designed in that way where we coordinate our members and then try to find the gaps by bringing our membership together and utilizing best-in-practice programming. So for soft landings, some of our members individually have programs that coordinate with a specific city or a specific industry to help companies come to New York and flourish here. But we

saw a need collectively, as a membership, to advertise the entire New York State ecosystem. And when a foreign company is looking to start sales in the U.S., they're essentially a startup, and we advertise to them saying that New York is one of the best places to start your company.

And we have a program, six weeks virtual, four weeks in-person, where we bring in incubators from all across the state to mentor the companies, get to know the companies, and then introduce them to all the state's assets, both -- not only incubators, but the Centers of Excellence, the Centers of Advanced Technology.

And that program is a great indoctrination for those companies to make contacts here and hopefully flourish here. But to find the right fit for them in terms of incubation and state programs that will enable them to grow here.

SENATOR KAPLAN: Thank you so much. My time is up.

MR. ALESSI: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

And seeing no more hands, I'm going to move us to Panel D, the New York Independent Venue Association, Tamara Keshecki; the Museum Association of New York, Erika Sanger; the New York Hospitality Alliance, Andrew Rigie; and the New York State Restaurant Association, Melissa Fleischut.

Let's start with Tamara.

MS. KESHECKI: Senator Krueger, Assemblymember Weinstein and distinguished members of the committees, thank you for giving me the opportunity to provide testimony today.

My name is Tamara Keshecki. I'm a board member of the New York Independent Venue Association, and we represent over 200 live-performance venues, festivals and promoters, including comedy clubs, jazz clubs, performing arts centers, historic theaters, and spaces both for-profit and nonprofit throughout the State of New York. Our members are nonprofit organizations and independently owned and operated businesses,

not publicly traded or multinational corporations.

Essential to the arts ecosystem, our members act as the training grounds for up-and-comers before they play the world's largest spotlights, and are also the pinnacle of the spotlights themselves. We are the open mic nights where Lady Gaga honed her craft, the stages where Jerry Seinfeld worked up his first "tight ten," and the spaces where the only limits to artistic innovation are the ceiling heights. We create the artistic havens that become drivers of economic growth. We are the world-class destinations fueling cultural tourism and are the cornerstones keeping local Main Streets alive and vibrant with $12 generated for every $1 dollar spent on a ticket.

In 2019, NYIVA members employed over 17,000 persons statewide, we sold over 17,000 tickets, and we generated $7 billion in economic activity.

Our industry has been uniquely and seriously harmed by the COVID-19 pandemic,

and we ask with urgency for the state to recapitalize and modify the relief programs established last year. Since reopening began in June 2021 after a 15-month long state-mandated closure, NYIVA members reported a decline of over 50 percent in ticket sales, in comparison with 2019. And this was before the emergence of the Omicron variant. As Governor Hochul noted, our industry has been one of the slowest to return, with employment still at a 20 percent decline as of November 2021.

New York State suffered some of the deepest human tolls during the pandemic, and it is understandable that our sector was shut down in the interest of public health. With over 30 other states and localities having created arts- and venue-specific funds, with some of the most recent including 150 million in California, 17 million in venue-specific relief in New Jersey, and Michigan recently voting to provide a second round of relief to venues, we implore that New York State value our sector's economic contributions as deeply

as our counterparts.

We thank the Legislature for your intent last year to help our sector with relief funds, but sadly we must report that due to tight eligibility criteria, most of our members were unable to gain access to that support, as unlike that of other funds, receipt of federal relief and revenue size were both a barrier.

We respectfully ask that you create a three-year, $150 million stabilization fund, open to independent for-profit and nonprofit live performing arts, with the revised eligibility criteria outlined on the second page of my written testimony.

Thank you for your time and consideration of our sector and its needs. With your support, the New York arts and cultural sector will not only revive the soul of New York State, it will rev its economic engine roaring back to life.

Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Next we have the New York Museum

Association, Erika Sanger.

Are you there, Erika?

(Speaker muted.)

CHAIRWOMAN KRUEGER: Okay, I don't -- oh, there you are. We still can't hear you. Can you go off of mute somehow? Nope. Try one more time? No, I'm sorry, we can't hear you. So we're going to skip you, come back to you and hope that you get your sound --

MS. SANGER: -- thank you.

CHAIRWOMAN KRUEGER: There you are, you're back. Keep going.

MS. SANGER: Here I am. Great, thank you.

Chairs Krueger and Weinstein and members of the committee, thank you for the opportunity to speak with you today. My name is Erika Sanger, and I'm proud to be director of the Museum Association of New York.

People love museums. New York is fortunate to have 1400 of them in our state. Every direct job in a museum supports an additional job in the economy. Even though most museums operate as nonprofits, they

generate significant tax revenues for federal, state and local governments.

We are seeking funding for our state's museums that serve their current needs and can be distributed equitably, regardless of discipline, budget size or location. We need funding to respond to the ways in which the pandemic forced changes in museums' operations. We need to not only restore our staffs and our services but build our capacity to serve our communities. We need to invest in digital technologies to reach beyond our galleries, and invest in our historic properties for future generations.

Our museums need consistent, long-term support to achieve economic stability so that when the next flood, fire or pandemic hits, one-quarter of our museums are not at risk of shutting their doors permanently. We need to change our systems to actively incorporate the work and voices of historically marginalized communities.

We extend our thanks to Governor Hochul for including $40 million in recovery

funds for NYSCA in her 2022-'23 budget and ask that the Legislature include this critical funding and more in the final budget.

I want to thank Assemblymember O'Donnell for raising the issue of funding for museums. We thank NYSCA for their $6.6 million in 220 grants that will support museums in 2022. But significantly more funding is needed to restore our museums to their roles as vital parts of our economy, and we appreciate Executive Director Manus's commitment to a new start.

With the Legislature's help, we can sustain New York's museums through this challenging time together.

Thank you for listening.

CHAIRWOMAN KRUEGER: Thank you very much.

Next up is Andrew Rigie from the Hospitality Alliance.

MR. RIGIE: Thank you, Chairs. Thank you to the Legislature for the opportunity to testify today. My name is Andrew Rigie. I

am the executive director of the New York City Hospitality Alliance. We're an association that represents restaurants, bars and night clubs throughout the five boroughs.

And our industry has been actually devastated. We have lost thousands of beloved businesses; so many more are teetering on the edge of survival. In fact, 65 percent of our state's restaurants that applied for the federal Restaurant Revitalization Fund were shut out when the money was quickly exhausted. So they really are just hanging on. And we're still about 75,000 jobs short in the city's restaurants and bars compared to pre-pandemic employment levels.

As it pertains to the budget, a priority for us is reinstating drinks-to-go permanently. This helped save so many businesses throughout the pandemic, and it's something that needs to be modified. As the world changes, as the city and the state change, delivery continues to grow, giving the opportunity for these struggling

businesses now and in the future to generate revenue through the program is so important.

And this is probably one of the most popular policies that we have heard among the public maybe ever in our segment.

So we really need to bring it back, and we want to have a reasonable conversation about what that will look like.

As was mentioned by others today about the different pandemic relief programs, we need to make sure that any existing monies that are left or any future allocations can get to the businesses without the red tape, without the bureaucracy. And we need to make sure it can get to them quickly when they need it.

Our small businesses must recover in order for our city and our state to recover, which leads to some of the tax credits. Outdoor dining as well, in New York City and I believe probably through a lot of businesses around the state, helped save them in countless ways. Businesses invested a lot of money in outdoor dining. They invested

money in air filtration systems to keep their workers and their employees safe. And a tax credit to offset these expenses will be extraordinarily helpful.

But as we look forward, we need to bring visitors, tourists, conventions back to New York. I mean, our city's restaurants, night life, rely on a vibrant tourism economy. When are the nearly 70 million annual visitors going to come back and eat at our restaurants, drink at our bars, go visit our cultural institutions? It impacts our industry, but also the economic ecosystem that relies on a vibrant hospitality industry to come back.

Seed funding for small businesses is going to be so important. We need to make sure that the restrictions or the ability for businesses that really need this money to apply and get access to it, get access to it. Because so much of the funding now available to these businesses ends up being not available to these businesses, many times because of structural barriers to them.

Last, jobs, jobs, jobs. I mentioned 75,000 jobs short. We employ people from all walks of life. We provide them jobs, careers, and all opportunities. So if we want to get people back to work, our industry is a beautiful venue to do that.

So I thank you, and we're happy to continue to work with you on all of these different policies.

CHAIRWOMAN KRUEGER: Thank you.

And last on this panel, Melissa Fleischut, New York State Restaurant Association.

MS. FLEISCHUT: Well, thank you to the chairs and to the members of the Senate and the Assembly here today. I am Melissa Fleischut. I'm president and CEO at the New York State Restaurant Association. We represent hundreds of restaurants, caterers and bars across the state in 61 counties, from Brooklyn to Buffalo and Massena to Montauk.

So as Andrew has already mentioned, we have been devastated during this pandemic.

To give you a sense of what -- those 65 percent of restaurants, bars and caterers that did not receive federal funding through the Restaurant Revitalization Fund, that's 17,868 different businesses here in the State of New York, and their need is still $5.9 billion from the federal government.

But the reason I'm here today is to talk in strong support for Governor Hochul's drinks-to-go proposal in the Executive Budget. We believe that this will be a piece to building back our industry. There is no silver bullet. There is no magic way to bring back our industry. So we are trying to piece it together with lots of new ideas.

As was mentioned, takeout and delivery are here to stay, outdoor dining is here to stay. And we would love to believe that drinks-to-go can come back and be a part of our industry as we move forward. It was incredibly popular. Our polling that we did in May of 2021 showed that 78 percent of New Yorkers favored this proposal being made permanent as it was under the executive

order: 81 percent in New York City, 79 percent in Long Island, and 83 percent in the New York City suburbs of Nassau, Suffolk, Westchester and Rockland, with a slightly less number upstate of 72 percent. But still, a vast majority in favor of drinks-to-go.

We want you to consider that there are other states that have done this and have done this well. Twenty have permanently extended some form of drinks-to-go across the country. Thirty-five states still have the ability to offer this to their guests and are working through legislation now as well.

We think that this is strongly supported, and we do not think that this is going to be an issue where it's a zero-sum game of some small businesses winning while others lose. We do not feel that this will harm the liquor store industry. And the data from the 15 months that we were allowed to do this shows that liquor store sales were up at least 30 to 35 percent during those 15 months. We had indoor dining, outdoor

dining, drinks to go, and the liquor stores were still thriving. So we feel that we can coexist and do this all together, and everybody wins.

So I encourage you to consider please putting this proposal into your one-house budget bills for the Senate and the Assembly and ultimately in the Executive Budget, and passing it and making it effective immediately. Thank you.

CHAIRWOMAN KRUEGER: Thank you.

I'm going to look for any Senate hands. Anna Kaplan, do you have questions? I don't see your hand up, so I'm going to say no until I see differently.

SENATOR KAPLAN: I'm good. Thank you.

CHAIRWOMAN KRUEGER: Thank you, Anna.

I'm passing it back to you, Helene.

CHAIRWOMAN WEINSTEIN: So we have several Assemblymembers. We'll start with Assemblyman Bronson.

ASSEMBLYMAN BRONSON: Thank you, Chair Weinstein.

I just want to thank all of the

panelists for coming in and sharing with us your perspective on this. And obviously these are issues we're going to address through budget negotiations. And my door is open to have further conversations with each of you.

But thank you for spending the time and for spending much of your day waiting.

Thank you.

CHAIRWOMAN WEINSTEIN: So next we'll go to Assemblyman Ra.

ASSEMBLYMAN RA: Thank you.

Just a question, if you guys could address, regarding the alcohol to go. I think -- you know, as you said, this was obviously a very popular thing during the COVID emergency. And certainly, like you said, a lifeline for many restaurants.

One of the things that has come up in this conversation from some that, you know, have opposed the piece of standalone legislation was somewhat of a more broad kind of restructuring of our alcohol and beverage control laws. Do you have any thoughts on

that? I mean, if this is a component but there was maybe some more widespread changes relating to, you know, hours for liquor stores, any of the other types of things that have been thrown out there, do you have any opposition to that, so long as the alcohol-to-go piece is put in?

MS. FLEISCHUT: Speaking for the New York State Restaurant Association, I would say that we are certainly open to a conversation about broader reform to the ABC Law and what it might mean for all three tiers.

But I think our concern right now is that there is a desperate need for drinks to go. And those efforts, at least in the past, have taken a very long time to get done. And, you know, we would certainly be supportive and part of those conversations. But we need this as soon as possible, and I wouldn't want to see it slowed down by, you know, a very large bill that would take a lot of time.

MR. RIGIE: Yeah. And from the

New York City Hospitality Alliance's perspective, we would agree with Melissa. This is very timely.

ASSEMBLYMAN RA: Great. Well, yeah, thank you guys for that and for your continued advocacy on behalf of your members, you know, and help getting them through a very difficult time.

Thank you, Chairs.

CHAIRWOMAN WEINSTEIN: We go then next to Assemblywoman Barrett.

ASSEMBLYWOMAN BARRETT: Thank you to all our panelists and thank you to the chairs.

As a former museum professional and trustee, I'm going to direct my questions to Erika. Thank you for being here.

You know, we really have great advocates in you and in Assemblyman O'Donnell and in Mara Manus for our museums and for all of our arts here in New York State. But I keep struggling with trying to understand where our museum worlds, from the Met to the Hip-Hop Museum to the Baseball Museum to the

historical societies, where is their home here? Because NYSCA only funds a certain amount and SED funds a certain amount and, you know, we seem to have kind of a mish-mosh here.

Can you talk a little bit about that? And where do we take care of our museums, the care and feeding of our museums in New York State?

MS. SANGER: Sure. That's actually a really good question. There is no direct funding mechanism through New York State to its museums. We are chartered under one, SED. We are reporting to the Charities Bureau as well. We are funded through the New York State Council on the Arts through the Environmental Protection Fund. There's no one place for oversight. And we live in so many different houses within our state that it is hard to get a handle on who is actually funding us and how much.

And it's also then hard for us to communicate back our needs, because our needs are so dispersed across the state, yes.

ASSEMBLYWOMAN BARRETT: So are there museums in New York State that don't get any funding from New York State at all, either through you or through NYSCA or anything else?

MS. SANGER: Oh, yes. Oh, yeah, I would say that unfortunately the majority of our museums are not getting funded through our state at all, yeah.

ASSEMBLYWOMAN BARRETT: So where do they get their funding?

MS. SANGER: Through the private foundations, individual donors, membership dollars, special events, bake sales (laughing). Yeah.

ASSEMBLYWOMAN BARRETT: They always work.

(Laughter.)

ASSEMBLYWOMAN BARRETT: But so we really do -- I mean I think it looks like we do have work to do here because there's no question that our museums are economic drivers at every level and in every community.

And how many museums did you say there were in New York State?

MS. SANGER: We use the figure of 1400 museums. The chartering office has a little bit different number, and our federal system identifies another number. But it's approximately 1400.

ASSEMBLYWOMAN BARRETT: Great. Well, thank you. Thank you very much.

Thank you, Madam Chairs.

CHAIRWOMAN KRUEGER: Thank you.

I see Anna Kaplan has come back.

SENATOR KAPLAN: Thank you, Madam Chair.

Just a -- first of all, I want to thank all of the panel for their testimony.

This is a question for Tamara. Thank you for your testimony, and it's good to hear what you have to say. Can you talk about a few ways the independent venues have been impacted differently on a regional basis? For example, has the experience been the same in Long Island venues compared to the Western New York venues?

And any suggestions as to what we can do in the conference?

MS. KESHECKI: Of course. Thank you for the question.

So as you're aware, most of our venues were closed for 15 months straight statewide, and that was by executive order. And then the order was lifted very, very quickly. But unfortunately, if you're in the performing arts field, you can't just, you know, say, Okay, we're going to open next week. Right? It takes time to book acts, to rehire staff and to promote and sell tickets.

So even though we were told "You can open in June," most of our venues statewide did not open probably until September or October in a meaningful way.

New York City's being impacted slightly differently because of the Key to NYC requirement. But what happened also -- and this is also statewide -- is because we were closed for so long and there was so much uncertainty about when New York State would open, when the rest of the country started

booking tours during COVID, we were left out of that. So New York State didn't -- you know, our members didn't get to book some of these tours. They skipped New York. So we're in a three-to-five-year pandemic of recovery, we're not in a one-to-two-or-three-year pandemic of recovery.

And I would say our members are getting harmed equally statewide. We're down a solid 50 percent in ticket web sales in November of 2021, according to a survey that we ran. And equally, our no-show rate is up to about 20, 25 percent. So that means people buy tickets but they're not showing up.

And what happens is when you sell a ticket, about 85 percent of that ticket goes to the artist, it doesn't go to the venue. The venues are living on 10 to 15 percent margins. So when people don't show up, that means we're not selling, you know, something at the concession stand or something -- you know, a t-shirt. So it really impacts the revenue, and that is statewide.

SENATOR KAPLAN: So it does have a rippling effect, it's not just the fact that a person is not showing up. It's all the other revenue that's coming through, that stops.

Thank you.

MS. KESHECKI: Great. And while you may be hearing from some of these larger, you know, publicly traded companies that they're doing great, it's because they snapped everybody up early in the pandemic before anybody had received any sort of public support. So they're doing great, and we're punting the ball.

SENATOR KAPLAN: Thank you.

MS. KESHECKI: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly?

CHAIRWOMAN WEINSTEIN: Assemblywoman Woerner.

ASSEMBLYWOMAN WOERNER: Thank you, Chairwoman Weinstein.

Melissa, Andrew, I'm very supportive of the alcohol-to-go piece of this -- of the

Governor's budget. Can you speak for a little bit on kind of what has -- you know, where are our restaurants? How many restaurants have we lost throughout the pandemic? How many -- you know, how many are on the edge? Do you have some insights as to kind of where our restaurant economy is in the state?

MS. FLEISCHUT: So from our standpoint, our traditional keepers of the facts on how many have closed aren't really up to speed on this. So the Bureau of Labor Statistics is still trying to figure that out. And even our health departments -- like the New York City Health Department usually has good numbers on this, but because they haven't completed an entire year of inspections, we don't have good data on the number closed.

Estimates are one in six nationwide. But as far as how specific that is for New York State, I can't answer it. I don't know if Andrew can.

But like we said, there's so many out

there. Eighty-six percent of our members in our January survey said they were worse off now than they were three months ago. So the struggle continues for them, and the funding just hasn't been there. So they're really struggling at this point. And this is pretty much the worst time of year for them anyway.

MR. RIGIE: Yeah, I would concur. It's difficult, at least from the city perspective, because the way the Health Department calculates closures. I've seen everything from, you know, one to 6,000 closures.

I think a lot will be dependent long-term on whether or not the federal government replenishes the Restaurant Revitalization Fund. I think through some of the state programs we can get money out. It definitely could help save a number of businesses. In the city, as I said before in my testimony, we're still about 75,000 jobs short in the city's restaurants and bars. I think that shows a significant number.

I'd say November, first two weeks of

December, there was a pickup in business; then Omicron hit and people went from, you know, maybe 80 to 90 percent sales or projected sales compared to 2019, and it just plummeted and people were down, you know, 15, 20 percent of, you know, what they were hoping to do.

So there's a long way to recovery. I'm in Midtown Manhattan right now; there's less than 30 percent occupancy in our office buildings. Not sure when tourism's coming back. So I think it's going to be a long road.

We need a lot of policies -- as Melissa said before, it's not just one silver bullet -- but policies like the drinks to go and some of the other things included or being contemplated in the budget are going to be important. Because we're still at 9 percent unemployment here, you know, in New York City alone.

ASSEMBLYWOMAN WOERNER: I'm about out of time, so I will just ask if at some point you could provide me with some sense of kind

of what is the -- what's your estimate on the -- how the businesses transitioned from in-person dining to to-go dining. If there's some percentage mix that you have access to about how the businesses shifted, I'd appreciate that.

MR. RIGIE: Sure.

CHAIRWOMAN WEINSTEIN: Thank you. And when you do have that information, if you could send it -- as well as anybody else who has any follow-up -- send it both to myself and Senator Krueger so we can distribute to all of our colleagues who are part of this hearing.

We still have one Assemblymember left, Assemblyman Palmesano.

ASSEMBLYMAN PALMESANO: Yes, I think my question is directed more towards Melissa.

Melissa, I've been an outgoing critic, a constant critic of the CLCPA for a number of reasons -- one, because it only affects New York and New York only contributes 0.5 percent of the total carbon emissions globally while China contributes 29 percent

and is still building coal plants. My argument is that we're not going to make a difference with what we do here.

And also the fact that this is extremely costly to residents, to businesses, and they have no idea. One example is there's estimates to convert over homes would be $35,000 for a family to convert over their homes to replace gas boilers or natural gas, for instance, and also appliances.

So that on that same token, I mean, how's your industry fare dealing with these mandates that are coming down? Because I know a lot of restaurants like to cook and use natural gas for their appliances. Is there a fear out there about, one, about the costs of conversions? I mean, $35,000 is for a home, but your businesses and other businesses that are going to be impacted by this -- and also the fact that you have to deal with using electric for cooking versus natural gas, and in most responses I've seen, that they prefer that type of venue to do their operations.

Do you have any thoughts from your membership on this and the cost impact of the CLCPA on some of these issues and how it would affect your businesses?

MS. FLEISCHUT: Unfortunately, I would say right now that there is a lack of knowledge in the industry on this.

We started talking about this with our members in the fall, probably around September or October as we were getting closer to the reports coming out, and no one had heard about it. No one knew that this was coming down the pike or even being considered for commercial use of natural gas in a restaurant setting. They were shocked. They were surprised.

I think they want to be helpful, and I think they want to, you know, do the right thing. But it's definitely going to be a conversation around how do we plan it, how long do we have to do it. I know there's new construction rules first, you know, before it gets into existing locations.

So there's concern among those who

know, but I would say most don't even know yet.

ASSEMBLYMAN PALMESANO: And I think that's part of the problem: The public has no idea what's about to hit them smack dab in the face when it comes to costs, and reliability when it comes to implementation of the CLCPA and its impact on people here.

And I think obviously the cost impact for businesses like yours that would have to do a full conversion over to electric -- I mean, that's tens of thousands of dollars, I would imagine, and having to replace those appliances as well, you know. Any idea on some of those costs and impacts, given the struggles you're already facing coming out of the COVID?

MS. FLEISCHUT: I think they would also argue it's fundamentally different. I think most real chefs don't want to cook with electric, and it's very different for them than cooking with gas.

But, you know, I will be happy to provide more information as we move down the

road with this, because I think there is much more knowledge that needs to be shared with them, and we need more feedback.

ASSEMBLYMAN PALMESANO: I agree a hundred percent. The public needs to know.

CHAIRWOMAN KRUEGER: Thank you.

If I don't see any other hands very quickly, I am going to move us along.

Helene, are you good?

CHAIRWOMAN WEINSTEIN: Yes, we have nobody else.

CHAIRWOMAN KRUEGER: Okay, thank you.

Thank you to all of you on this panel. Appreciate your testimony today on the diverse issues facing you.

And I'm moving to Panel E: Motion Picture Studio Mechanics, Local 52 IATSE, John Ford; Great Point Studios, Robert Halmi; and Film Albany, Debby Goedeke.

So we'll start with Motion Picture Studio Mechanics.

MR. FORD: Yes, good afternoon, Chairs Krueger and Weinstein and distinguished members of the Legislature. My

name is John Ford; I'm president of the Motion Picture Studio Mechanics, Local 52 IATSE. I also present this testimony on behalf of the entire film production labor community, which represents the vast majority of workers in the highly unionized field of film and television production.

Our union coalition's top priority is ensuring the continuity and stability of the Empire State film production tax incentive. It is the foundation upon which our industry is built across the state, from New York City to Long Island, the Hudson Valley, Syracuse and Buffalo. We testify today in support of the Governor's proposed three-year extension of the program in the state budget.

However, in a recent Senate hearing, at least three opponents of this incentive testified that if there was any one state program they would cut, it would be the film and television tax credit. They claim without evidence that the program does not create jobs or economic activity to justify this tax credit program.

These claims are dead wrong. Studies have illustrated the success of the program, including an HR&A study commissioned by the unions which I detailed in my written remarks.

If you don't believe us, Comptroller Tom DiNapoli recently published an audit of the incentive programs administered by ESD. He said that in a two-year period of 2019 and 2020, the film incentive generated upwards of $1 billion in tax collections. Let me repeat that: $1 billion in revenue returned to the state in a two-year period that included the original COVID-19 shutdown, where film and television production -- though it was quick to rebound -- was frozen for months.

When criticizing the production incentive, its detractors uniformly fail to mention this public return on investment. They say each job created costs taxpayer thousands of dollars, when in reality all the jobs deriving from the credit ultimately generated more tax revenue back than the

state allocated.

Other critics of the program claim that they do not have enough information to make a full analysis of the program. However, Comptroller DiNapoli specifically lauded the film incentive for its transparency. If these critics haven't looked, ESD's quarterly reports and economic impact studies may easily be found at esd.ny.gov.

There is an ongoing national movement from conservative groups like the Koch network to get rid of film and television tax credit programs that underlies the misleading commentary. The Kochs took full credit for eliminating Florida's film and tax credit and the jobs that came with it. The Kochs also sponsored the USC study which argues for the elimination of film and TV tax credit programs across the nation.

So when you look deeper at their agenda, these groups, such as the Citizens Budget Commission, are simply adopting the Kochs' libertarian economic orthodoxy in

their attack upon film and television tax credits. They should be asked about the program's return on investment, which they carefully do not speak to. Or they will strategically --

CHAIRWOMAN KRUEGER: I have to cut you off now, I'm sorry. You've used up your three minutes. But we have your full testimony. Thank you.

MR. FORD: Three minutes? Wow. Okay.

CHAIRWOMAN KRUEGER: Yup. I know, it's amazing how quickly it goes --

MR. FORD: Okay.

CHAIRWOMAN KRUEGER: -- just looking at the clock. Thank you.

All right, our next testifier is Great Point Studios, Robert Halmi.

MR. HALMI: (Muted.)

CHAIRWOMAN KRUEGER: Are you with us? I'm looking for Robert Halmi --

MR. HALMI: I'm here now.

CHAIRWOMAN KRUEGER: Okay, good.

MR. HALMI: Can you hear me? Thank you.

CHAIRWOMAN KRUEGER: Yes, we can.

MR. HALMI: I'm Robert Halmi. I'm the president and CEO of Great Point Studios. We build, own and manage large film and television production centers.

Earlier this year we opened the Lionsgate Studios in Yonkers. We've started construction on Niagara Studios in Buffalo. And we announced the expansion of our Yonkers Studios, and when that's completed next year, we'll have the largest film and television campus in the East Coast.

I'm here today to testify in favor of the proposed extension of the production tax credits as presented by the Governor's budget, and tell you about a -- sort of a new benefit that I see that I don't see people talk about in regards to these tax credits.

We've spent quite a considerable amount building our studio in Yonkers, and when we're finished in Yonkers and Buffalo next year, we'll have spent over $1 billion to create a very large film and television complex in both cities. These complexes,

when they're done, will supply over 3,000 full-time jobs, including 300 to 400 local jobs. We'll deliver revenue to the cities of Yonkers and Buffalo from between 700 million to $900 million annually. So a quite significant industry.

What's really amazing about what we're doing is that we're building these complexes in some of the poorest communities in the state, and it's transformative to those communities. We're building facilities that bring industry and employment to places where there isn't industry right now or employment. We're offering education; we're working with the City of Yonkers to develop trade schools, to try and train more local people to work in our facilities. And it's a permanent fix as opposed to a part-time fix.

The growth in film production is unprecedented right now. Also, everyone knows it's from Netflix and Amazon and Disney going to war over content. But I think people don't realize that to make these giant shows, they produce unique giant

infrastructure. And that infrastructure doesn't exist in the state. So our company, along with some other companies, are spending $3 billion right now to deliver that infrastructure.

And that's what I mean about a different consequence for the tax credits. We're building permanent structures. We have 10-year leases with Lionsgate, Mediapro, people who have made giant commitments to bring their product to New York. And that will have a different effect than a film that just comes to the city to shoot for a month. That we're creating permanent jobs, people will migrate to these campuses, it will be a totally different outcome than anyone's ever seen.

And to be honest, without the tax credits, none of this would happen. No films would come here. We wouldn't be making investments in New York at all -- we'd do it in a state that has tax credits. Because history has proven if you take the tax credits away, the studios will all turn into

rubble and no one shows up to your party.

So we encourage everyone to please vote in favor of extending the tax credits.

Thank you.

CHAIRWOMAN KRUEGER: Thank you.

And the last on this panel, Debby Goedeke, from Albany Film -- or Film Albany.

MS. GOEDEKE: Thank you.

Thanks, everybody, for your time this afternoon. I am Deb Goedeke, Albany County film commissioner, for Film Albany, a division of Discover Albany.

I want to start my oral testimony today with the end of my written testimony that was submitted. New Jersey is expanding their tax credits for film, TV and digital media production in an ongoing push to make the state a top destination for high-profile projects. The New Jersey film and media tax credit program was created in 2018 and then expanded in '21 as part of a $14.5 billion incentive package to advance the state's COVID recovery plan.

California continues to face stiff

competition from Mexico, Georgia, Louisiana, and other states that have taken to increasing their tax credits to attract film and TV productions. The number of shows shot in California dropped by 39 percent between '20 and '21, the steepest decline amongst the top filming destinations.

Let's keep our film and TV productions in New York State and not send them to other states.

I'm going to share with you a little bit more organically of what happens when a film production or a TV series comes into our region, especially that impact to the small business.

When I started 17 years ago, they'd say, "Oh, you're going to get an inquiry once in a while." In 2021, 270 inquiries were answered and over 6500 individuals viewed our Film Albany promotional page.

Several productions came and shot here in the Capital Region. And the best part of that is the economic benefit that came into our communities utilizing those local

businesses, those mom-and-pop shops, and those hotels that sat empty for months because of COVID.

Let me share this with you. White House Plumbers shot two times in the Capital Region. They generated over 700 sleeping room nights. They bought out downtown Albany food trucks so they could utilize the street as a location. Location fees were paid to Jack's Oyster House, the State Room, Office of General Services locations, and local space was rented for offices, hair, makeup and COVID testing.

Gilded Age shot mostly in Troy, eight to 10 weeks. Over 5700 sleeping room nights consumed just in Albany.

At that same time, we had Paint shooting in Saratoga with Owen Wilson. Paint utilized 483 sleeping room nights as well, and then the production bought out the City Center as their home base and utilized several local businesses.

Showtime's Billions came. They worked

with OGS and utilized our government buildings: 750 sleeping room nights consumed.

Then Showtime's 3 Women reached out. They said, "Albany's a perfect double for Fargo, North Dakota." Who would have thought that? Anyway, location fees were paid to Arlene's Artist Materials on Fuller Road, Modern Art Tattoo in downtown Albany, and many others.

Sprinkled in during all of those shows we had two indy features that shot in Albany and the surrounding area --

CHAIRWOMAN KRUEGER: I have to cut you off because the clock's on zero and you've already gone beyond three minutes. I'm sorry.

MS. GOEDEKE: Okay, thank you.

CHAIRWOMAN KRUEGER: All right. But they were getting the point, and I will never forget the Albany just like Fargo, North Dakota. I haven't been there, so --

(Laughter.)

MS. GOEDEKE: Okay, thank you.

CHAIRWOMAN KRUEGER: Thank you.

All right, now open to any questions besides the Fargo line. Anna Kaplan, I see your hand up. You'd better not be driving that car that you're in.

SENATOR KAPLAN: I am not. Thank you, Chair.

So I want to thank all the different panelists who came and gave their testimony. You answered some of my questions. My questions were really if you can speak about the protections in place to ensure taxpayers are getting the results from this film tax credit that benefits the job creation.

Mr. Halmi, you talked about the job creation and about the two places that you are building. Those are all great news. And Debby, you had me at Gilded Age. I'm so happy to hear that that is actually being shot in Troy or in our downtowns.

So my question to you would be -- anyone can answer this -- to all the critics who are saying this is not working and we're spending the money and that all of you would

be here anyway, why are we giving this incentive to you, what would you say?

MS. GOEDEKE: I mean, I can tell you this. When I speak to 95 percent of the people that come up here to film in upstate, it's because of the tax incentives, and they wouldn't be here otherwise. I truly believe that.

MR. FORD: Well, I would be happy to -- I'm a 43-year member of this -- I've been in the business for 43 years, so I remember the time when shows would come in that were based in Hollywood. And instead of coming here right now and shoot for six or seven weeks -- or months, rather -- they would come in and shoot for one or two weeks twice a year. So no set construction, no rigging, really no transportation. I lived through it.

So I can tell you without a doubt that if the incentive was not here, you know --

SENATOR KAPLAN: It would end? Some of these programs would end.

MR. FORD: Well, I think what you

would see, certainly, is -- I mean, the shows that are here now wouldn't pull out tomorrow, but the shows that are scheduled to be here next year and in five years, they would not be here at all.

SENATOR KAPLAN: Thank you.

I have one other question. How is the film and television industry unique to other industries in terms of jobs and historical significance to the state? Anyone.

MR. FORD: Well, I can speak to the fact that it's been around for -- my union has been in place almost a hundred years. But traditionally it was film, but now with the advent of television, the numbers of membership, the hours worked have increased, you know, seven, eight, ninefold. We started out in 2004 working about 2 million hours a year collectively, my members, and we're well over 10 million hours a year now. We used to have two or three shows; now we have upwards, today, shooting probably 35 to 40 shows.

MR. HALMI: Senator, you have to also understand that the production of television

is one of the fastest-growing, most important industries there is right now. I mean, production -- global production was just about $40 billion five years ago; it's over $100 billion today, this year alone, and growing fast because of the advent of Netflix and all these streamers.

And we need to get our share of it here in New York. The lines are being drawn right now. Everybody's trying to take jobs from us -- New Jersey; Massachusetts just ended -- they have no sunset on their tax credits. But we need to build infrastructure and we need to get films as fast as we can. Because whatever happens in the next couple of years will dictate how much of a pie we get for the next 10 years.

CHAIRWOMAN KRUEGER: Sorry, I've got to cut off this questioning from Anna Kaplan and hand it back to the Assembly.

CHAIRWOMAN WEINSTEIN: Assemblyman Bronson.

ASSEMBLYMAN BRONSON: Thank you, Chair.

And in the interests of timing, I just want to thank all the panelists for bringing this very important issue to us and recognize the importance of the industry and the need, especially considering it's very labor-friendly, John, as you pointed out.

So we look forward to working with you to move this forward in the budget. Thank you.

MR. FORD: Thank you.

CHAIRWOMAN KRUEGER: Other Assembly? I see some hands.

CHAIRWOMAN WEINSTEIN: Yes, but I see a Senator.

CHAIRWOMAN KRUEGER: Okay. And I don't, but I'm looking.

CHAIRWOMAN WEINSTEIN: Senator --

SENATOR CLEARE: Senator Cleare.

CHAIRWOMAN WEINSTEIN: -- Cleare.

CHAIRWOMAN KRUEGER: I'm sorry, Senator Cleare, I apologize.

SENATOR CLEARE: That's okay.

CHAIRWOMAN KRUEGER: Hello, Senator.

SENATOR CLEARE: Hello.

I want to thank all the panelists for the presentation. I'm excited about jobs and the industry.

I would like to know, if anybody can answer this or work with you to get to this, but I see a lot of filming that goes on in my district, which covers Harlem, the -- El Barrio, East Harlem, Upper West Side. A lot of New York City filming takes place there. And the concern that I always get is it's a major inconvenience, often, for many of the blocks that it's on -- parking, just the activity.

But, you know, I don't -- the other part of this is the workers, the products, the services. I would like to see those things used from the community more. And, you know, the food is brought in, the services are brought in. There are local businesses in Harlem in that community who can provide services, who can provide products. And also workers, both -- you know, on every level. That needs to increase.

And the diversity of the industry is something that we need to work on. It's a serious issue. And I'm excited because it's a growing business, but this is an opportunity for us to create equity and -- social equity and racial equity within the industry.

So I'd like to hear from anybody who wants to tackle that.

MS. GOEDEKE: I'll address that as a film commissioner from Albany County, because we're usually the first point of contact. I know that myself and my fellow film commission colleagues, we always stress using community services, catering, you know, hair, makeup, any of those local jobs.

I do want to let you know, Senator, that sometimes when they do come to a particular area -- and this has happened with us -- those people and folks are already in place. So we still do ask that they utilize our local community partners here in Albany when they do film.

I also go as far as to ask for some

sort of a donation back to the neighborhood association or for a not-for-profit, you know, community partner that we have here.

So we're very aware of that. We actually created door tags that we use with the film productions so that when they go around and speak to folks, they -- and if they're not home, there's a door tag with a website that they can reach out to me.

I could not agree with you more, because this is the way we feel. Long after that production has left, we still have our community, and we need to take care of them.

SENATOR CLEARE: Well, I'd like to be in touch with you on how we can build that in Harlem, because that does not happen. We have blocks that --

MS. GOEDEKE: Okay. Be happy -- all my contact info's on that written testimony, but I will make sure that we connect.

CHAIRWOMAN KRUEGER: Thank you.

Now back to the Assembly.

CHAIRWOMAN WEINSTEIN: We go to Assemblywoman Woerner.

ASSEMBLYWOMAN WOERNER: Thank you very much.

So my questions are as the industry has established itself, the film production and television production industry has established itself in New York, what percentage of the industry would you estimate we have acquired, based on the fact that we have these tax credits? And do you see that percentage increasing over time?

And then my second question is for Mr. Halmi. I'm delighted that you're putting workforce training at your new location in Yonkers. What else could we do in our SUNY, CUNY and community colleges to help you build a workforce?

And then the third question is, I can't stand looking at that Georgia peach for their film credits. Do we need a fruit for our film credits? (Laughter.)

Thank you.

MR. FORD: Well, I can speak to the first. With regards to New York City production, I would say -- I can only go by

basically hours worked, which is how our system is. Right? All our benefits are based on hours worked.

So again, pre-tax credit, we were at roughly 2 million hours. We're at over 10 million hours a year now. But Georgia -- Georgia gets a lot of it. We're still number two, I think. Hollywood is number one; I believe we're number two, and Georgia is probably three. But Georgia's tax credit is far more generous than ours. They cover above and below the line, and they don't have any sunset clause on it. But we're not really looking for that.

So I think that the numbers are doing -- we're doing great numbers-wise. Again, a lot of it is hinged on the future of the tax credit, because the studios need a five-year window in order to establish where they're going to base a series. So if they know they get five years in New York and they can put it in New York, they'll do it. But if it's any type of uncertainty, they can go to Georgia, they can go to -- they can stay

in Hollywood. But we're doing very well based on our numbers. But Georgia is doing -- yeah, I think we could at least put the apple in there, right, as opposed to the peach.

MR. HALMI: We are taking -- we're taking product away from Los Angeles right now because of our tax credit program and because theirs is not very good.

One thing that COVID has done is it's made places where talent live much more important because talent don't want to travel as much as they used to, they feel safer at home. Even as COVID goes away, I don't think that will change. So we have an edge with Los Angeles in that most of the talent live in either L.A. or New York. Georgia has it harder in that respect, but they have -- they're right now actually number one in television production this year because of their tax credit program, it's very important.

Assemblywoman, I'd love to talk to you anytime about education. It's a passion. We

have education at all of our campuses, and love to have that conversation offline.

CHAIRWOMAN KRUEGER: Thank you.

ASSEMBLYWOMAN WOERNER: Thank you.

MR. FORD: I just -- I can --

CHAIRWOMAN KRUEGER: Nope. No, no, no, no. We're at zero on this one, sorry.

Helene?

CHAIRWOMAN WEINSTEIN: No other members.

CHAIRWOMAN KRUEGER: Okay. Then I'm going to thank you, panelists. We know how to find you, we can follow up. You actually know how to find us, also.

And I'm going to turn it to the last panel of this hearing, because we have another hearing that is now very late to start.

So Panel G, excuse me, we have Scheib Associates, John Scheib; New York State/NYRA Franchise Oversight Board, former chair Steve Newman; and Marc Paulhus, horse racing specialist with PETA.

Starting with John Scheib.

MR. SCHEIB: Thank you to the chairs for inviting me today. I'll be brief.

Casinos and the lotteries each fund the state with billions every year. And when it comes to horse racing, New York's constitution is very clear: Parimutuel betting on horse racing shall provide a reasonable revenue for support of the government.

So it's troubling that the Gaming Commission shows only 15 million in wagering taxes and fees annually from all 11 racetracks. If you subtract the state's cost to regulate them, wagering tax revenue nets to zero. But it's far less than zero, because 230 million is instead directed annually to racing from video lottery terminals.

Plus tens of millions of dollars of annual purchases of racehorses in New York are sales tax exempt, as if they were food or medicine. New York even taxes out-of-state wagering companies millions of dollars a month and gives it back to racing as credits

against their fees due, even if citizens are betting on races in California or Kentucky.

Racing's $2.5 billion yearly handle sounds impressive, but state reports show that $2 billion of that -- 80 percent -- is actually wagered in other states on New York races, with those other states collecting the wagering taxes. New York's subsidies are building the treasuries of other states.

On-track betting is where the state and the tracks make the highest percentage, but most New York tracks have lost 90 percent of their attendance since their heyday. Digital platforms have picked up some betting, but there's no records we can find any meaningful tax revenue from them.

NYRA's franchise agreement with the state is very lopsided. NYRA traded land for a $154 million bankruptcy bailout. Then, the state gave them free rent for their tracks, billions in VLT support for capital improvements, operations, purses and breeding incentives. Now the state also assumes millions in annual property tax bills. To

our knowledge, NYRA has never even once paid their franchise fees to New York State.

Why is the state massively funding a gambling business that's supposed to be massively funding us? Yes, racing has jobs and economic impact, and we can challenge those numbers. But jobs and economic impact is what every business is supposed to do in New York. Hundreds of thousands of businesses here do just that without casino subsidies and are relegated to fail or succeed based on their own bottom line.

Wealthy owners, breeders and celebrity trainers need to fund their own private hobby, because racing as a whole is not a viable business. Many states have no racing subsidies. Pennsylvania, which does, is currently proposing a dramatic cut in favor of education.

There are new bills in process to eliminate subsidies to racing, and they need your support. Remember, New York invests millions in the breeding of valuable racehorses, and then invests millions in the

purses they die chasing for on the track. These two investments are clearly at cross-purposes.

Thank you very much.

CHAIRWOMAN KRUEGER: Thank you.

Next is Steve Newman, former chair, New York State/NYRA Franchise Oversight Board. Are you there, Steve?

MR. NEWMAN: I didn't realize I was muted until just now.

One, I agree with John on everything he said.

I was the chair right after Governor Spitzer signed the agreement with NYRA rescuing them from bankruptcy and providing them a subsidy. He found me; I didn't know him. I had been the first deputy comptroller and executive in a couple of different not-for-profits, and he was looking for somebody with a financial and contracting background because his goal was to have the subsidies end before his first term was over. And he was looking for someone and asked me, and so -- Sheldon Silver and he asked me.

Silver appointed me to the board, and Spitzer immediately made me the chair, which was their agreement.

If Spitzer hadn't done something stupid and got himself forced to resign by the time a year of his term was up, we wouldn't be having this discussion today, because the subsidies would have long ended. Because the goal was to force NYRA into operating at its own break-even or its own profit with no money coming from the state.

They've -- as soon as Spitzer was gone, I was removed from being the chair because I had alienated NYRA by lots of questions concerning their finances and pushing them. So it's unfortunate that we lost Governor Spitzer; this would not be an issue today.

They never pay a franchise fee, as John said, and there's a reason for it. Even if they do well, they don't have to pay a franchise fee because somehow they have a stupid agreement with the state that you folks ought to be changing.

The agreement: For every year, they have to account for a year's worth of revenue, but on the expense side, they're allowed to do 15 to 18 months of expenses to -- against the one year of revenue. So expenses get to count twice -- once in the year that they take place, and once in the year beforehand when the audit's being done of that year.

And hence they've never paid a franchise fee because of that formula. It doesn't exist in the City of New York anywheres. So if you want to change that. And you should work on eliminating the subsidies, because there's no reason for it.

And Spitzer's view was that once the subsidies were gone from NYRA, it would be easy for him to remove them from the other eight tracks in the state.

So I'd be happy to answer any questions people have.

CHAIRWOMAN KRUEGER: No, you've hit your time, Steve. Thank you for now.

Next is Marc Paul-house, or Paul-hus.

MR. PAULHUS: Paul-us.

CHAIRWOMAN KRUEGER: Paul-us, thank you.

MR. PAULHUS: Yeah. Thank you very much for the opportunity, Chairs and members of this hearing, to give me the opportunity to testify. I'm actually here on behalf of the Coalition to End Horse Racing Subsidies, of which my organization, PETA, is one member. We also have the Alliance for Quality Education, Human Services Council, the New York Communities for Change, LiveOn NY, and many other groups that are joining -- and a growing number of groups are joining the coalition.

I think John pretty much outlined the major points. We oppose the corporate welfare being directed to horse racing tracks in New York. We believe horse racing should be able to stand on its own and produce a reasonable amount of revenue for the State of New York.

Together, our coalition members represent every corner of the state, really

every resident of the state. My own organization, PETA, has 367,000 supporters in this state. But the Humane Services Council and other groups are umbrella groups that represent programs throughout the state.

I don't want to reiterate some of the points that John or Steve Newman have made, but I do think it's important to point out that horse racing in this state is a net zero sum. It costs as much to regulate this sport as the state gets in revenue from the sport.

And it's the only gambling operation in the state that fails to produce any meaningful revenue for the state. You've got the Lottery. You know, you've got now all-sports wagering, which is phenomenally successful. In fact, I'd point out that in the first month of operation, in January alone, all-sports wagering generated $2 billion from New York in wagered funds. The state received $70 million in their tax cut on all-sports wagering, which is equivalent to many years of horse racing's contribution to the state, which again costs

more to regulate than they produce.

So I do think it's very important that we look at the endless subsidies that have been created in the Legislature, to challenge the franchise agreement as being inequitable and unfair to the many small businesses in New York who get no subsidies, provide many more jobs, and are certainly more deserving of help from the state.

Thank you very much.

CHAIRWOMAN KRUEGER: Okay, thank you.

And does anyone have any questions? I see our chair of Racing and Wagering in the Assembly. I do not --

CHAIRWOMAN WEINSTEIN: Yes, Assemblyman Pretlow, can we go to him?

CHAIRWOMAN KRUEGER: I don't know, a few minutes ago there was a giant black furry animal on his picture.

(Laughter.)

ASSEMBLYMAN PRETLOW: Yes, I saw it, the cat.

CHAIRWOMAN KRUEGER: Of course you can go. (Pause.) Yes, Gary, you're on.

ASSEMBLYMAN PRETLOW: Oh, okay. Am I on now?

CHAIRWOMAN KRUEGER: Yes, you're on.

ASSEMBLYMAN PRETLOW: First I want to thank the three individuals for their testimony, even though it was fairly farcical. But I will just ask a couple of questions.

Mr. Newman, you sang the praises of Governor Pataki, and so you must be aware that -- I'm sorry, Governor Spitzer. You must be aware that former Governor Pataki put together a group of individuals of which I was a member of, to determine the future of racing, and we had voted to take NYRA -- take the franchise away from NYRA and Governor Spitzer overrode that committee and put the Governor that you're singing the praises to in charge, which started the subsidies that you're talking about now.

And then just -- you can respond when I finish, I just have a couple of things to say.

And Mr. Paulhus, you're I know

supporting legislation to eliminate all subsidies that go to racing. I hope that you are aware that racing is self-funding. You talk about monies that are going to the Racing and Wagering committee. Those monies are derived from the handle, which just this year was at record levels, over $800 million was handled just in Saratoga in the one-month period.

So the monies that go to Racing and Wagering to oversee racing comes from the 17 percent takeout that's derived from the bets.

And yes, there are a lot of out-of-state bets on New York racing. New York does get a percentage of that; it doesn't all go to the out-of-state ADWs. A portion of that money does come to New York. If the out-of-state people had a NYRA bets account, then more money would go to New York. But if they were only utilizing, say, Twinspires or another betting app, just a small portion of that would come to New York.

Now, I know there's a bill that your organizations have been pushing -- I won't mention the Assemblywoman's name, but it calls to eliminate all of the subsidies that are derived from the racinos. Are you aware that if you take away the 4 cents that goes to the share between the operators of the facility and the racing industry, that there would be no place to place these bets and the billions of dollars that goes to education would also be eliminated?

MR. NEWMAN: I guess we need to -- it's Assemblywoman Rosenthal, and we should get a copy of her legislation and look at it.

ASSEMBLYMAN PRETLOW: Yeah, before you support it you should really read it, because it takes away the entire amount, the money that's derived from the racino. So there will be no money available to operate the facility. And of course if there's no money to operate the facility, there will be no VLT machines.

And the 2 cents that goes to racing, yes, would be eliminated, but the 4 cents on

the dollar that goes to education will also be eliminated.

MR. NEWMAN: We have no objections to the racinos or VLTs, we just want -- both that money should be going to education and human services and maybe other issues that the Governor and you legislators would identify that would help New Yorkers. That's our goal.

ASSEMBLYMAN PRETLOW: Well, I think the billions of dollars that are generated from the racinos is helping New Yorkers.

MR. SCHEIB: Well, can I speak?

I'm not sure I understand what you're saying about the -- any of this. And I know you've claimed that what I said was farcical. So love to sit down and really get into this with --

CHAIRWOMAN KRUEGER: I'm going to suggest you need to take this offline and continue the conversation, because time is up on this now. So hopefully you'll reach out to Assemblymember Pretlow.

And are there any other members with

their hand up?

CHAIRWOMAN WEINSTEIN: We have Assemblywoman Woerner.

CHAIRWOMAN KRUEGER: Okay.

ASSEMBLYWOMAN WOERNER: Thank you, Chairwomen.

So I too found this conversation kind of -- you know, kind of out there. My -- I represent Saratoga County and Saratoga Springs, and certainly we enjoy the number of fans who make their way to Saratoga every summer to enjoy racing. In fact, over a million people this year came to Saratoga Springs, Saratoga County, took hotel rooms in our region, ate at our restaurants, rented houses and apartments through VRBO and spent money in our downtowns -- all of which is economic activity.

And that's reflected in the study that was done by the Center for Economic Growth and was repeated by the American Horse Council, that basically said that we have in this state an industry that produces $3 billion of economic growth.

Now, I'm no math major, but $240 million in VLT monies that goes into this industry against a $3 billion economic activity, that's about 12 and a half -- for every dollar invested, that's about $12.5 of economic activity. I would say that's a very good rate of return.

And I'm wondering why you think that's not good enough.

MR. NEWMAN: Because, one, it's not real, as has been demonstrated by numerous people. If you believe $3 billion is real, I'll be happy to sell you the Brooklyn Bridge. The --

MR. SCHEIB: Can -- can I address that same --

ASSEMBLYWOMAN WOERNER: I don't really need a bridge, but there are multiple studies that have --

(Overtalk.)

MR. NEWMAN: -- Saratoga is very successful. Belmont, because of the Belmont Stakes, is very successful. There is no doubt that the two of them could more --

could break even or actually generate a surplus on their own. It's Aqueduct, that's part of the New York Racing Association, that loses lots of money, and it's being covered by --

CHAIRWOMAN KRUEGER: Steve, we're going to let it go back to John quickly, he had a --

MR. NEWMAN: Go ahead, John.

MR. SCHEIB: Yeah, very quickly, as an example, the $3.3 billion in economic impact that's claimed is a rather interesting one. There's actually no details in the American Horse Council report, which is just a few pages with a lot of pictures of horses.

The IDA report that you're actually addressing -- which is excellent, done by Camoin Associates in Saratoga -- does claim 237 million, and documents it in 68 pages of heavy text.

The difference is Saratoga County's Racetrack, 237 million, is for nine counties around Saratoga, nine counties that basically -- Saratoga Racetrack itself

represents 53 percent of all the wagering and attendance in the state, of all 11 tracks.

So if they've got 53, if your county has 53 percent of the attendance -- which it does -- most of the breeding and most of the tourism, how is it that 237 million is only 8 percent of the 3.3 billion in economic impact claimed for the whole state? You see where I'm getting at. So how are the other 10 tracks, with almost no attendance at most of them, and no tourism for the most part, they're generating 92 percent of the 3.3 billion? When Saratoga, which has it all, is only at 8 percent?

CHAIRWOMAN KRUEGER: John --

ASSEMBLYWOMAN WOERNER: Because horses need to be fed, horses need to be transported, horses need to be maintained. And all of that is economic activity. And in light of the timekeeping, you and I can continue this conversation offline.

MR. SCHEIB: We'd love to.

CHAIRWOMAN KRUEGER: If nothing else, this panel now knows who it needs to go and

talk to and convince that they're right. So thank you, Carrie Woerner and Gary Pretlow.

MR. NEWMAN: If I can just add something to that --

CHAIRWOMAN KRUEGER: No, you can't, I'm sorry, Steve.

We are officially closing down this panel. We are officially closing down this hearing. I want to thank everyone for their attendance --

CHAIRWOMAN WEINSTEIN: Yes --

CHAIRWOMAN KRUEGER: Senator, you have another legislator?

CHAIRWOMAN WEINSTEIN: Yes, I do have, I'm sorry, the ranker, our ranker on Racing --

CHAIRWOMAN KRUEGER: No, I'm sorry. I didn't see that hand, I apologize.

CHAIRWOMAN WEINSTEIN: Yes. Yes. So I just wanted to --

CHAIRWOMAN KRUEGER: Okay. Please.

ASSEMBLYMAN GALLAHAN: Thank you, Chair Weinstein, for recognizing me.

Assemblywoman Woerner pretty much hit

on my points, but I just wanted to make sure that in this grand scheme of things you were taking into account the economic impact of the local communities.

I represent Ontario County. We have Finger Lakes Racetrack in Ontario County. And the economic activity in Ontario County due to Finger Lakes Racetrack, with employment and payroll taxes and parimutuel taxes, with local veterinarians, with hospitals -- we have to support our local police, we have to support our local fire, we have to support our local EMT. With all those employees that are at that racetrack, all the patrons that are coming to that racetrack -- and not only for the parimutuel wagering at the racetrack, but also the VLTs and the other options that are available there. There's many people that go there every day just for the buffet.

So there are many economic impacts besides the physical horses being there that affect our communities. The feed bills, the farmers. You know, like I said before, the

vet bills. The transportation. It goes on and on and on and on. There would be tens of thousands of people exponentially unemployed if this industry goes away, that's for sure.

And I just wanted to make sure that --

MR. NEWMAN: And -- and -- and we --

ASSEMBLYMAN GALLAHAN: -- you know that this is -- this is not just parimutuel racing and not just subsidies to the horse industry, it's our economy. It's the heartbeat of our economy, especially in the Town of Farmington.

So I just wanted to reiterate that and thank my colleagues for bringing those points to your attention that we think, you know, you need to consider.

Thank you for your time. I appreciate it.

CHAIRWOMAN KRUEGER: Well, the panel has another legislator to win over also after this hearing.

(Laughter.)

CHAIRWOMAN KRUEGER: With that, I think I am going to close down this -- I'm

going to thank the panelists. I want to thank the legislators, thank everyone who came to this hearing today.

We all need to turn off this Zoom and we need to reenter with the Zoom code for the Tax hearing. But we'd like you to take a five-minute break in between our closing down this hearing and reopening the Tax hearing, where Helene Weinstein will be taking the lead.

So thank you all for your participation in the Economic Development hearing today. See some of you in a few minutes.

(Whereupon, the budget hearing concluded at 4:00 p.m.)