

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

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3 JOINT LEGISLATIVE HEARING

4 In the Matter of the  
5 2025-2026 EXECUTIVE BUDGET ON  
6 ECONOMIC DEVELOPMENT/ARTS

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7 Hearing Room B  
8 Legislative Office Building  
9 Albany, New York

10 February 26, 2025  
11 2:50 p.m.

12 PRESIDING:

13 Senator Liz Krueger  
14 Chair, Senate Finance Committee

15 Assemblyman J. Gary Pretlow  
16 Chair, Assembly Ways and Means Committee

17 PRESENT:

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

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

22 Senator Sean M. Ryan  
23 Chair, Senate Committee on Commerce,  
24 Economic Development and Small Business

25 Assemblyman Al Stirpe  
26 Chair, Assembly Committee on Economic  
27 Development, Job Creation, Commerce  
28 and Industry

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

1 2025-2026 Executive Budget  
2 Economic Development/Arts  
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4 PRESENT: (Continued)

5 Senator Jeremy Cooney  
6 Chair, Senate Subcommittee on Cannabis

7 Assembly Majority Leader Crystal Peoples-Stokes  
8 Chair, Assembly Committee on Cannabis Oversight

9 Assemblywoman Carrie Woerner  
10 Chair, Assembly Committee on Racing and Wagering

11 Assemblyman Ron Kim  
12 Chair, Assembly Committee on Tourism, Parks,  
13 Arts and Sports Development

14 Assemblywoman Marianne Buttenschon  
15 Chair, Assembly Committee on Small Business

16 Assemblyman Steven Otis  
17 Chair, Assembly Committee on Science and  
18 Technology

19 Assemblyman Billy Jones

20 Assemblyman Christopher S. Friend

21 Senator George M. Borrello

22 Assemblywoman Patricia Fahy

23 Assemblywoman Yudelka Tapia

24 Assemblyman Edward C. Braunstein

Senator Dean Murray

Assemblywoman Mary Beth Walsh

Assemblywoman Chantel Jackson

Assemblywoman Jo Anne Simon

Assemblyman Tony Simone

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4 PRESENT: (Continued)

5 Senator Andrew Gounardes

6 Assemblywoman Nikki Lucas

7 Assemblyman Alex Bores

8 Assemblyman John Lemondes

9 Assemblywoman Judy Griffin

10 Senator Christopher J. Ryan

11 Assemblywoman Larinda C. Hooks

12 Assemblywoman Emérita Torres

13 Assemblyman Angelo Santabarbara

14 Senator Toby Stavisky

15 Assemblywoman MaryJane Shimsky

16 Assemblyman Scott Bendett

17 Senator Stephen T. Chan

18 Assemblywoman Rebecca Kassay

19 Senator April Baskin

20 Assemblywoman Jodi Giglio

21 Assemblyman Landon C. Dais

22 Assemblywoman Stefani Zinerman

23 Senator Steven D. Rhoads

24 Assemblywoman Alicia Hyndman

Senator Jabari Brisport

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3 LIST OF SPEAKERS

| 4  |                                | STATEMENT | QUESTIONS |
|----|--------------------------------|-----------|-----------|
| 5  | Hope Knight                    |           |           |
| 6  | Commissioner                   |           |           |
| 7  | New York State Department of   |           |           |
| 8  | Economic Development           |           |           |
| 9  | President & CEO                |           |           |
| 10 | Empire State Development       |           |           |
| 11 | -and-                          |           |           |
| 12 | Felicia A.B. Reid              |           |           |
| 13 | Acting Executive Director      |           |           |
| 14 | New York State Office of       |           |           |
| 15 | Cannabis Management            | 11        | 28        |
| 16 | Jeanette M. Moy                |           |           |
| 17 | Commissioner                   |           |           |
| 18 | NYS Office of General          |           |           |
| 19 | Services (OGS)                 |           |           |
| 20 | -and-                          |           |           |
| 21 | Erika Mallin                   |           |           |
| 22 | Executive Director             |           |           |
| 23 | New York State Council on      |           |           |
| 24 | the Arts (NYSCA)               | 219       | 239       |
| 25 | Carolina Rodriguez             |           |           |
| 26 | Director, Education Debt       |           |           |
| 27 | Consumer Assistance Program    |           |           |
| 28 | Community Service Society      |           |           |
| 29 | -and-                          |           |           |
| 30 | Marc Alessi                    |           |           |
| 31 | Executive Director             |           |           |
| 32 | Business Incubator Association |           |           |
| 33 | of New York State              |           |           |
| 34 | -and-                          |           |           |
| 35 | Dr. Richard Terry              |           |           |
| 36 | Associate Dean of              |           |           |
| 37 | Academic Affairs               |           |           |
| 38 | Lake Erie College of           |           |           |
| 39 | Osteopathic Medicine           |           |           |
| 40 | (LECOM) at Elmira              | 305       | 316       |

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4 STATEMENT QUESTIONS

|    |                             |     |     |
|----|-----------------------------|-----|-----|
| 5  | Santiago Quiñones           |     |     |
| 6  | NY Film and Television      |     |     |
| 6  | Producer                    |     |     |
|    | -and-                       |     |     |
| 7  | Corey Aldrich               |     |     |
| 8  | Executive Director          |     |     |
| 8  | ACE!-Upstate Alliance       |     |     |
| 9  | for the Creative Economy    | 340 | 347 |
| 9  | Jen Swan                    |     |     |
| 10 | President                   |     |     |
| 10 | ArtsNYS                     |     |     |
| 11 | -and-                       |     |     |
| 11 | Candace Thompson-Zachery    |     |     |
| 12 | Co-Executive Director       |     |     |
| 12 | Dance/NYC                   |     |     |
| 13 | -and-                       |     |     |
| 13 | Rafael Espinal              |     |     |
| 14 | Executive Director          |     |     |
| 14 | Freelancers Union           |     |     |
| 15 | -and-                       |     |     |
| 15 | Sarah Calderon              |     |     |
| 16 | Executive Director          |     |     |
| 16 | Creatives Rebuild New York  |     |     |
| 17 | -and-                       |     |     |
| 17 | Rachael Lorimer             |     |     |
| 18 | Artist                      |     |     |
| 18 | Studio OSYARI               |     |     |
| 19 | -and-                       |     |     |
| 19 | Gully Stanford              |     |     |
| 20 | New York State Alliance for |     |     |
| 20 | Arts Education              | 367 | 387 |
| 21 |                             |     |     |
| 22 |                             |     |     |
| 23 |                             |     |     |
| 24 |                             |     |     |

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3 LIST OF SPEAKERS, Continued

4 STATEMENT QUESTIONS

|    |                            |     |     |
|----|----------------------------|-----|-----|
| 5  | Ngiste Abebe               |     |     |
|    | President                  |     |     |
| 6  | New York Medical Cannabis  |     |     |
|    | Industry Association       |     |     |
| 7  | -and-                      |     |     |
|    | Britni Tantalo             |     |     |
| 8  | President                  |     |     |
|    | New York Cannabis Retail   |     |     |
| 9  | Association                |     |     |
|    | -and-                      |     |     |
| 10 | Joe Calderone              |     |     |
|    | President                  |     |     |
| 11 | Cannabis Farmers Alliance  |     |     |
|    | -and-                      |     |     |
| 12 | John Vavalo                |     |     |
|    | President                  |     |     |
| 13 | Association of NY Cannabis |     |     |
|    | Processors                 | 404 | 418 |

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1                   CHAIRWOMAN KRUEGER: Good afternoon,  
2                   everyone, even though some of us have been  
3                   here for an earlier hearing.

4                   Before I start the official second  
5                   hearing, I want to go over some of the rules  
6                   of the road we try to do at the beginning of  
7                   every hearing.

8                   So, one, there are clocks you can see  
9                   if you're the testifier or if you're the  
10                  legislator. And they might be set to 10,  
11                  five or three minutes, depending on who you  
12                  are. They have red, yellow, green. Green  
13                  means you're talking. Yellow means you're  
14                  getting close to the end. Red is we stop  
15                  you.

16                  Now, that means if you're a testifier,  
17                  even if your testimony is 50 pages of  
18                  wonderful information, which we will all  
19                  have -- we already have it online for all  
20                  New Yorkers to see on the Senate website and  
21                  the Assembly website -- you want to  
22                  bullet-point your most important issues.

23                  Second, if you are a legislator asking  
24                  the questions, same lights, same time frame.

1 Most of us only have three minutes to ask  
2 questions. Rankers get five, chairs get 10,  
3 at least for the government panels. But  
4 again, I always emphasize this. If you use  
5 up your complete time asking a question, you  
6 will not get an answer. We don't give extra  
7 time for the people you're asking to answer  
8 your questions.

9 So just know if you use up all your  
10 time on a speech or on a three-minute  
11 question, you will not hear any answers from  
12 our guests.

13 Okay, with that, I will now  
14 officially, I guess, read my script to open  
15 up the hearing.

16 Good afternoon. I'm Senator Liz  
17 Krueger. I live in this chair, and I'm the  
18 chair of the New York State Senate Finance  
19 Committee and co-chair of today's budget  
20 hearing.

21 Today is the 12th of 14 hearings  
22 conducted by the joint fiscal committees of  
23 the Legislature regarding the Governor's  
24 proposed budget for state fiscal year

1 '25-'26. These hearings are conducted  
2 pursuant to the New York State Constitution  
3 and Legislative Law.

4 Today the New York State Senate  
5 Finance Committee and the Assembly Ways and  
6 Means Committee will hear testimony  
7 concerning the Governor's proposed budget for  
8 the New York State Empire State Development  
9 Corporation, the New York State Office of  
10 Cannabis Management, the New York State  
11 Office of General Services, and the New York  
12 State Council on the Arts.

13 Following each testimony there will be  
14 some time for questions from the chairs of  
15 the fiscal committees, the rankers, and other  
16 relevant legislators.

17 I would now like to introduce the  
18 Senate members who are here, assuming I have  
19 a list. No, maybe I don't. So let's just  
20 take a look. I see Senator Chris Ryan; I see  
21 Senator Gounardes; Senator Stavisky;  
22 Senator Sean Ryan, our chair;  
23 Senator April Baskin, myself.

24 I'm going to pass it to the Assembly,

1 and then we'll come back for the Republican  
2 Senators.

3 CHAIRMAN PRETLOW: Thank you, Senator.

4 We have our chair of Economic  
5 Development, Assemblyman Stirpe; we have  
6 Tourism Chair Assemblyman Kim; Racing Chair  
7 Assemblywoman Woerner; Small Business Chair  
8 Assemblywoman Buttenschon; Science and Tech  
9 Chair Assemblyman Otis.

10 We also have Assemblymembers Griffin,  
11 Hooks, Simone, Torres, Shimsky, Jackson,  
12 Braunstein and Simon.

13 CHAIRWOMAN KRUEGER: And  
14 Senator O'Mara to introduce your members.

15 SENATOR O'MARA: Yes, we are joined by  
16 our ranking member on Commerce and Economic  
17 Development, Senator Dean Murray. We're also  
18 joined by Senator Steve Rhoads and  
19 Senator Steve Chan.

20 CHAIRWOMAN KRUEGER: Thank you.  
21 Assemblymember Ra?

22 ASSEMBLYMAN RA: Good afternoon.

23 We're joined by our ranker on  
24 Economic Development, Assemblyman Chris

1 Friend, as well as Assemblymembers Giglio,  
2 Bendett, Lemondes and Walsh.

3 CHAIRWOMAN KRUEGER: Thank you.

4 And with that, we're going to turn it  
5 over to our first panel of Governor's  
6 representatives. Let's start with  
7 Hope Knight, the Department of Economic  
8 Development and Empire State Development.

9 Good afternoon.

10 COMMISSIONER KNIGHT: Good afternoon,  
11 Chairwoman Krueger, Chairman Pretlow, and  
12 distinguished members of the Legislature.

13 I would like to congratulate  
14 Chairman Pretlow on his new leadership role  
15 with Ways and Means, and I'd like to  
16 acknowledge the new Small Business chair,  
17 Assemblywoman Buttenschon. I'm excited to  
18 work with both of you.

19 Senator Ryan and Assemblyman Stirpe, I  
20 look forward to continuing our partnership  
21 this year.

22 My name is Hope Knight, and I serve as  
23 the president and CEO of Empire State  
24 Development and as commissioner of the

1 New York State Department of Economic  
2 Development. I'm joined today by ESD's chief  
3 operating officer and executive deputy  
4 commissioner, Kevin Younis.

5 Thank you for the invitation to  
6 discuss Governor Kathy Hochul's Executive  
7 Budget. The Governor's economic development  
8 proposals build on the successes we have  
9 already achieved, in partnership with the  
10 Legislature, to create opportunities for  
11 New Yorkers. This year's agenda is focused  
12 on several key themes, including supporting  
13 small businesses and entrepreneurs, building  
14 vibrant communities, growing the innovation  
15 economy, reshoring advanced manufacturing,  
16 and attracting investment in emerging and  
17 legacy sectors.

18 Today I'm proud to report that we are  
19 seeing strong economic growth across the  
20 state. New York is ranked a top-five state  
21 in reshoring manufacturing jobs, new business  
22 formations, and growth in the semiconductor  
23 sector and innovation economy.

24 Private-sector job creation in

1 New York State is outpacing the national  
2 rate, and this year's agenda will help us to  
3 further our progress.

4 And while we face headwinds, this  
5 year's economic proposals will help us meet  
6 the moment and continue building a strong and  
7 resilient 21st-century economy.

8 So much of ESD's work is dedicated to  
9 small businesses. In the last year,  
10 78 percent of our awards were to firms with  
11 100 employees or less. And through the  
12 Governor's Executive Budget, we continue our  
13 commitment. This year Governor Hochul is  
14 proposing an expansion to the Empire State  
15 Jobs Retention Program to include small  
16 businesses for the first time, and to help  
17 businesses of all sizes and sectors recover  
18 from damage caused by storms and other  
19 disasters.

20 To further assist New York's small  
21 businesses and their workers, the Governor  
22 has advanced the CATALIST NY program. This  
23 new tax credit will go directly to workers  
24 and will increase competitiveness for

1 early-stage innovation businesses looking to  
2 attract new hires during a critical period of  
3 growth.

4           Additionally, the Governor's budget  
5 proposes a historic funding level for the  
6 Low INterest Capital program, or LINC --  
7 formerly known as the Linked Deposit  
8 Program -- to lower the interest rates for  
9 small and mid-sized businesses. Due to  
10 unprecedented demand, this fund is nearly  
11 fully subscribed. With the highest federal  
12 interest rates in decades, now is the time to  
13 raise the program cap to \$1 billion.

14           Small businesses are a cornerstone of  
15 our communities, and Governor Hochul has  
16 proposed investments to revitalize and uplift  
17 these communities and encourage people to  
18 work, visit, and live in our downtowns. The  
19 budget includes continued investments in our  
20 legacy programs, the Downtown Revitalization  
21 Initiative and New York Forward, and proposes  
22 a new \$400 million investment in downtown  
23 Albany to help spur new and sustainable  
24 economic development around our

1 State Capitol.

2 Building on last year's Empire AI  
3 investment, Governor Hochul has proposed  
4 HARMONY AI to better ensure that the benefits  
5 of artificial intelligence are available to  
6 all. Through this program, small businesses  
7 across the state will be offered free  
8 training. Additionally, it would support  
9 direct venture capital investments into  
10 overlooked and underrepresented small  
11 business founders, and help to open AI career  
12 pathways to low-income students.

13 This budget also advances the  
14 Governor's mission of reshoring manufacturing  
15 jobs to New York, especially in the  
16 semiconductor industry. Under  
17 Governor Hochul's leadership, New York is  
18 leading America's semiconductor resurgence,  
19 attracting more than \$121 billion in new  
20 investments across New York -- more than any  
21 other state in the nation.

22 An estimated one in four U.S.-made  
23 chips will be produced within 350 miles of  
24 Central New York. No other region in the

1 country will account for a greater share of  
2 domestic production.

3 To keep New York on top, this year's  
4 budget creates a new tier for semiconductor  
5 supply chain businesses in the  
6 performance-based Excelsior Jobs Program.  
7 The Governor's Executive Budget also advances  
8 new workforce development and research and  
9 development initiatives to foster an advanced  
10 manufacturing ecosystem.

11 New York State needs a strong supply  
12 of shovel-ready sites to continue its  
13 successful reshoring efforts. ESD has been  
14 working closely with its local partners to  
15 develop sites through the FAST NY program,  
16 and the Governor's budget proposes another  
17 \$100 million in funding.

18 But a lack of access to utility and  
19 power infrastructure is one of the biggest  
20 hurdles for business attraction. To that  
21 end, Governor Hochul has proposed POWER UP, a  
22 new \$300 million program to address this  
23 challenge. Together, these investments will  
24 enable New York to proactively prepare

1           turn-key industrial sites for tomorrow's  
2           businesses and manufacturers.

3                       This year's budget also includes  
4           proposals to keep New York's economy and  
5           culture vibrant through bolstering the  
6           success of the New York Film Production and  
7           Post-Production tax credit programs.

8                       New York is setting the stage by  
9           creating two first-in-the-nation  
10          initiatives -- one, the Empire State  
11          Independent Production Program to support  
12          independent filmmakers, alongside the  
13          Production Plus Program to incentivize  
14          recurring business and multiple productions.

15                      These programs will attract new film  
16          projects to the state, generating positive  
17          returns for host communities and to the many  
18          small businesses oriented around filming,  
19          such as the set and costume design,  
20          hospitality, and restaurants.

21                      I'm excited about the Governor's  
22          economic development agenda, and I'm eager to  
23          continue working with all of you to deliver  
24          results for New Yorkers. Thank you for the

1 opportunity to speak this afternoon, and I am  
2 happy to take your questions.

3 CHAIRWOMAN KRUEGER: (Mic off;  
4 inaudible.)

5 OCM ACTING EXEC. DIR. REID: Good  
6 afternoon, Committee Chairs Senator Krueger  
7 and Assemblymember Pretlow, and hello to the  
8 many legislators here, my fellow New Yorkers.  
9 I want to thank you for the opportunity to  
10 testify this afternoon.

11 My name is Felicia A.B. Reid, and I am  
12 the acting executive director of the Office  
13 of Cannabis Management. I look forward to  
14 sharing OCM's incredible work since I stepped  
15 into this role last June, as well as the work  
16 to come.

17 I want to thank Governor Hochul and  
18 the Executive Chamber for their support.  
19 This work and the milestones OCM has reached  
20 so far would be impossible without their  
21 commitment to economic development, public  
22 safety and rule of law, patient care, and a  
23 New York where diversity, equity, and  
24 inclusion are the drivers of positive and

1           lasting change.

2                   Today is the first time that OCM has  
3           appeared for a budget hearing. And in that,  
4           I recognize the advocates and legislators who  
5           fought to bring the Marijuana Regulation and  
6           Taxation Act to life, and to the  
7           cannabusinesses across our growing industry  
8           who are its lifeblood and the MRTA's greatest  
9           dream.

10                   I also want to thank everyone at OCM.  
11           It truly takes a village -- and you show up  
12           every day, and sometimes nights and weekends,  
13           to make our shared mission a reality.

14                   And finally, thank you to the  
15           Cannabis Control Board and Cannabis Advisory  
16           Board, and to Sue Filburn, acting deputy  
17           executive director, and my dear colleagues  
18           across OCM's executive team.

19                   I came to OCM at a moment of necessary  
20           transition, tasked with strengthening the  
21           agency's infrastructure and enhancing its  
22           operational effectiveness. I joined OCM  
23           ready to work on day one, thanks to my  
24           experience working with justice-impacted

1 New Yorkers. Now, having worked with the  
2 Legislature, appellate court, the Legislative  
3 Ethics Commission, and the Office of Children  
4 and Family Services overseeing a statewide  
5 human services system, I was well prepared.  
6 But still, it's the time that I spent with  
7 incarcerated young people and their families  
8 that really animates the MRTA for me.

9 The MRTA is a landmark piece of  
10 legislation that prioritizes economic  
11 development and demands equity in New York's  
12 cannabis industry. And I understand what's  
13 at stake -- making equity the engine, not an  
14 afterthought or an aside, in an emerging  
15 market full of big risks and high stakes.

16 The thing you learn quickly in  
17 juvenile justice is that the most creative,  
18 perceptive, innovative, and gifted people,  
19 the people with the most to give back to  
20 their communities, are the hundreds of young  
21 people locked behind double fences and  
22 two layers of razor wire. The elegance of  
23 the MRTA is that it sees and knows the  
24 extraordinary power of the communities I've

1 served for years.

2 And so it is my mission as the head of  
3 OCM to realize the promise of these  
4 New Yorkers and their communities, those  
5 whose dreams have been denied and deferred  
6 for long enough.

7 As New York's cannabis industry moves  
8 from a jog to a sprint, OCM's economic  
9 development and regulatory roles have never  
10 been more crucial. But before I get to where  
11 the agency is going, let's look at where it  
12 is now.

13 By the end of 2024, New York's  
14 adult-use cannabis industry surpassed  
15 \$1 billion in sales, while medical sales  
16 captured almost \$100 million. Governor  
17 Hochul's Illicit Cannabis Enforcement  
18 Task Force was instrumental to these  
19 milestones. Along with our state agency  
20 partners, OCM padlocked over 330 unlawful  
21 stores, saw more than 200 additional  
22 unlicensed operators close on their own, and  
23 seized nearly 7,500 pounds of illicit  
24 cannabis.

1                   And unlike other states, New York  
2                   achieved these economic development and  
3                   revenue milestones while prioritizing small  
4                   and medium-sized local businesses on the  
5                   foundation of social and economic equity. In  
6                   plain terms, this means that the economic  
7                   powerhouse of New York cannabis is DEIA in  
8                   action. It is a testament to what we  
9                   accomplish by demanding the diversity and  
10                  inclusion of many, not just the most powerful  
11                  few. And what OCM has accomplished is both  
12                  internal and external.

13                  Today OCM is in a much different place  
14                  than when I joined last year. Thanks to  
15                  Civil Service's HELPS program, we have hired  
16                  nearly 50 new staff, to stand at 215  
17                  employees today across offices in Albany,  
18                  New York City, and Buffalo.

19                  To support OCM's continued expansion,  
20                  I welcome Governor Hochul's proposed  
21                  \$5 million to support additional hiring in  
22                  licensing, compliance, enforcement, and  
23                  legal, and the proposed increase in our  
24                  staffing cap from 245 to 274.

1 Doubling OCM's licensing team has made  
2 navigating the application process more  
3 transparent and supported our implementation  
4 of a single point of contact system for  
5 application review. This ensures that each  
6 applicant has an assigned case manager who  
7 provides them with regular communication and  
8 works with them through the entire process.

9 So how does this show up in the  
10 industry? Let's look at the license approval  
11 rate from January 2024 through the end of May  
12 2024, against June 2024 to today.

13 Comparatively, OCM has moved almost  
14 193 percent more licenses through to the  
15 Cannabis Control Board for approval, all  
16 while continuing to exceed the MRTA's goal of  
17 50 percent of social and economic equity  
18 operators.

19 This means more regulated stores,  
20 cultivators growing and breeding genetics  
21 adapted to New York, additional cannabis  
22 research and development, and greater  
23 resources for medical patients.

24 By late summer of last year, OCM

1 coordinated a light-touch needs assessment of  
2 our people, processes, and technology,  
3 concretizing what we must build across those  
4 domains. I addressed OCM's lack of internal  
5 accountability processes by installing its  
6 first office of internal control and audit,  
7 to reduce agency risk and practice  
8 vulnerabilities.

9 By winter, OCM brought together its  
10 first customer service team, which will help  
11 the agency, in real time, address issues from  
12 the field.

13 And finally, by year's end, OCM  
14 reduced its FOIL backlog by 25 percent.

15 This month I announced the launch of  
16 the Trade Practice Bureau, a unit in our  
17 Office of General Counsel, to go after  
18 operators who violate the two-tier market,  
19 undermine the development of local business,  
20 and who disregard New York's cannabis equity  
21 priorities. The industry has roundly  
22 celebrated this news.

23 But meeting the New Yorkers across the  
24 cannabis community has been the highlight of

1 my time at OCM -- whether it's standing in a  
2 muddy field with cultivators in Hudson Valley  
3 or in booties at a state-of-the-art  
4 processing facility in Long Island. From  
5 Buffalo to the boroughs, the team and I have  
6 met with hundreds of New Yorkers, in their  
7 communities, to hear from them directly about  
8 their needs in navigating our regulated  
9 market. We heard about the things that work  
10 and the things that don't, and we will use  
11 the relationships we build to inform where we  
12 go next.

13 My vision for OCM is an agency that  
14 understands the needs of cannabusiness across  
15 the supply chain, protects and educates the  
16 public, knows its obligation to maintain  
17 market integrity, and invests in the growth  
18 and development of staff. All this while  
19 treating equity not as a word of the day, but  
20 a spirit that gives color, light, and meaning  
21 to all that we do.

22 At our recent Cannabis Control Board  
23 meeting, 62 percent of the adult-use licenses  
24 approved were social and economic

1 equity-owned, and 52 percent of those  
2 licenses were women-owned businesses. To  
3 date, 54 percent of licenses across the  
4 supply network are SEE-owned.

5 And a vision is only as good as the  
6 ability to make it real, and that ability is  
7 what I've brought to OCM.

8 Successfully implementing the MRTA  
9 requires long-term strategic planning and  
10 action. New York must learn now from lessons  
11 other cannabis jurisdictions only learned in  
12 hindsight. We must continue to support  
13 operators across the supply chain. We must  
14 move decisively on matters of climate change  
15 and environmental sustainability. And we  
16 must pay close attention to the economic  
17 winds that impact our regulated market.

18 So what does success look like? It's  
19 more legal stores in our communities that  
20 sell New York-grown cannabis. It's a  
21 well-trained cannabis workforce and labor  
22 practices that keep them safe.

23 It's patients with greater access to  
24 medication and practitioners who understand

1 the science. It's families and caregivers  
2 having the information to have cannabis  
3 conversations with young people.

4 It's innovation that doesn't happen at  
5 the expense of the environment. It's  
6 even-handed compliance and enforcement  
7 efforts so that those who follow the rules  
8 are those most likely to be successful.

9 And it's knowing that to approach a  
10 person, a community, or an industry with  
11 equity is to know deeply, as Audre Lord would  
12 say, that "we do not survive as individuals."  
13 Equity values difference and meets that  
14 difference adaptively, so that we all get  
15 where we need to go, together.

16 Thank you, Senator Krueger and  
17 Assemblymember Pretlow, for welcoming OCM to  
18 this budget hearing. I deeply appreciate the  
19 opportunity to share information and plan  
20 forward for the future of New York cannabis.

21 CHAIRWOMAN KRUEGER: Thank you both  
22 very much.

23 I think we've been joined by several  
24 additional Senators. I see Senator Cooney, I

1 see Senator Ryan. Anyone else want to wave  
2 that they didn't get intro'd?

3 Oh, I'm sorry, Senator Fahy. We have  
4 two Senator Ryans. I see Senator Borrello  
5 down there waving his hand.

6 Assembly, do you have any more you  
7 want to introduce before we starting rolling?

8 CHAIRMAN PRETLOW: Assemblywoman Lucas  
9 and Assemblywoman Peoples-Stokes.

10 CHAIRWOMAN KRUEGER: And Billy Jones  
11 is down below. It's always a challenge here.

12 Obviously much interest in this panel.  
13 Thank you, everyone.

14 Our first questioner will be the  
15 chair, Senator Sean Ryan, not to confuse my  
16 Senator Ryans.

17 SENATOR SEAN RYAN: (Mic off.) Now  
18 it's on.

19 Thank you to all the chairs who have  
20 been doing the hearings for hours and hours,  
21 and my Assembly counterpart, Assemblymember  
22 Al Stirpe.

23 I want to go into the marijuana phase  
24 first. But good to see you today, Hope.

1                   Just give me a sum-up of -- how long  
2                   have you been in the agency now?

3                   OCM ACTING EXEC. DIR. REID:   About  
4                   nine months.

5                   SENATOR SEAN RYAN:   I know you've had  
6                   a quick nine months.   How have you been  
7                   improving the licensing and staffing at the  
8                   agency?

9                   OCM ACTING EXEC. DIR. REID:   So I'll  
10                  answer in two parts.

11                  As to licensing, I talked a little bit  
12                  about this, but we've implemented something  
13                  called a single point of contact system.   So  
14                  that means -- you know, this is also based on  
15                  hearing from folks in our industry.   I've sat  
16                  down with so many who have talked about the  
17                  communicative challenges with OCM  
18                  historically.

19                  And so that system sort of aims to  
20                  make sure that someone is assigned a  
21                  caseworker when we get to their application  
22                  in the queue, and for that whole process they  
23                  have someone who's working with them in  
24                  addressing deficiencies, addressing

1 communication issues, getting documents. And  
2 then through that process we've been able to  
3 streamline our licensing.

4 As to staffing, just sticking with  
5 licensing for a second, we've doubled the  
6 folks in our licensing team, in addition to  
7 adding across the agency. So that means  
8 hires in enforcement, in compliance, in  
9 legal, and including in our new audit and  
10 quality assurance division.

11 SENATOR SEAN RYAN: And what are you  
12 hearing back from the public who interacts  
13 with your agency?

14 OCM ACTING EXEC. DIR. REID: Yeah, the  
15 changes have surely been welcome. Folks have  
16 said that things are a bit easier. I know  
17 for folks who are still waiting in other  
18 queues, you know, they haven't yet heard yet.

19 But we have heard a lot of really  
20 positive feedback from folks around the  
21 communication overall from OCM.

22 SENATOR SEAN RYAN: That's fantastic.

23 I often measure success of how many  
24 negative phone calls I've been getting, and I

1           have not been getting many negative phone  
2           calls regarding either illegal dispensaries  
3           or super-long waits. So whatever you're  
4           doing, it's not making my phone ring.

5                           (Laughter.)

6                           SENATOR SEAN RYAN: So thank you.  
7           Thank you for that.

8                           And, Commissioner, you know, we did  
9           hearings a few months ago looking at all the  
10          different programs we have in New York State,  
11          trying to figure out which ones have the best  
12          return on investment. And I look forward to  
13          continuing to work with ESD as your Database  
14          of Deals is progressing, evolving. But also  
15          happy that you're able to keep an open  
16          dialogue on some of the programs and, you  
17          know, we're going through your budget  
18          requests.

19                           But as an upstater, I'll have to say  
20          I'm very pleased how you responded to the  
21          City of Albany's proposals about how to  
22          strengthen the city itself. You know, I  
23          could see my -- I'm not an Albany resident,  
24          but I walk around and I can see with my eyes

1           where capital investment will be a positive  
2           thing.

3                       So I applaud you for taking that step  
4           to really be responsive to a city in a  
5           different way than you might have to a  
6           Rochester or Syracuse or a Buffalo problem.  
7           So thank you so much.

8                       Yeah, that's it. Thank you.

9                       CHAIRWOMAN KRUEGER: All right.  
10           Assembly.

11                      CHAIRMAN PRETLOW: Yes, I'd like to  
12           call as our first speaker the chair of the  
13           Cannabis Oversight Committee, Crystal  
14           Peoples-Stokes, for 10 minutes.

15                      ASSEMBLYWOMAN PEOPLES-STOKES: Thank  
16           you so much, Mr. Chairman, and I would say  
17           congratulations to both you and the  
18           chairwoman, Senator, for the work that you  
19           have been putting in on these budget  
20           hearings. It's mammoth. And I'm really  
21           grateful for what you have been providing for  
22           us all week long, and including last week.

23                      And I want to say welcome to the  
24           Panel A for today. It's nice to see you. I

1 saw some of you this morning at breakfast. I  
2 hope you enjoyed it, one of my favorite  
3 restaurants.

4 I do have a couple of questions,  
5 specifically for the Office of Cannabis  
6 Management.

7 So last May the Governor's office  
8 released a report that there was a real  
9 problem with the rollout of the cannabis  
10 program across the board, and it cited a lot  
11 of mismanagement of the agency and its  
12 resources, including its licensing staff.

13 So how many new licensing staff have  
14 you hired since that report was released?

15 OCM ACTING EXEC. DIR. REID: Since  
16 that report, when I started, there were 21.  
17 Today there are about 47.

18 ASSEMBLYWOMAN PEOPLES-STOKES: There  
19 were 27, so you've hired six?

20 OCM ACTING EXEC. DIR. REID: No,  
21 there's 47.

22 ASSEMBLYWOMAN PEOPLES-STOKES: There's  
23 47.

24 OCM ACTING EXEC. DIR. REID:

1 Forty-seven, yes.

2 ASSEMBLYWOMAN PEOPLES-STOKES: And so  
3 as a result of having more licensing staff,  
4 how many more licenses have you issued?

5 OCM ACTING EXEC. DIR. REID: Since  
6 the -- since around June I think we've gotten  
7 through about, I want to say -- I'd have to  
8 get the number back to you, but around 200,  
9 300 plus since -- in that time.

10 ASSEMBLYWOMAN PEOPLES-STOKES: Two  
11 hundred plus --

12 OCM ACTING EXEC. DIR. REID: Yes.

13 ASSEMBLYWOMAN PEOPLES-STOKES: -- in  
14 that time?

15 OCM ACTING EXEC. DIR. REID: Yes.

16 ASSEMBLYWOMAN PEOPLES-STOKES: From  
17 May of '24 until now, 200 and some -- my  
18 numbers are not seeing it, but that's good.

19 I will also ask how many other staff  
20 have you hired to complete the staffing needs  
21 of the agency?

22 OCM ACTING EXEC. DIR. REID: So  
23 overall we've hired around 50-plus in total.  
24 So that's gone to particularly vulnerable --

1 not vulnerable areas, but issues of high  
2 priority in compliance, enforcement and  
3 legal. Aside from licensing.

4 ASSEMBLYWOMAN PEOPLES-STOKES: Okay,  
5 thank you. On the other side of the staffing  
6 issue, how many staff people have literally  
7 left the agency within the last year?

8 OCM ACTING EXEC. DIR. REID: In the  
9 last year? I'd have to get that number --  
10 I'd have to get that number for you.

11 ASSEMBLYWOMAN PEOPLES-STOKES: Okay.

12 OCM ACTING EXEC. DIR. REID: But what  
13 I can say is that in the last eight to nine  
14 months we've severely dropped our turnover  
15 rate, which for me is important. Because  
16 it's one thing to hire, but if those folks  
17 leave right away, that's not building  
18 institutional practice.

19 ASSEMBLYWOMAN PEOPLES-STOKES: So I  
20 know that there's been reports that the chief  
21 medical officer, the general counsel, deputy  
22 chief officer and multiple other staff have  
23 left the agency for whatever reasons. And  
24 what is the plan or the strategy to replace

1           that talent and that leadership that's  
2           desperately needed to ensure the  
3           successfulness of the agency?

4                       OCM ACTING EXEC. DIR. REID:  Yeah, so  
5           I'm incredibly thankful for the time that I  
6           got to work with some of the folks who left.  
7           I can tell you across the board that many of  
8           them left for personal reasons, not  
9           professional.  Especially, as you know, you  
10          know, Tabatha Robinson out now in Maryland as  
11          my counterpart.

12                      But currently, we have several  
13          positions out for posting for our executive  
14          office, and we've been interviewing apace.  I  
15          feel like I spend most of my time doing  
16          interviews and sitting down with folks.  So  
17          we're not slowing down on that front, knowing  
18          that we do need that expertise in the agency.

19                      ASSEMBLYWOMAN PEOPLES-STOKES:  What's  
20          the structure of your hiring process?  Is  
21          this going through the Office of General  
22          Services, as it was in the past, or is it  
23          going through Civil Service?  How does a  
24          person apply and get through the process of

1           being hired by the Office of Cannabis  
2           Management?

3                   OCM ACTING EXEC. DIR. REID:  Yeah, so  
4           we will post our positions.  Those -- because  
5           we're a hosted agency on a couple of  
6           different fronts, those will go through OGS,  
7           then come back to us.  We make our selection,  
8           we make sure those folks are qualified for  
9           the positions, and then we sit down and we  
10          interview.

11                   What I will say, you know, cannabis  
12          being cannabis, when we post a position we  
13          get hundreds and hundreds of resumes for just  
14          a single position.  So it's taken a lot to go  
15          through all of those.  But I know I've turned  
16          our executive team and others into reviewing  
17          those resumes, so we're all working  
18          collaboratively.

19                   ASSEMBLYWOMAN PEOPLES-STOKES:  So, I'm  
20          sorry, could you specifically say what the  
21          role is for the Office of General Services  
22          and your hiring practice?

23                   OCM ACTING EXEC. DIR. REID:  Sorry,  
24          say that again?  What --

1 ASSEMBLYWOMAN PEOPLES-STOKES: The  
2 Office of General Services, what is their  
3 role in your hiring practice? Or is there  
4 one?

5 OCM ACTING EXEC. DIR. REID: So there  
6 is. So resumes, when folks apply, they have  
7 to go through OGS. They don't come to us.

8 ASSEMBLYWOMAN PEOPLES-STOKES: They  
9 have to go through OGS before they come to  
10 you.

11 OCM ACTING EXEC. DIR. REID: Yes,  
12 because we're a hosted agency.

13 ASSEMBLYWOMAN PEOPLES-STOKES: And so  
14 the reason for that process is exactly what?  
15 I'm not sure if I understand why that has to  
16 happen that way.

17 OCM ACTING EXEC. DIR. REID: It's as a  
18 hosted agency, so they take care of most --  
19 they take care of a certain portion of our HR  
20 side. So given that split, that's how our  
21 resumes go through -- that's how resumes go  
22 through that process.

23 ASSEMBLYWOMAN PEOPLES-STOKES: Okay.  
24 Well, you know, I raise that because a lot of

1 the critique of the former leadership was  
2 about the lack of hiring staff -- when you  
3 have to depend on another agency before you  
4 can even get to hiring staff. I think it was  
5 an unfair criticism in a lot of ways.

6 And I will be honest, my phone still  
7 does ring, not just about licensing, because  
8 this issue is much broader than licenses.  
9 There are all sorts of calls that we receive.

10 But I'm going to stick to the  
11 questions I have for you today, and the other  
12 one would be as it relates to the chief  
13 equity officer. Do you understand that  
14 that's a role that is designed under statute?

15 OCM ACTING EXEC. DIR. REID: I do.  
16 And when I drafted that job description, I  
17 actually referred to the statute.

18 When it breaks it down into three  
19 pieces in terms of what the chief equity  
20 officer must do, that was in the original job  
21 posting because I recognized that -- that  
22 position's for an ombudsman for the office  
23 and the cornerstone, one of the cornerstones  
24 of the agency, so it's incredibly important

1 to honor that legislative spirit.

2 ASSEMBLYWOMAN PEOPLES-STOKES: So the  
3 recent posting for the chief equity officer,  
4 it doesn't have the tenets of all of the  
5 statute included in it. In fact, it omits  
6 all the statutory responsibility outlined in  
7 MRTA, the responsibilities that were assigned  
8 to that position.

9 And I just wonder what were the  
10 requirements that were removed, and how will  
11 you fill -- this position fill its  
12 legislative mandate if you've changed it in a  
13 way that is not in line with the statute?

14 OCM ACTING EXEC. DIR. REID: So,  
15 respectfully, I have not changed the  
16 position. Again, I referenced the statute in  
17 articulating I believe the first three bullet  
18 points on that job posting, because again  
19 they're the most important.

20 However, the thing that I did notice  
21 when I came to the agency is that there was  
22 no internal practice around DEIA in terms of  
23 operations. And so noting that -- and I said  
24 this a little bit in my opening, is I like to

1           make sure that there is an internal  
2           foundation before moving externally, because  
3           I don't think we could say one thing  
4           outwardly and do another thing internally.

5                         And so it's been important to me to  
6           make sure that that position, because of its  
7           experience understanding equity and  
8           diversity, also builds out another side of a  
9           team -- not taking away from the current  
10          C Team; the current C Team is going to remain  
11          in place to do economic development and  
12          workshop and resource work for our  
13          operators -- but also having a side of the  
14          house that addresses some of the internal  
15          work of an agency that I'm used to across  
16          agencies.

17                         ASSEMBLYWOMAN PEOPLES-STOKES: Well,  
18          the intent of the legislation literally was  
19          for this to be an oversight opportunity for  
20          the entire agency. With staff. And if  
21          you've taken it down to one staff -- one  
22          person without a staff, I'm not so sure how  
23          that can be accomplished in terms of the  
24          oversight aspect of it.

1                   But again, I think that should have  
2                   been changed in statute. And I understand  
3                   that you don't agree with that, so we  
4                   probably will just have to submit some  
5                   legislation to reverse that action. Because  
6                   I think you do still need the statutorily  
7                   required person to be an equity officer, as  
8                   you manage an initiative that's focused on  
9                   equity. And I think we will have to go back  
10                  to that.

11                  I will just ask one other question,  
12                  and that's how you are feeling about the  
13                  stability of the market. How are you feeling  
14                  about the stability of the legal market at  
15                  this step in the game?

16                  OCM ACTING EXEC. DIR. REID: I think,  
17                  you know, to quote one of the staff members,  
18                  the industry is in a place where we're  
19                  cooking with gas.

20                  But, you know, understanding that  
21                  means that it's flammable, we have to be  
22                  incredibly careful around balancing our  
23                  supply chain because, again, we've seen  
24                  across Michigan, California, other states

1           that have legal schemes, where there's  
2           oversaturation of licenses, there are  
3           licenses that are not active.

4                         And that is something that in New York  
5           I don't want to see. Because aside from the  
6           fact that's fundamentally waste, that would  
7           be a real disservice to the goals, the  
8           economic development goals of the market.

9                         So I'm sanguine about where the market  
10          is at and where it's going, but I do think we  
11          need to be incredibly vigilant. That's one  
12          of the reasons that I announced the trade  
13          practice bureau to go after sort of  
14          malpractice in the market, to make sure  
15          there's a fidelity to expectations.

16                        ASSEMBLYWOMAN PEOPLES-STOKES: Well, I  
17          want to definitely congratulate you and your  
18          board on some of the decisions you recently  
19          made around proximity protection.

20                        But clearly I think that's an issue  
21          that -- it depends on what location the  
22          proximity protection is needed. It's not the  
23          same in Ellicottville as it would be, say, in  
24          Harlem.

1                   And so I appreciate the way you all  
2                   are beginning to look at that as an issue,  
3                   because it definitely does have an impact on  
4                   existing businesses.

5                   Lastly I just want to ask a little bit  
6                   about the enforcement of illegal shops. I'm  
7                   not sure that -- at some point we're going to  
8                   have to figure out how to have law  
9                   enforcement engaged, because the calls that I  
10                  get now are not so much about illegal shops  
11                  necessarily perhaps in Buffalo, or even in  
12                  Rochester, but in New York City there still  
13                  is a problem.

14                  And some of the ones that were  
15                  actually shut down -- I just heard this  
16                  today -- by the former sheriff in New York  
17                  City have somehow popped up back open, with a  
18                  hemp license.

19                  And so I think there has to be some  
20                  opportunity to look at who has a hemp license  
21                  and what are they doing with it that they  
22                  shouldn't be doing. And there also has to be  
23                  some opportunity to figure out how we begin  
24                  to engage law enforcement in protecting the

1 laws of New York State. It is illegal to  
2 sell cannabis if you don't have a license.  
3 Yet there's still people who think that they  
4 can do that in this country, and they are  
5 doing it.

6 And so I know we went through quite a  
7 bit with Senator Krueger and your office and  
8 the Governor in figuring out how to get  
9 sheriffs engaged and put the task force  
10 together. That work temporarily is not  
11 working anymore. So what's the next step  
12 going to be?

13 CHAIRWOMAN KRUEGER: Everyone's afraid  
14 to cut you off, Crystal, but I've been  
15 assigned to do so.

16 (Laughter.)

17 CHAIRWOMAN KRUEGER: But I promise I  
18 will follow up with my questions on your  
19 train of thinking, so I am going to cut you  
20 off.

21 ASSEMBLYWOMAN PEOPLES-STOKES: Thank  
22 you.

23 CHAIRWOMAN KRUEGER: Thank you.

24 And I'm going to hand it over to the

1 chair of our Cannabis Subcommittee,  
2 Jeremy Cooney.

3 SENATOR COONEY: Thank you, Chair.  
4 And thank you to this panel for coming  
5 together. I appreciate your good work.

6 Let me start with cannabis, if I may,  
7 and then we'll move to ESD as well.

8 First, Director Reid, thank you for  
9 your leadership. I know you've had a lot on  
10 your plate since you've taken on this role,  
11 but really pleased to see the progress that  
12 you've made especially with the hiring  
13 numbers that you shared. Significant.

14 I too will join the Majority Leader  
15 with my concern about the December queue. I  
16 know we're working hard to get to it, but  
17 we're still getting phone calls from people  
18 who have been waiting very, very patiently  
19 and who have a lot of money on the line, been  
20 trying to get through this process. So we  
21 want to see that continue. But I know that  
22 you're working on that.

23 Let's start with the retail side and  
24 then we'll move to the supply side.

1                   So on retail, I would agree again with  
2                   the Majority Leader that some of the work  
3                   that's been done through the regulatory side  
4                   with proximity protections is encouraging.

5                   However, I think I know, when you set  
6                   this process up, a lot of it was modeled  
7                   after the State Liquor Authority and ABC  
8                   control laws. And, you know, I think that  
9                   there's some more clarity that you see in  
10                  terms of proximity protections for liquor  
11                  stores, et cetera.

12                  And I think we could apply some of  
13                  that clarity on the OCM side to cannabis  
14                  retail dispensaries. And I think there's  
15                  some uncertainty that even though we've  
16                  changed the distances, et cetera, recently,  
17                  that there's still some wiggle room there  
18                  that investors, that retailers don't feel  
19                  secure in their spaces, whether in a more  
20                  dense urban area like New York City or up in  
21                  upstate New York cities like Rochester and  
22                  Buffalo. So we'll be following up with your  
23                  office on that.

24                  Have you heard anything more

1 specifically from retailers since you've done  
2 these regulatory changes on proximity  
3 protections, about their ability to kind of  
4 move forward in the process? Can you speak  
5 to that?

6 OCM ACTING EXEC. DIR. REID: Yeah. So  
7 last September, I believe it was, we put out  
8 the current regs under review for public  
9 comment. And pointedly, the brunt of that  
10 public comment was negative on the very  
11 concerns that you raise. You know, one of  
12 the things that I'm particularly mindful of,  
13 and I know this from SLA, is that businesses  
14 need to know what to expect.

15 And the thing that I am also conscious  
16 of is that unlike, you know, the alcohol  
17 market, cannabis is an emerging market.  
18 That's -- the alcohol market is a mature one,  
19 we are an emerging market.

20 So even though we have in our  
21 regulations the ability to consider things  
22 like public convenience and advantage, I  
23 think we have to be particularly sensitive to  
24 the fact that we are an emerging market and

1           the proposed regulations that we put out  
2           there go a long way to try to strengthen  
3           them. That is giving local communities the  
4           ability to advocate and have a bit of process  
5           in that. It also gives a little bit of time  
6           for businesses to start operationalizing  
7           before there is a consideration of public  
8           convenience and advantage.

9                        So I think some of the matters that  
10           we've put in place are responding to the  
11           things that we've heard from sitting down  
12           with the field and with retailers and across  
13           the supply chain that could go a long way to  
14           sort of addressing some of the issues that  
15           exist.

16                       SENATOR COONEY: Okay. Well, we'll  
17           follow up with your team afterwards on some  
18           additional feedback that we've received. But  
19           I appreciate the work that's been started on  
20           proximity protections.

21                       I'm concerned on the supply side.  
22           This is a good problem to have; we're opening  
23           up more stores, there's more opportunities  
24           across the state. Congratulations on hitting

1           that 1 billion mark -- that's wonderful  
2           progress. But we're still hearing directly  
3           from farmers, we're hearing from processors  
4           that they're worried about not having enough  
5           supply to meet the New York demand.

6                         And obviously some of the things that  
7           we can't factor in at least right now are the  
8           federal issues, right?

9                         And so if this really is going to be a  
10          New York-based market, how are we going to  
11          meet the supply demands? Are you opening or  
12          thinking about changing regulations around  
13          growing the canopy, around lighting  
14          requirements, things that may allow  
15          processors and cultivators to, you know,  
16          increase their yield, if you will, so that we  
17          can supply our legal cannabis stores with  
18          New York-made products? Can you speak to  
19          that a little bit?

20                        OCM ACTING EXEC. DIR. REID: Sure. So  
21          I think the one thing that sort of frames  
22          this is the issue that happened in the market  
23          in 2023 where we had allowed folks to go  
24          first in terms of growing cannabis, and then

1           there ended up being no place for that  
2           cannabis to go. And that was incredibly  
3           difficult for our cultivator community and  
4           for communities across the state.

5                        So one of the things that I'm  
6           particularly sensitive to, and we at the  
7           agency are sensitive to, is ensuring that if  
8           we have something starting at seed, cutting  
9           our clone, it is getting someplace ultimately  
10          in the market.

11                       One of the things that I think is  
12          incredibly important is paying attention to  
13          balancing, like I said, across the supply  
14          chain. What I will say is in the last  
15          several months we have put forward -- or,  
16          sorry, the Cannabis Control Board has  
17          approved several cultivation licenses. But  
18          again, it being largely an outdoor crop,  
19          those plants aren't in the ground yet.

20                       So we'll see what happens this growing  
21          year, because it should be pretty interesting  
22          given the fact that last year was an  
23          incredible growing year. As someone who  
24          grows myself, it was a great year. But, you

1 know, every year is different, particularly  
2 with the climate of New York, and so we want  
3 to see what happens on the cultivation side  
4 this upcoming year in terms of yield.

5 SENATOR COONEY: So let's continue to  
6 monitor that, but I think we should be open  
7 to -- again, we want to make sure that we're  
8 not catching ourselves at the end of a  
9 growing season with too short of a supply to  
10 meet the demand of our retailers.

11 Can you speak briefly on where we are  
12 in implementing the recommendations that  
13 Commissioner Moy shared earlier this -- or,  
14 sorry, last year?

15 OCM ACTING EXEC. DIR. REID: Sure. So  
16 it identified several areas. One was of  
17 course staffing. And, you know, we've worked  
18 incredibly hard to expand -- hire up, but  
19 also keep our folks.

20 You know, I've sat down with every  
21 single team, I've gone to lab visits, I sat  
22 down and watched them do input into  
23 licensing, just to understand what it is they  
24 do. Because I'm not the kind of person who

1           sort of leads from a closed office. And  
2           that's been really important for staff. Also  
3           having things like town halls.

4                     Another one of the areas that we  
5           addressed was the lack of internal  
6           accountability around audit and compliance.  
7           Again, I'm used to an agency with a very  
8           robust audit and compliance component --  
9           basically, keeping the agency honest to what  
10          it says it does. So having put that in place  
11          has been, you know, incredibly important.

12                    Another thing is the communication  
13          piece. You know, as you might tell, I'm a  
14          bit of a chatty person and I like to sit down  
15          with our communities, sit down with the folks  
16          in the business and hear from them directly  
17          what's working. I don't like to work off  
18          assumptions and suppositions, I like to hear  
19          directly from folks.

20                    So we've gone and done I believe a  
21          seminar, eight stops at this point,  
22          office-hours tour across the state -- we  
23          started in Geneva, we just had one on  
24          Long Island -- to really hear back from local

1 communities on what's going on, but also  
2 thinking about the backlog we have in  
3 communication.

4 I know several legislators had reached  
5 out over time and had not heard back. So  
6 we've been incredibly communicative in  
7 getting back to folks and following up,  
8 making sure that, you know, folks know that  
9 we're listening. That's incredibly important  
10 to us.

11 SENATOR COONEY: Well, I know Tai {ph}  
12 and Nicolette are here, they're doing a great  
13 job at trying to get through as many of those  
14 backlogs as possible. And I appreciate your  
15 road show coming to Rochester. That was a  
16 good conversation.

17 So again, thank you for your  
18 leadership and your work, and I appreciate  
19 all that you're doing.

20 Let me move quickly to  
21 Commissioner Knight.

22 As a former ESD employee, I'm always  
23 impressed by what you're doing and thank you  
24 specifically for your leadership and the

1 Governor's leadership on the Film Tax Credit,  
2 which of course I support -- I know what a  
3 difference that makes -- as well as the  
4 Digital Gaming Tax Credit, which I know we're  
5 working on some language changes so that we  
6 can get that money out the door. Incredibly  
7 important. Thank you for that.

8 You know, I want to speak briefly on  
9 Empire AI. Again, supportive of the  
10 Governor's vision for the expansion.  
11 University of Rochester and Rochester  
12 Institute of Technology are both looking to  
13 join the consortium, so excited to see that  
14 and excited to see the investment continue to  
15 be made across the state.

16 My question is really around our  
17 favorite topic of MWBEs. Seen a lot of  
18 progress made in recent years, but I am  
19 concerned about the disparity study. And I  
20 know that we've been having this conversation  
21 along with my colleague Senator Sanders, who  
22 leads this in our house.

23 The disparity study I think had a lot  
24 of alarming results. I just don't think it

1 reflected reality, truthfully, in New York.

2 And my question to you is kind of, are  
3 we going to go back out to do another  
4 disparity study? Are we working to tweak or  
5 kind of reframe some of those questions so  
6 that they are made to better reflect I think  
7 the reality here in New York so that  
8 New Yorkers can get the benefit of this  
9 program?

10 COMMISSIONER KNIGHT: Thank you for  
11 your question.

12 You know, we released the disparity  
13 study last year and the substance of the  
14 disparity study indicates that there is still  
15 a disparity with respect to utilization of  
16 MWBEs in the public and private marketplace.  
17 And so that study is on firm ground. We do  
18 not believe that we need to do, you know,  
19 another study or go back and fix that study,  
20 because it's constitutionally sufficient,  
21 based on Supreme Court and federal case law,  
22 that our MWBE, you know, abides by those  
23 guidelines.

24 So we want to make sure that we have a

1 study that is unassailable in case we have a  
2 challenge and we need to have that --

3 SENATOR COONEY: Of course. And I  
4 agree with you that I think the process that  
5 was followed was absolutely correct, on the  
6 mark. And I think we can feel very strong in  
7 our legal assertion that this is a good  
8 program.

9 I just worry that there are  
10 communities that were reflected in the -- or,  
11 sorry, not reflected in that study that do  
12 have the need to be benefiting from this  
13 program. So we can follow up with your  
14 office on that.

15 But thank you for your leadership and  
16 look forward to working with you.

17 COMMISSIONER KNIGHT: Thank you.

18 CHAIRMAN PRETLOW: Thank you, Senator  
19 and Commissioner.

20 Al Stirpe for 10 minutes.

21 Assemblyman Stirpe for 10 minutes.

22 ASSEMBLYMAN STIRPE: Thank you, Chair.

23 I guess I'll give Acting Director Reid  
24 time to catch her breath and stuff, and I'll

1 focus on Commissioner Knight.

2 Let me ask you about the NY-RUSH  
3 program, okay? Last year we appropriated  
4 \$250 million; we're doing the same thing this  
5 year. But tell me a little bit about what's  
6 happened with that \$250 million. How much of  
7 it's already committed, and what kind of  
8 projects?

9 COMMISSIONER KNIGHT: You did say the  
10 New York FAST program.

11 ASSEMBLYMAN STIRPE: No, RUSH.

12 COMMISSIONER KNIGHT: Oh, RUSH.

13 ASSEMBLYMAN STIRPE: RUSH.

14 COMMISSIONER KNIGHT: Yes. So we have  
15 been working with many of our partner  
16 agencies that did have property that is  
17 state-owned that needs to be redeployed.

18 We have not allocated any funding at  
19 this point, but we do have projects that are  
20 in the pipeline that have eligibility for the  
21 funding. So for example there's a  
22 development for the Beacon Train Station that  
23 the MTA's put out an RFP for, and that RFP  
24 indicates that RUSH funding is available.

1                   You know, we're working on a Creedmoor  
2                   redevelopment. We're looking at RUSH for  
3                   that funding. And so there are a lot of  
4                   projects in the pipeline that will be  
5                   associated with that.

6                   ASSEMBLYMAN STIRPE: Okay. Are we  
7                   prioritizing affordable housing? And what is  
8                   the criteria for that?

9                   COMMISSIONER KNIGHT: Yeah, so we're  
10                  looking at a range of elements. We're  
11                  certainly looking at affordability. We're  
12                  looking at, you know, how difficult it will  
13                  be to bring the site online from an  
14                  infrastructure perspective. So we're looking  
15                  at a number of factors.

16                  ASSEMBLYMAN STIRPE: Okay. Let's talk  
17                  a little bit about FAST NY. Okay? Again,  
18                  we're proposing \$100 million for that.

19                  What I've heard from various people  
20                  and briefings I've gotten from the executive  
21                  branch, that the early sites we worked on  
22                  were sites that were much closer to being  
23                  shovel-ready, so it didn't cost quite as much  
24                  per site.

1                   Now we're going to sites where lots of  
2                   infrastructure has to be laid in there. And  
3                   is \$100 million enough? And how many sites  
4                   could that possibly help?

5                   COMMISSIONER KNIGHT: So, you know, we  
6                   know that many of these sites need more  
7                   infrastructure. We are proposing the  
8                   POWER UP program that will focus on  
9                   connecting these sites to the electrical  
10                  grid, and so we think many of these sites  
11                  will be paired with POWER UP as well as  
12                  FAST NY funding that will get, you know, a  
13                  number of sites in place.

14                 ASSEMBLYMAN STIRPE: Okay. Quickly  
15                 over to Empire AI Consortium, can you provide  
16                 an update of where we are now with that and  
17                 maybe share how the existing funding for  
18                 Empire AI is leveraged from external sources  
19                 such as, you know, educational institutions  
20                 or private investors?

21                 COMMISSIONER KNIGHT: Absolutely.

22                 So Empire AI, that project is moving  
23                 along very nicely. The original consortium  
24                 members are working through detailed use

1 agreements. There is now a board of  
2 directors focused.

3 And the consortium was able to get  
4 some donated equipment, so there's actually  
5 projects being run now on that donated  
6 equipment. Two hundred researchers are  
7 working on 85 projects. And the development  
8 of the facility at the University of Buffalo  
9 is in progress of planning. They've hired a  
10 consultant and think they'll be able to have,  
11 you know, designs and able to go into the  
12 ground next year.

13 The \$90 million that has been asked  
14 for, you know, is to advance an additional  
15 phase of this project to provide additional  
16 capacity so that these other academic  
17 institutions can have the ability to be on  
18 the network.

19 ASSEMBLYMAN STIRPE: Okay. NY  
20 CREATES, you know, the \$500 million on the  
21 extreme ultraviolet lithography tool, can you  
22 give me an update on what's happening with  
23 that and what's the tool's current status?

24 COMMISSIONER KNIGHT: So the

1 construction continues at NY CREATES to be  
2 able to house the tool.

3 The construction needs to be at a  
4 place significantly far along to have the  
5 tool delivered.

6 When do we expect the tool?

7 ESD CEO YOUNIS: The tool will be  
8 delivered next year.

9 COMMISSIONER KNIGHT: Okay, so the  
10 tool will be -- the construction will be in a  
11 place where the tool can be delivered next  
12 year.

13 ASSEMBLYMAN STIRPE: Okay. All right.  
14 Let's talk about some of my favorite  
15 things, the Centers of Excellence and the  
16 CATs. How often do you publish the  
17 effectiveness evaluations of each center? Is  
18 that once a year, quarterly?

19 COMMISSIONER KNIGHT: Well, we do get  
20 reports from these centers. I'll come back  
21 to you -- I think it's once a year, but I'll  
22 come back to you. Yeah.

23 ASSEMBLYMAN STIRPE: Okay. You know,  
24 I know that we look at the Centers of

1 Excellence and the CATs and the return on  
2 investment and we always talk about how  
3 they're exceptionally far and above anything  
4 else that we have invested in so far.

5 And I'm just wondering why we never  
6 add any funding to them, but instead always  
7 sort of cut back the funding each year and go  
8 through the fight where the Legislature has  
9 to add it back in, et cetera.

10 Isn't there an opportunity at some  
11 point to say that they're successful and we  
12 should really support them so instead of  
13 cutting them, maybe add something to them?

14 COMMISSIONER KNIGHT: So we're very  
15 proud of our CATs and COEs, and we have a  
16 portfolio of innovation assets in our NYSTAR  
17 division, and they leverage, you know, the  
18 effectiveness of those institutions and  
19 programs.

20 So we -- you know, it's not a cut in  
21 the budget, it's just bring it back to what  
22 the Legislature has added last year.

23 ASSEMBLYMAN STIRPE: Okay. Let's talk  
24 a little bit about the new program, CATALIST.

1 I'm having some difficulty feeling that it's  
2 a program that is somewhat equitable. I  
3 mean, you're talking about a certain number  
4 of employees in each company not paying  
5 income taxes.

6 And I don't know how the other people  
7 in the company feel about having to pay  
8 income taxes when people next to them don't.  
9 And, you know, competing against other  
10 companies that are starting up also and don't  
11 have that advantage.

12 Isn't there maybe a better way of  
13 doing this, helping these startups through  
14 some other type of grant program where they  
15 show the potential and we're able to  
16 recognize that and go ahead and provide some  
17 funding?

18 COMMISSIONER KNIGHT: So, you know,  
19 our innovation companies are very important  
20 to New York. You know, they grow at a more  
21 rapid rate than other companies. And we've  
22 seen the level of compensation increase  
23 substantially for high-tech talent.

24 And so we believe that by providing

1           this personal income tax exemption these  
2           companies are going to be able to hire the  
3           talent that they need. And we can root them  
4           here in New York as they grow, instead of  
5           them moving someplace else.

6                     ASSEMBLYMAN STIRPE: All right. Well,  
7           we'll see how that ends up. There are some  
8           people who think that funding should be used  
9           in a different way, but okay.

10                    What else? ON-RAMP. Can you give me  
11           a little update on ON-RAMP? Have sites been  
12           selected? Is anything started?

13                    COMMISSIONER KNIGHT: So our flagship  
14           ON-RAMP Center in Syracuse is in the process  
15           of selecting a site for ON-RAMP. The three  
16           others -- in the Finger Lakes, Capital Region  
17           and Mohawk Valley -- those projects were just  
18           announced about a month ago. They will be  
19           working on planning around what types of  
20           training are in most demand in their regions  
21           and will be looking at, you know, selecting  
22           sites to locate those projects.

23                    In the Capital Region the announcement  
24           was in one of the former St. Rose buildings

1 which will house one of the ON-RAMPS.

2 ASSEMBLYMAN STIRPE: Okay. Okay,  
3 well, thank you very much.

4 CHAIRWOMAN KRUEGER: Thank you.

5 Next up is April Baskin, who's  
6 actually the chair of Procurement, which  
7 overlaps multiple agencies.

8 SENATOR BASKIN: Thank you,  
9 Madam Chair.

10 Good morning. Thank you -- or good  
11 afternoon. It's been a long week. Thanks  
12 for joining us here today.

13 Commissioner Hope Knight, good to see  
14 you.

15 A question for you surrounding ESD's  
16 investment into the East Side of Buffalo.  
17 ESD's investment into small businesses within  
18 my district was a welcome relief following  
19 the tragedy that we faced with the racist  
20 attack at the Tops Supermarket in Buffalo  
21 years ago. The Commercial Districts Grant  
22 Program and the East Buffalo Small Business  
23 Working Capital Grant Program planted seeds  
24 of funding in neighborhood commercial

1 districts that had been in decline for  
2 decades.

3 But despite these innovative programs,  
4 we're still struggling. I've only been in  
5 this position as a State Senator for two  
6 months, but I've continuously heard from my  
7 constituents: What are we going to do about  
8 all of these vacant storefronts?

9 We need the condition of our  
10 communities to be healthy, walkable  
11 communities. We have a lot of dormant  
12 commercial buildings in business districts  
13 that were once vibrant. And when we do roll  
14 out these grants from ESD, there are a lot of  
15 barriers and a lot of paperwork and a lot of  
16 waiting for small business owners who are  
17 still struggling from COVID-19 -- and that is  
18 magnified by being in a marginalized business  
19 district -- and who wait months, sometimes  
20 years to figure out, navigate paperwork for a  
21 return of about \$7500 to support their  
22 business.

23 So I'm just interested -- first,  
24 thankful for the initial seed money, but

1 interested to know what other plans are on  
2 the rise for commercial districts across the  
3 City of Buffalo but specifically on the  
4 East Side?

5 COMMISSIONER KNIGHT: Thank you for  
6 your question, Senator.

7 You know, I've spent a fair amount of  
8 time in Buffalo, and on the East Side, and  
9 have been working with my team and some of  
10 our vendors who are actually working with the  
11 businesses to support them in accessing our  
12 programs.

13 We have made some changes to the  
14 program to be more responsive to the  
15 businesses, as well as providing much more  
16 technical support to help them access the  
17 capital. And, you know, we continue to take  
18 feedback to understand, you know, what are  
19 the things that we can do to make the  
20 programs more accessible to those businesses  
21 on the East Side.

22 SENATOR BASKIN: Thank you. I'm going  
23 to have my office reach out. I want to know  
24 specifically what changes have been made, and

1 I want to support you guys in communicating  
2 what changes have been made to our  
3 entrepreneurial and small business owner  
4 community.

5 And I'd love to continue to work and  
6 grow these programs -- not just the  
7 opportunity fiscally, but also just  
8 residents' ability to be able to quickly  
9 access this funding is imperative, especially  
10 with what we've faced.

11 Thank you. Thanks, Madam Chair.

12 COMMISSIONER KNIGHT: Thank you.

13 CHAIRWOMAN KRUEGER: Thank you.

14 Assembly.

15 CHAIRMAN PRETLOW: Assemblyman Ron  
16 Kim, for 10 minutes.

17 ASSEMBLYMAN KIM: Thank you, Chair.

18 My questions are for President Knight.  
19 Thank you for being here today.

20 I just wanted to focus my attention on  
21 the tourism economy and the responsibility  
22 that ESDC has to promote tourism in the State  
23 of New York. Unlike traditional economic  
24 activity where oftentimes our consumer money

1 is extracted out of our communities and  
2 people spend money on Amazon and some of the  
3 money leaves, community tourism is one of the  
4 few places where we attract new money and  
5 build economic resilience. And I don't think  
6 we do enough to really articulate how  
7 important that is for local communities,  
8 especially now, to build economic resilience  
9 from the ground up.

10 And it's my understanding in the last  
11 couple of years we've seen some record  
12 numbers of money that's been generated in  
13 tourism -- \$137 billion in 2023 of economic  
14 impact, \$88 billion of direct spending that  
15 year. That's an 11 percent jump from the  
16 previous year.

17 However, when I talk to some of the  
18 art and culture institutions, they're seeing  
19 the reverse. Coming out of COVID kind of,  
20 you know, in a reverse way in the sense that  
21 there's more local, regional tourists versus  
22 international tourism. Whereas before COVID,  
23 we've had international tourists coming in  
24 and spending more money locally.

1                   And I think that is, despite the money  
2                   being spent, this is an important point for  
3                   me because that's money that's just being  
4                   circulated locally versus new money coming  
5                   in, having a multiplier effect in our  
6                   economy. And I think this is a time where we  
7                   don't take this for granted but even start  
8                   investing more into our ability to market and  
9                   really promote tourism.

10                   But yet year after year it seems like  
11                   our budget is stuck around the same level for  
12                   the activity around tourism. So let me just  
13                   begin by clarifying, what is it the  
14                   \$15 million for Market NY does? And talk  
15                   about the I Love NY program for 2.5 million.  
16                   And is it similar? And what are those two  
17                   programs?

18                   COMMISSIONER KNIGHT: Sure. Tourism  
19                   is a very important part of the New York  
20                   State economy. And as you mentioned, we have  
21                   our I Love NY program, which focuses on  
22                   promoting New York as a destination. You  
23                   know, we work with tour operators, we provide  
24                   some media attention for the attractions that

1 we have in New York State.

2 And with our Market NY program, that  
3 is open to organizations that are promoting,  
4 you know, local areas within New York. So we  
5 provide grants to organizations that are  
6 promoting their regions.

7 ASSEMBLYMAN KIM: Great. And I guess  
8 there's 2.45 million by the Executive for  
9 matching grants for those organizations. I  
10 mean, those organizations are saying it's not  
11 enough for them. And they're doing so much  
12 work volunteering their time because they  
13 love their communities and they want to  
14 promote their assets to the world.

15 And I just think if you just add a  
16 little bit more, the return is definitely  
17 there. Just like our former chair has said,  
18 we can do a lot more to support these groups,  
19 to make sure that they can do a better job  
20 promoting their assets.

21 The 47 million for open business,  
22 Global NY initiatives and trade missions, I  
23 know that there's been some advertising in  
24 places like London, where we see I Love NY

1 signs pop up. Are there other examples of  
2 some of the promotional programs in other  
3 countries that's active right now?

4 COMMISSIONER KNIGHT: Well, some of  
5 the activity that gets funded by the pot that  
6 you're talking about is related to doing  
7 foreign missions, having New York State  
8 businesses market their products and services  
9 in other markets around the globe.

10 ASSEMBLYMAN KIM: I'll close by just  
11 going back to some of the local reasons why I  
12 think tourism is so important.

13 I can't verify if this is true or not,  
14 but on social media there's a lot of stuff  
15 floating around and there are tourists from  
16 Asian countries that people are saying on  
17 social media platforms that have been picked  
18 up and harassed by ICE agents. And these are  
19 people visiting to the city and spending  
20 money.

21 And when those type of stories get  
22 out, there's a fear among people that they no  
23 longer want to come visit. And I just --  
24 again, going back to why we need to increase

1 the funding for this activity, it is to make  
2 sure to promote New York in a safe way that  
3 they understand that there's some fake  
4 stories, there's some real things, but we  
5 have a handle on it and New York City and  
6 New York State will continue to -- we'll  
7 continue to keep them safe when they visit.

8 And those are the type of things that  
9 we need to really focus on promoting, because  
10 if we take it for granted, I think we'll see  
11 a downward trend, and that's not what we want  
12 for our economy.

13 COMMISSIONER KNIGHT: Understand.

14 ASSEMBLYMAN KIM: Thank you.

15 CHAIRWOMAN KRUEGER: Thank you.

16 Next we have Senator Borrello.

17 SENATOR BORRELLO: Thank you,

18 Madam Chair.

19 Thank you all for being here. My time  
20 is short, so I'm going to really focus on  
21 Executive Director Reid. Appreciate you  
22 being here.

23 I think we all know that this rollout  
24 has been an unmitigated disaster. Here we

1           are five years later -- four years later, and  
2           hundreds of millions of dollars, taxpayer  
3           dollars have been spent. This office, prior  
4           to your arrival, was run kind of like the mob  
5           runs things, you know, so I think it's been  
6           unfortunate that we saw a lot of wasted time  
7           and the continued burgeoning of the illegal  
8           markets.

9                        But when it comes to the legal shops,  
10           it's my understanding that you're not  
11           enforcing the rules and regulations of  
12           licensed dispensaries that are out of  
13           compliance with your regulations and, rather,  
14           you have basically a trade practices bureau.  
15           Can you explain that, who's going to be  
16           heading that up, the enforcement of things,  
17           and what this trade practices bureau actually  
18           is?

19                       OCM ACTING EXEC. DIR. REID: So let me  
20           back up just in terms of what we're doing  
21           around compliance. Our compliance team was  
22           in place even before I got here, as well as  
23           our enforcement folks. That's different from  
24           trade practice.

1                   However, with the new trade practice  
2                   bureau, they're going to be going after  
3                   malpractice across our licensees. That is,  
4                   things like inversion -- that is product  
5                   coming from out of state -- diversion,  
6                   product from in-state going out of state.  
7                   Things like license stacking, undue influence  
8                   in contracting, things like that. So more  
9                   specifically around the basically business  
10                  and trade practices of our operators.

11                  Now, compliance is a little bit  
12                  different. They handle compliance with our  
13                  regs writ large. And those teams have gone  
14                  out -- I can't -- I mean, I actually can tell  
15                  you how often. They've done over 210  
16                  inspections in the last year. They've issued  
17                  1,118 findings. And we've gotten numerous  
18                  corrective action plans based on those  
19                  compliance actions. So --

20                  SENATOR BORRELLO: When you say  
21                  corrective action plans, have any licenses  
22                  been pulled or, you know, has anybody lost  
23                  their license because they've been grossly  
24                  out of compliance?

1 OCM ACTING EXEC. DIR. REID: To this  
2 point, no, and I think that's a good thing.  
3 Because what we find more often than not is  
4 folks do want -- they recognize the  
5 opportunity of cannabis. They want to  
6 benefit from that opportunity. So when we  
7 highlight things that are going not so well,  
8 or wrong, they are -- with those plans, they  
9 are correcting those things.

10 SENATOR BORRELLO: Well, a lot of  
11 these things were in place prior to your  
12 arrival. Can you please tell me what -- you  
13 know, to move things in a new direction, what  
14 your plans have been beyond that you're just  
15 enforcing what was already in place before  
16 your taking this position?

17 OCM ACTING EXEC. DIR. REID: Sure. So  
18 one of the things that's really interesting  
19 and also really challenging about the  
20 cannabis industry is that what it looks like  
21 today is not what it looks like tomorrow.

22 So what it requires is that our  
23 compliance folks are really paying attention  
24 to how business and operators move, and also

1 flagging things that are issues out in our  
2 landscape.

3 And so, you know, building those  
4 pieces and processes takes time. However,  
5 one of the biggest things around that is the  
6 building on our hiring. We need more folks  
7 on our compliance team to address the myriad  
8 issues.

9 SENATOR BORRELLO: Thank you for the  
10 very fast answers, because I had so much and  
11 so little time. Appreciate it.

12 CHAIRWOMAN KRUEGER: Assembly.

13 CHAIRMAN PRETLOW: Assemblywoman  
14 Buttenschon for 10 minutes.

15 ASSEMBLYWOMAN BUTTENSCHON: Good  
16 afternoon, Chairs. Thank you.

17 And Commissioner and Acting Director,  
18 thank you for your leadership.

19 Commissioner Knight, as we spoke  
20 before, I would like to start with Minority  
21 and Women-Owned Business Enterprises, please.  
22 So I'm still hearing the challenges that  
23 these prospective and those renewing licenses  
24 are hearing for this certification. Do you

1           feel that you have enough within your  
2           operational funding to support the staff so  
3           that our prospective owners, business owners  
4           as well as those renewing, can take advantage  
5           of this program?

6                        COMMISSIONER KNIGHT:  So thank you for  
7           that question.

8                        You know, our MWBE program,  
9           particularly on the certification side, is  
10          running very well.  And, you know, we went  
11          from having a backlog of almost 4,000  
12          applications to getting through that backlog  
13          in the fall of 2023.  We now are able to  
14          process those applications in 60 to 90 days,  
15          when before it was much, much longer -- maybe  
16          three or four times as long.

17                      And so we are able to get through  
18          those applications.  Because we had so many  
19          applications in the backlog, we had a lot of  
20          denials.  But we've been able to have, you  
21          know, many roundtables and our executive  
22          director's been out in many of the regions,  
23          providing more transparency and visibility  
24          into the process, so that applicants

1 understand, you know, what the confines of  
2 15A are.

3 We have had many fewer denials last  
4 year. And, you know, we continue to work  
5 with the MBEs, as you mentioned, and the  
6 WBEs, and they have basically the same level  
7 of approval rate. So we don't see a  
8 difference between approvals of MBEs and  
9 WBEs.

10 We, you know, continue to have the  
11 support to provide them with greater  
12 utilization. We work with agencies and  
13 authorities to figure out when there are  
14 going to be contracts, where there will be  
15 accessibility to those contracts. We  
16 continue to work with them so that  
17 utilization can happen at a greater rate.

18 ASSEMBLYWOMAN BUTTENSCHON: So you  
19 feel your staffing is appropriate.

20 COMMISSIONER KNIGHT: Yes.

21 ASSEMBLYWOMAN BUTTENSCHON: Okay.

22 And to switch gears, my colleague --  
23 thank you, Chair Stirpe -- asked many of the  
24 questions. But with the RUSH funding, as we

1 talk about converting or repurposing state  
2 property, can you talk to me about what is  
3 going on with that and success stories that  
4 you've had with it, what commissioners you're  
5 working with?

6 COMMISSIONER KNIGHT: So we're early  
7 in the process with effect to using the RUSH  
8 funding. But I'll just talk about, you know,  
9 a couple of examples related to the Prison  
10 Redevelopment Commission.

11 You know, the Governor put this  
12 together at the end of 2022, how to repurpose  
13 these vacant prisons that had been closed.  
14 And as you know, those prisons are large  
15 footprints, lots of infrastructure. And in a  
16 couple of cases, the RFPs -- I'll talk about  
17 the Watertown RFP, RUSH funding will be used  
18 for redeveloping that facility. And so  
19 that's going to be an example where we'll  
20 probably need extensive RUSH funding to  
21 support redevelopment of that facility.

22 ASSEMBLYWOMAN BUTTENSCHON: So the  
23 reappropriations this year you feel are  
24 sufficient to continue with the works that --

1 and future projects across the state?

2 COMMISSIONER KNIGHT: Absolutely.

3 Yes.

4 ASSEMBLYWOMAN BUTTENSCHON: Okay. I  
5 also have to concur with my colleague  
6 regarding the CATALIST funding. And I know  
7 I've spoke to you about this. I don't  
8 support this proposal. I think that each  
9 region should be able to make the decisions  
10 of what businesses should be supported. And  
11 having one employee receiving tax credits  
12 versus the other I think doesn't make good  
13 for any of the small businesses that I have  
14 spoke with.

15 Acting Executive Director Reid, thank  
16 you again for being here. I do get calls, so  
17 I just wanted to follow up.

18 From the data that you have within  
19 your office, can you talk about the  
20 approximate time it takes from the  
21 application being brought forward to your  
22 office to the time that it could be approved?

23 OCM ACTING EXEC. DIR. REID: Right.

24 So we've reduced that timeline extensively to

1           around 67 days.

2                   ASSEMBLYWOMAN BUTTENSCHON:   Okay.

3                   OCM ACTING EXEC. DIR. REID:   And I  
4           did -- I just want to explain a little bit  
5           around that.  A lot of it is back-and-forth  
6           with the applicant -- if they've submitted  
7           appropriate documentation, if they have to  
8           cure deficiencies.  And every time there's a  
9           deficiency, there's a 30-day cure period, so  
10          it can take a little bit of time just working  
11          out with applicants where they're at and what  
12          they need.

13                   ASSEMBLYWOMAN BUTTENSCHON:   Okay.  And  
14          to follow up on the Majority Leader's  
15          questions, so what protocols or policies do  
16          you have in place to work with law  
17          enforcement currently?

18                   OCM ACTING EXEC. DIR. REID:   So most  
19          of our law enforcement engagement is through  
20          our enforcement team.  There are myriad  
21          aspects that we engage on.

22                   Just one, thinking about the  
23          enforcement side, since the Legislature  
24          granted us the expanded enforcement powers,

1           it's been incredibly helpful to provide  
2           technical assistance to local law enforcement  
3           in terms of training, in terms of  
4           observation, in terms of information sharing.

5                     We did a training I think even as of  
6           last Thursday with New York City's Operation  
7           Padlock to protect around, you know,  
8           appropriate inspection action. And so that's  
9           a role that we play quite strongly.

10                    We also work with other law  
11           enforcement partners, especially our partners  
12           in the Department of Taxation and Finance, on  
13           information sharing around investigations.  
14           An investigation of an unlicensed operator  
15           can lead in many, many directions, and some  
16           of those unlicensed operators are also  
17           engaged in criminal activity.

18                    But I think the thing that we have to  
19           be mindful of in investigations is ensuring  
20           that we're doing a thorough job and building  
21           our evidence, building our case. Because  
22           eventually those things may go to a hearing,  
23           and I have no interest in having things  
24           overturned at the state level. So we want to

1 be really particular in how we do our  
2 communications and share information with our  
3 law enforcement partners.

4 ASSEMBLYWOMAN BUTTENSCHON: And how  
5 often are those trainings throughout the  
6 state, in upstate specifically?

7 OCM ACTING EXEC. DIR. REID: They're  
8 across the state.

9 I know there are four jurisdictions  
10 total and the City of Elmira -- four counties  
11 total and the City of Elmira that have stood  
12 up their own law enforcement practices. And  
13 so we've provided, again, technical  
14 assistance and training to those folks,  
15 because I think there's a bit of trepidation.  
16 I think when it comes to the balance between  
17 what used to be and what is, folks are going  
18 to need education and guidance.

19 And, you know, my team is incredible  
20 in terms of the things that they observe and  
21 the way they take intake information and put  
22 that out in a way that can be accessed by  
23 other jurisdictions.

24 ASSEMBLYWOMAN BUTTENSCHON: Okay. And

1           how about our small farms? Could you tell me  
2           the policies and protocols you have in place  
3           to ensure that they're receiving the  
4           information?

5                     OCM ACTING EXEC. DIR. REID: Yeah. So  
6           this sort of loops into the agency's sort of  
7           restructuring of our communication practices.

8                     One of the things we rely on most is  
9           GOV delivery to share information in realtime  
10          with our cultivators, with our processors,  
11          with folks across the supply chain. But  
12          another thing that we have is really that  
13          active listening piece and sitting down with  
14          folks. I'm looking forward, the next couple  
15          of months, to sitting down with the  
16          cultivator community in the Hudson Valley to  
17          talk about the things that are working and  
18          the things that don't, the things that are  
19          painful and the things that are not.

20                    And so, you know, a lot of what we are  
21          thinking about and planning around is due to  
22          those conversations.

23                    ASSEMBLYWOMAN BUTTENSCHON: Okay, and  
24          this question's for both of you. As the

1 chair of small businesses, what advice could  
2 you give a small business in the State of  
3 New York that you could provide guidance  
4 within the agency that you oversee?

5 COMMISSIONER KNIGHT: I'll go.

6 So ESD has tremendous resources to be  
7 able to utilize. I would start with our  
8 Entrepreneurial Assistance Centers, who can  
9 help guide them to many of the resources that  
10 we have so that they can, you know, get  
11 assistance with accessing those varied  
12 resources.

13 ASSEMBLYWOMAN BUTTENSCHON: Thank you.

14 OCM ACTING EXEC. DIR. REID: Two  
15 parts, if I might.

16 One is -- and I mentioned this a  
17 little bit earlier -- don't plan for the  
18 cannabis industry that exists today, plan for  
19 what might exist in one year, five years,  
20 10 years. And the way to do that is looking  
21 at what's happening in other jurisdictions.

22 Another thing I would say is, you  
23 know, there's a lot of high hopes in opening  
24 a cannabis business, but it really requires a

1 degree of research and understanding what's  
2 happening across the supply chain, but also  
3 understanding larger market factors.

4 I think, you know, some of our best  
5 operators have their ears very close to the  
6 literal ground around what's happening in new  
7 technologies coming or challenges that are on  
8 the horizon. So it really takes a degree of  
9 incredible due diligence to sort of keep up  
10 with the pace of business.

11 ASSEMBLYWOMAN BUTTENSCHON: Thank you.

12 CHAIRWOMAN KRUEGER: Thank you.

13 Toby Stavisky.

14 SENATOR STAVISKY: There we go, sorry.

15 Commissioner Knight, thank you for  
16 coming. Let me follow up on the conversation  
17 we had about a week and a half ago. As you  
18 know, Assemblymember Edward Braunstein and I  
19 represent that part of Eastern Queens that  
20 has the Creedmoor property within our  
21 districts.

22 To follow up on that conversation, who  
23 has the final authority to either make  
24 adjustments or to alter or to discuss, but

1 the authority to make changes, minor changes  
2 or major changes, in the proposal for the  
3 Creedmoor property?

4 COMMISSIONER KNIGHT: So thank you for  
5 that question.

6 As you know, we've been working  
7 diligently with the community around getting  
8 their input with respect to the Creedmoor  
9 plan. We continue to have, you know,  
10 sessions and would like to, you know, engage  
11 you and the other electeds in the community  
12 advisory committee process where we will  
13 continue to have dialogue about the plan.

14 SENATOR STAVISKY: But my question is  
15 who can speak for the agency? Is it you? Is  
16 it somebody on your leadership team? Whom  
17 should we be in touch with? Who has the  
18 authority to, you know, discuss with us and  
19 ultimately with a few -- not a large group,  
20 but a group of residents?

21 COMMISSIONER KNIGHT: You should be in  
22 touch with me and my leadership team.

23 SENATOR STAVISKY: Thank you. Who?

24 COMMISSIONER KNIGHT: My leadership

1 team, Arden Sokolow, who's been leading the  
2 project.

3 SENATOR STAVISKY: Is there a name in  
4 particular?

5 COMMISSIONER KNIGHT: Yes, Arden  
6 Sokolow.

7 SENATOR STAVISKY: Okay. And how soon  
8 can we sit down and talk?

9 COMMISSIONER KNIGHT: We can sit down  
10 next week.

11 SENATOR STAVISKY: Good. Okay, thank  
12 you.

13 COMMISSIONER KNIGHT: Thank you.

14 SENATOR STAVISKY: As you know, the  
15 community feels very strongly about that  
16 issue. And we want to work together, quite  
17 frankly, if we can.

18 COMMISSIONER KNIGHT: Yes, we want to  
19 work with you.

20 SENATOR STAVISKY: Thank you.

21 CHAIRMAN PRETLOW: Assemblywoman  
22 Woerner, for 10 minutes.

23 ASSEMBLYWOMAN WOERNER: Thank you,  
24 Mr. Chairman.

1 Thank you all for joining us today.

2 So Ms. Knight, I represent a county  
3 that has recently had a shuttered prison.  
4 And are there funds allocated in this budget  
5 to support the replacement of large employers  
6 in our rural communities when a facility like  
7 that is shuttered?

8 COMMISSIONER KNIGHT: So thank you for  
9 that question. I think as you know, we had  
10 been building upon the work of the Prison  
11 Redevelopment Commission and have a team that  
12 works with the community when these prisons  
13 are shuttered and begins to engage them to  
14 figure out what potential uses could be  
15 advanced from an economic development  
16 perspective.

17 ASSEMBLYWOMAN WOERNER: So there are  
18 funds that are specifically dedicated to  
19 working with those communities?

20 COMMISSIONER KNIGHT: There is not  
21 funds, but we have resources and to the  
22 extent we come up with a plan, I think we can  
23 bring that forward with respect to looking at  
24 developing, you know, whatever it is being

1 proposed.

2 ASSEMBLYWOMAN WOERNER: Great, thank  
3 you very much.

4 So changing gears a little bit, the  
5 MWBE program. Congratulations on getting the  
6 backlog down. That was a huge lift, and your  
7 team did a fine job in making that happen.

8 That said, over the years I have  
9 certainly had constituents, women who own  
10 businesses, who may have originally been  
11 certified as a woman-owned business, and then  
12 upon recertification are denied. And  
13 oftentimes these are businesses where their  
14 husband happens to be an employee of the  
15 business.

16 And so I read with some interest the  
17 article that was recently published that  
18 alleged systemic bias against women-owned  
19 businesses, because it matched what my  
20 experience has been in working with my  
21 constituents.

22 Now, you said earlier that  
23 minority-owned businesses and women-owned  
24 businesses are denied in equal rates, is what

1           you've experienced or what your data  
2           suggests. But that -- it does not really  
3           match with the lived experience that I have  
4           seen in my district and that women-owned  
5           businesses have related to me.

6                        So I guess my question to you is, what  
7           are you doing to investigate these claims?  
8           And how can we be certain going forward that  
9           every applicant is given a fair hearing? And  
10          specifically that it is not a disqualifying  
11          characteristic to be married and have your  
12          husband work for you.

13                      COMMISSIONER KNIGHT: So thank you for  
14          that question. You know, we support our WBEs  
15          very significantly. You know, with respect  
16          to the article, you know, we have an  
17          investigation, we feel strongly that our MWBE  
18          process and review of applications is done on  
19          a fair and equitable basis.

20                      You know, these applications are  
21          reviewed by many people on a multi-tiered  
22          effect, so it's not one person making the  
23          decision, it is going through a process where  
24          this decision is made.

1                   You know, sometimes there are minor  
2                   changes in a business that can provide for,  
3                   you know, a denial. So for example, if you  
4                   have a change in financial structure or if  
5                   you are doing, you know, a different line of  
6                   work than when you got certified the last  
7                   time, that may be something that we have to  
8                   look at.

9                   You know, we have to align the  
10                  application review with the requirements of  
11                  15A. We take that very seriously,  
12                  particularly in this environment where we  
13                  could have a legal challenge. So I can tell  
14                  you that we are very focused on, you know,  
15                  looking at denials and, when we do have a  
16                  denial, we have a strong basis for it.

17                 ASSEMBLYWOMAN WOERNER: So I can just  
18                 tell you that -- and just to give you one  
19                 example, that a woman had been in business,  
20                 she had to be recertified, she was denied on  
21                 recertification because when she wrote the  
22                 very first check to get her business  
23                 licensed, she happened to write it on her  
24                 joint checking account. And that one check



1                   Next is Ranker Senator Murray.

2                   SENATOR MURRAY: Thank you,  
3                   Chairwoman.

4                   And first let me say to  
5                   Commissioner Knight, welcome. Thank you for  
6                   being here. And I appreciate the fact that  
7                   we've seen each other quite a bit in my  
8                   district, and I appreciate that, especially  
9                   with all the help you've given to the  
10                  project -- the Station Yards project, the  
11                  first phase, now the second phase. It's been  
12                  going great.

13                  I do want to question just one thing.  
14                  And I know all of us here are very parochial,  
15                  we care about our districts. And I  
16                  appreciate that everyone has pushed up here  
17                  for the \$355 million to revitalize Albany.  
18                  But I happen to have an area in my district,  
19                  the Coram and Middle Island area.

20                  Now, I know Long Island can be the  
21                  land of NIMBY a bit, I get it. But this area  
22                  is not. They -- they want so much. They  
23                  want economic development there desperately.  
24                  I'm hoping we can talk offline to see how we

1 can maybe get something similar in our area.  
2 So if we can talk offline about that, I would  
3 appreciate it.

4 COMMISSIONER KNIGHT: Absolutely.

5 SENATOR MURRAY: Thank you. And thank  
6 you for everything you're doing.

7 I'd like to switch now to  
8 Director Reid. And I wish I had more time,  
9 because there's so much I want to talk about.  
10 But let me start with the cultivation  
11 licensing.

12 In your testimony, and I'm quoting  
13 here, you said "young people locked behind  
14 double fences and two layers of razor wire."  
15 You said the extraordinary power of the  
16 communities you've served for years, and it's  
17 your mission as the head of OCM to realize  
18 the promise of these New Yorkers and their  
19 communities, those whose dreams have been  
20 denied and deferred for long enough.

21 I know you were talking about  
22 licensing for this. I want to talk about the  
23 people I represent and their dreams in their  
24 communities. For example, Blue Point, a

1 small community in my district, a  
2 neighborhood where right next door someone  
3 came in, got a cultivation license, big  
4 greenhouse in the back. And so many  
5 complaints of odors and it not being secure  
6 and things like this.

7 So we've reached out to OCM, and we  
8 talked and we investigated and said, you  
9 know, how did they go about getting their  
10 license? "Oh, no, we did every inspection,  
11 we did everything, they meet all the criteria  
12 and that's why we gave them the license."

13 We found out later that was a lie.  
14 I'm not saying it was misinformation, that  
15 was a lie. And I say that because the person  
16 we spoke to admitted it. He admitted it only  
17 after we sent someone there to go on this  
18 property with a camera and take pictures to  
19 show there were no locks, it was not secure,  
20 no lights, no heating in the greenhouse, no  
21 nothing. No one was around.

22 The community there dreams of living  
23 in a nice, secure, quiet neighborhood,  
24 law-abiding citizens. They don't dream of

1           their kids being able to wander on to  
2           property next door and get marijuana. Okay?  
3           That's what could happen.

4                        They were given a license. I want to  
5           know, is there a process in place, in  
6           writing, where an inspection must be done  
7           in-person? Because it was not done. And the  
8           man finally admitted it. Someone from your  
9           office said, "No, we never did send anybody  
10          to inspect it." How does that happen?

11                      OCM ACTING EXEC. DIR. REID: So I'm  
12          not particularly familiar with this case.

13                      However, what I can say is for our  
14          licensees, pre-opening, we do pre-operation  
15          inspections. That's going out and sometimes  
16          those are virtual, sometimes those are  
17          in-person, it really depends on the type of  
18          license. But we're going and making sure and  
19          checking.

20                      And also we have a practice of  
21          compliance. That is, we're going on-site to  
22          our operators to ensure that they're  
23          complying with our regulations. I think  
24          that --

1                   SENATOR MURRAY: Is that new?

2                   OCM ACTING EXEC. DIR. REID: No,  
3                   that's not new.

4                   SENATOR MURRAY: Because that didn't  
5                   happen here. That did not happen. And that  
6                   was your employee who admitted it did not  
7                   happen. It was rubber-stamped, fine. I  
8                   think it was a pinky swear or something,  
9                   because it didn't happen. No one came to  
10                  actually inspect this site.

11                  OCM ACTING EXEC. DIR. REID: So I  
12                  think this is an opportunity for us to talk  
13                  offline, because I'm honestly not familiar  
14                  with this particular case. This might have  
15                  been before my time, I'm not sure.

16                  SENATOR MURRAY: I understand. And it  
17                  might be. But this has been ongoing for the  
18                  past year and a half.

19                  So I'm going to switch now real quick  
20                  to ordering by mail. And Senator Cooney  
21                  brought something up in the discussion  
22                  earlier about controls regarding liquor  
23                  stores and oversight and all of this.

24                  Now, we now have liquor that can be

1 bought and delivered. And there are things  
2 in place to keep those under 21 from getting  
3 it. But I don't think those controls are in  
4 place here. Ordering by mail, it's happening  
5 right now. What are your processes in place  
6 to make sure kids are not ordering, you know,  
7 online or something and getting it delivered  
8 by mail? What are the processes in place?

9 And please don't say it's the same as  
10 liquor, because that doesn't work either.

11 OCM ACTING EXEC. DIR. REID: No. So  
12 we don't have a process, at least in the  
13 regulated market, to order by mail. So if  
14 those orders are occurring, those are  
15 happening with outside operators, unlicensed  
16 operators. Those are not happening through  
17 our regulated stores.

18 I can tell you from experience that  
19 the extent to which we have delivery, when  
20 someone comes to a location, they're checking  
21 IDs even if it's on delivery. They check IDs  
22 in the store, but they're also doing it at  
23 the delivery point.

24 In terms of youth, you know, I

1 think -- and you mentioned earlier around  
2 kids wandering on to property and accessing  
3 cannabis.

4 (Time clock sounds.)

5 SENATOR MURRAY: Let's continue the  
6 conversation offline.

7 OCM ACTING EXEC. DIR. REID: Yes.

8 SENATOR MURRAY: Yes, please.

9 CHAIRMAN PRETLOW: Assemblyman Otis  
10 for 10 minutes.

11 ASSEMBLYMAN OTIS: Thank you both for  
12 your good work and your testimony.

13 I really want to talk to Hope Knight  
14 and the good things that go on at Empire  
15 State Development. I want to focus in on the  
16 ConnectALL office -- which is doing great  
17 work in terms of, for a number of years now,  
18 broadband expansion around the state -- and  
19 congratulate you on the recent announcement  
20 of the Digital Inclusion Grant Capacity  
21 Program that was announced in January and is  
22 on the street right now.

23 These programs are so vital towards  
24 solving the digital divide, and they cover

1 many of the categories of chairs you've heard  
2 from here today, from aging, small business,  
3 economic development, job training, and then  
4 libraries -- everything under the sun. Very  
5 important -- labor.

6 So -- but this sort of the first money  
7 coming out of ConnectALL to go to actually  
8 the digital practitioners, the digital local  
9 programs that are the only ones that  
10 effectively provide that service. What's the  
11 game plan going forward to find other pots of  
12 money to expand those programs, which really  
13 are the way we deliver these services to the  
14 people that need those programs, the people  
15 excluded from digital literacy?

16 COMMISSIONER KNIGHT: So, you know,  
17 thank you for your question. The ConnectALL  
18 team has been working very hard to get, you  
19 know, many of these programs up and going.

20 This Digital Equity Program that was  
21 released in January, you know, we expect to  
22 do, you know, another round or two of grants  
23 for that funding so we will be able to, you  
24 know, fund more of those organizations.

1 ASSEMBLYMAN OTIS: That's great. And  
2 certainly look forward to working with you to  
3 try and expand that pot. I mean, sort of the  
4 need is many times the 15 million. And one  
5 of the things in the grant is properly titled  
6 capacity building, because the programs that  
7 exist that really have been doing this on  
8 their own fundraising efforts over the years,  
9 we need them to grow their capacity. That's  
10 what this grant does. Because they want to  
11 reach more people.

12 And there is sort of a monetary metric  
13 to providing those services. It's a person,  
14 it's the training, it's a computer, it costs  
15 a certain amount. And so thank you for the  
16 good work and really the exceptional work of  
17 ConnectALL and the job they did on developing  
18 and drafting the state's digital equity plan,  
19 which is what this program is helping to  
20 fulfill. So compliments to all.

21 Let me take you to semiconductors.  
22 And you mentioned in your testimony -- and we  
23 have Chair Stirpe here who's been very much a  
24 part of all of that. We've had great growth

1 in drawing these businesses to New York. And  
2 what's the plan going forward to continue to  
3 attract this kind of manufacturing to our  
4 state beyond the great success we've had so  
5 far?

6 COMMISSIONER KNIGHT: Yes, so thank  
7 you for that question.

8 As you mentioned, we've had great  
9 success. And one of the things we need to do  
10 to help these projects be, you know, more  
11 successful is to create an ecosystem. So we  
12 need semiconductor supply-chain companies to  
13 locate here in New York. There are other  
14 projects around the country where these  
15 supply-chain companies could locate to serve  
16 both our New York businesses and, say, Intel  
17 in Ohio. And so we want to be able to locate  
18 them there.

19 I'll let Kevin Younis talk a little  
20 bit about our semiconductor supply-chain  
21 enhancement to our Excelsior program.

22 ASSEMBLYMAN OTIS: That's great.

23 ESD CEO YOUNIS: Thanks, Assemblyman  
24 Otis.

1           One of the things that we really -- to  
2           attract more manufacturing, success of the  
3           current projects is key. So the Governor  
4           created the GO SEMI office a year and a half  
5           ago to really support the implementation of  
6           those projects. As we think about success,  
7           supply-chain partners are key to that  
8           success. So we have this year proposed the  
9           creation of like an enhancement in the  
10          Excelsior Jobs Tax Credit around supply-chain  
11          partners.

12           And then the other key element is  
13          research and development. This industry has  
14          an intense dependency on research and  
15          development like very few other industries.  
16          And so we also have proposed an enhancement  
17          coming out of the Excelsior tax credit  
18          program around R&D investment in New York.

19           And so those are really the goals of  
20          trying to succeed in the investments we've  
21          had. And those successes we hope will breed  
22          more successes.

23           ASSEMBLYMAN OTIS: That is great. You  
24          know, it's a sort of uncertain territory in

1 terms of whether we're going to continue to  
2 have federal dollars in this space or not.  
3 Do we have sort of a strategy to keep the  
4 marketing up to attract these businesses even  
5 if the federal commitment goes away?  
6 Although it may not go away; we don't know  
7 yet. Too early to tell.

8 ESD CEO YOUNIS: So we're -- I mean,  
9 at this point we're confident in the  
10 continued federal investments. These  
11 projects and the reshoring of semiconductors  
12 is really a national security and national  
13 economic issue.

14 Having said that, again, the Governor  
15 created this office focused around  
16 semiconductors, GO SEMI, and that includes  
17 national and international outreach and  
18 partnerships and further development of the  
19 ecosystem.

20 So we're -- the Governor's doubling  
21 down on this industry. It presents a great  
22 opportunity for growing New York's economy.  
23 So we're very focused on it.

24 ASSEMBLYMAN OTIS: You've done a great

1           job in the fact that we were able to get  
2           Micron, which was the big fish.

3                        But also in the Hudson Valley -- and  
4           I've been to some of the smaller  
5           manufacturing facilities that have expanded,  
6           and so they're expanding because they believe  
7           that New York is a good place for this.  
8           They're also expanding, when you speak to the  
9           folks at these companies, that we have the  
10          trained workforce that they need, and that's  
11          one of the things that helps attract these  
12          businesses here.

13                       So thank you for the good work and the  
14          continued partnership on these issues, and I  
15          yield back the rest of my time.

16                       ESD CEO YOUNIS: Thank you.

17                       CHAIRWOMAN KRUEGER: Thank you.

18                       Senator Pat Fahy.

19                       SENATOR FAHY: Thank you, Chair.

20                       And thank you, Commissioner and  
21          Director. My first question is for the  
22          director.

23                       It's refreshing to have you here,  
24          refreshing to see so many changes. And as

1           Senator Kavanagh {sic} mentioned earlier,  
2           it's great not to have all the calls we once  
3           did.

4                        I'm still down to one call, however.  
5           In the City of Amsterdam, which was one of  
6           the first cities to adopt the licensing  
7           program and has had one of the first cannabis  
8           shops, it is the second one where they've  
9           raised serious concerns over an applicant  
10          who, after applying, was still charged and  
11          convicted on illicit marijuana sales.

12                       So there's a serious concern there.  
13          Is there a policy on this? Because there's  
14          been a lot of back-and-forth, and I have a  
15          very upset new mayor.

16                       (Laughter.)

17                       OCM ACTING EXEC. DIR. REID: I  
18          appreciate that. I know --

19                       SENATOR FAHY: Thank you, Director. I  
20          know you're -- believe me. And I'm so  
21          relieved and so thrilled to have you here.

22                       OCM ACTING EXEC. DIR. REID: Yeah, I  
23          know how much my office has been in contact  
24          with you and the mayor.

1           And so, you know, one of the things  
2           that at least I'm aware of in terms of that  
3           matter is what we're looking at upon -- in an  
4           application process, and doing our background  
5           checks and doing our vetting and making sure  
6           that someone is actually eligible to have the  
7           license, we have the information we have at  
8           that time.

9           Now, if we find out that there is  
10          fraud in the application or that there are  
11          things that then make a person ineligible,  
12          that would be a basis for discipline.

13          Now, I know there's some question with  
14          this particular applicant as to whether those  
15          criminal issues -- when and whether those  
16          criminal issues occurred. And so, you know,  
17          again, if we find out that there was fraud in  
18          the application process, that is certainly  
19          grounds for us to --

20                 SENATOR FAHY: Thank you, Director.  
21          And again, so pleased and refreshing to have  
22          you here. So if you could just double down  
23          on that one, we'd appreciate it.

24                 OCM ACTING EXEC. DIR. REID: Yes,

1           certainly.

2                   SENATOR FAHY: Commissioner Knight,  
3           again, thank you. Could not be more pleased  
4           over the \$400 million proposal for Albany  
5           despite the -- and clearly it's popular. Two  
6           hundred million of that is for the downtown  
7           revitalization. I should note, as you know,  
8           we've done some amazing work via your office  
9           in Buffalo, Rochester, Syracuse, with Micron  
10          and more. So we are really pleased to have  
11          this focus, since 63 percent of Albany's  
12          property is tax-exempt.

13                   So on the 200 million, could you just  
14          briefly mention the timeline and what  
15          opportunities there will be for public or  
16          community input on the \$200 million  
17          revitalization? And again, we're really  
18          excited.

19                   COMMISSIONER KNIGHT: So thank you for  
20          that question. You know, our teams have been  
21          working very closely. And, you know, we want  
22          to make sure, the Governor wants to make sure  
23          there's extensive public engagement on this  
24          with all the stakeholders.

1 Kevin, can you tell me when the  
2 consultant's going to be selected?

3 ESD CEO YOUNIS: So we -- we will get  
4 back to you.

5 SENATOR FAHY: Thank you. Thank you,  
6 Chair. And look forward to working with you.

7 CHAIRMAN PRETLOW: Assemblyman Friend,  
8 five minutes.

9 ASSEMBLYMAN FRIEND: Thank you,  
10 Chairs.

11 President Knight, could you give a  
12 little overview of what's happening at  
13 RiverBend -- SolarCity GigaFactory, Tesla?

14 COMMISSIONER KNIGHT: Yes.

15 So as you know, Tesla's supposed to  
16 provide regular reporting to us, and we just  
17 received the reporting. It has exceeded its  
18 job commitments by 250 jobs and its  
19 investments by a billion dollars. So they  
20 have met their commitment, exceeded their  
21 commitment with respect to the investment  
22 that was made.

23 But Kevin, you want to talk a little  
24 about the agreement?

1                   ESD CEO YOUNIS:  Sure.

2                   Assemblymember, we -- as I think you  
3                   know, last year we came to an agreement with  
4                   Tesla to extend their commitment to Buffalo  
5                   for five more years.  In addition, in  
6                   exchange for that, they will be making more  
7                   investments in workforce development with --  
8                   in partnership with the Northland Workforce  
9                   Development Training Center.  They're now  
10                  paying rent to occupy the space.  And they're  
11                  doing a great deal of investment around  
12                  what's called Dojo, which is their AI  
13                  supercomputer, which they've put a  
14                  \$500 million investment in that facility  
15                  around that computer.

16                  ASSEMBLYMAN FRIEND:  Okay, that's good  
17                  to hear.  It's nice to see it's finally  
18                  making a rebound, a billion-dollar  
19                  investment.  So we're going in the right  
20                  direction.

21                  Along that same avenue, with Micron  
22                  coming in and down in my neck of the woods,  
23                  we have Corning that has a diesel plant that  
24                  makes catalytic converters.  Is there

1 anything in the current budget, kind of like  
2 POWER UP, that would support gas  
3 infrastructure for companies like Micron or  
4 Corning, Inc.?

5 COMMISSIONER KNIGHT: So, you know, to  
6 the extent that, you know, a business was  
7 expanding or, you know, employing more  
8 people, we can talk and figure out if there  
9 is a tool that we have at ESD to support the  
10 expansion of the business.

11 ASSEMBLYMAN FRIEND: Okay. And you've  
12 mentioned the Prison Redevelopment Program a  
13 couple of times. Outside of RUSH-NY and  
14 housing, are there any other programs or  
15 businesses that are looking to developing at  
16 those prison sites?

17 COMMISSIONER KNIGHT: So in the case  
18 of Livingston Correctional Facility, that has  
19 been transferred to Livingston's IDA to  
20 develop a business park. And we have Butler  
21 Correctional Facility, which is going to be  
22 transferred to the IDA for business use.

23 So to the extent that we can find  
24 those uses, we definitely try to advance

1           those projects.

2                       ASSEMBLYMAN FRIEND:   Okay.   Because in  
3           my district we have Southport Correctional,  
4           which is sitting there.   It's a fabulous  
5           site, great location.   Be great to see that  
6           relocated, transferred.

7                       And I used to represent Schuyler  
8           County and Monterey Shock.   That's a little  
9           more distant.   I'm not quite sure what might  
10          go up there.   But again, it would be great to  
11          have that back on the tax rolls.

12                      Are there any monies in the current  
13          budget for advertising any of the economic  
14          development programs?

15                      COMMISSIONER KNIGHT:   We don't do any  
16          advertising of economic development programs.  
17          We have our I Love NY program, which we do  
18          advertising for.

19                      But, you know, with respect to  
20          advertising for our programs, you know, we do  
21          outreach, we provide, you know, fliers and  
22          things to the elected officials and  
23          community-based organizations, chambers of  
24          commerce.   But we don't do any sort of

1 official advertising.

2 ASSEMBLYMAN FRIEND: Okay. So nothing  
3 like what was in START-UP NY or --

4 COMMISSIONER KNIGHT: No, nothing like  
5 that.

6 ASSEMBLYMAN FRIEND: Okay. Thank you  
7 so much.

8 Acting Director Reid, with the  
9 cannabis program initially there was going to  
10 be money for research. Now that we've hit  
11 the \$1 billion mark, is there money that's  
12 going to be used for research? How much is  
13 there, where's it going?

14 OCM ACTING EXEC. DIR. REID: So I  
15 think one of the things that's incredibly  
16 important around cannabis' future is that we  
17 have our cannabis license.

18 I'll have to get back on numbers on  
19 how many licenses are out there, but I think  
20 a lot of those exist in our public  
21 partnerships.

22 And so I'm hopeful that some of our  
23 monies can be turned towards supporting  
24 research, because one of the things that's a

1 huge issue, as you might know, is that  
2 because of the federal prohibition, they  
3 cannot use the money for research as they  
4 would in other ways.

5 And so I'm hopeful that some of our  
6 efforts can be turned towards supporting  
7 research across the state.

8 ASSEMBLYMAN FRIEND: So is that money  
9 going to have to be done through like a  
10 private corporation? Can we give it to our  
11 universities to do research? Or how is that  
12 going to work?

13 OCM ACTING EXEC. DIR. REID: I  
14 think -- and this is what I've seen in other  
15 states, right? I think some of the both  
16 profits but also -- what's the word I want --  
17 for lack of a better word, revenues from  
18 cannabis agencies get turned toward public  
19 institutions for that work. So thinking  
20 places like SUNY, CUNY, Cornell, things like  
21 that.

22 ASSEMBLYMAN FRIEND: And I'm going to  
23 be out of time. But if just to talk about  
24 the enforcement, once they're trained by your

1 enforcement team do the local policy agencies  
2 have the ability to go out and do their own  
3 enforcement of illegal shops?

4 OCM ACTING EXEC. DIR. REID: Can I  
5 answer that?

6 ASSEMBLYMAN FRIEND: You can get back  
7 to me.

8 OCM ACTING EXEC. DIR. REID: I'll get  
9 back to you.

10 ASSEMBLYMAN FRIEND: Thank you.

11 CHAIRWOMAN KRUEGER: Thank you.

12 Next is Senator Rhoads, five-minute  
13 ranker.

14 SENATOR RHOADS: Thank you,  
15 Madam Chair.

16 And Kevin, I'm very happy that you got  
17 a chance to give a full answer. So good job.

18 Thank you all for your testimony so  
19 far today.

20 Commissioner, according to Forbes  
21 magazine, since 2019 New York has been ranked  
22 as the second worst climate for business in  
23 the country because of high taxes and  
24 unsustainable spending. New York leads the

1 nation in outward migration. And according  
2 to the Internal Revenue Service, as of 2023  
3 New York lost \$24.5 billion in adjusted gross  
4 income to other states, which is a statistic  
5 that in the intervening two years I am sure  
6 has only gotten worse.

7 One of the best ways to promote  
8 economic development is to improve New York's  
9 competitiveness, but our Governor seems  
10 unfortunately to be doing the opposite,  
11 burdening New Yorkers with regressive taxes  
12 like congestion pricing, a  
13 worst-in-the-nation personal income tax, an  
14 uncompetitive corporate tax rate, a remaining  
15 over \$6 billion deficit in the Unemployment  
16 Insurance Fund created by New York State  
17 government squandering federal COVID funds  
18 provided for that purpose.

19 Since 2019, annual state spending has  
20 increased by over \$70 billion, a nearly  
21 40 percent increase, not including this  
22 year's proposed budget, where the Governor  
23 has proposed to grow the state budget yet  
24 another \$8 billion more without measures to

1           increase revenue.

2                        Meaning that New York State is  
3           forecast to collect more than \$8 billion in  
4           revenue than it needed in fiscal year  
5           '24-'25. In other words, we're collecting 8  
6           billion more than we spent last year. But  
7           rather than return that 8 billion to the  
8           residents and businesses struggling to  
9           survive and improve our economic  
10          competitiveness and affordability, the  
11          Governor has chosen to jack up spending even  
12          higher.

13                      As the commissioner of the State  
14          Department of Economic Development, do you  
15          agree with that strategy? And if so, why?

16                      COMMISSIONER KNIGHT: So the state has  
17          done very well with respect to attracting new  
18          business economic development projects as  
19          well as seeing businesses that are here,  
20          already here in New York State, expand.

21                      The Governor has grown businesses --  
22          740,000 since she's been in office. And  
23          we've been able to provide a business  
24          environment that provides for that growth and

1           attracting businesses here. Our job growth  
2           rate is higher than the national average.  
3           And so we've been able to provide significant  
4           economic development projects and growth  
5           within the state during this Governor's  
6           tenure.

7                         SENATOR RHOADS: But with many  
8           businesses citing high taxes, regulations and  
9           cost of living for leaving New York, do we  
10          know why it is that we're not taking the  
11          extra \$8 billion that we're collecting that  
12          we did not need last year and choosing to  
13          spend that money this year in her proposed  
14          budget as opposed to trying to reduce either  
15          personal tax rates, corporate tax rates,  
16          giving businesses and residents the  
17          opportunity to maybe catch their breath?

18                        COMMISSIONER KNIGHT: Well, I know  
19          that the Governor is providing about  
20          \$168 million in paying down this year's  
21          unemployment insurance assessment, which, you  
22          know, is something that I've heard businesses  
23          really were looking for.

24                        SENATOR RHOADS: Okay, but the

1 remaining \$7.85 billion, do we know why we're  
2 spending that as opposed to trying to provide  
3 relief to businesses and taxpayers? And  
4 wouldn't that benefit all New Yorkers?

5 COMMISSIONER KNIGHT: Well, you know,  
6 the programs that we're advancing this year  
7 in this budget, you know, does substantially  
8 help businesses, you know, with access to  
9 capital and support for growth.

10 SENATOR RHOADS: Okay. One in my  
11 remaining 20 seconds. MWBE. Right now an  
12 organization, business, will have to apply  
13 for it to be part of their local county MWBE  
14 and file a separate application for the  
15 state, to become state-certified. Would the  
16 department consider cross-certification  
17 between county and state, and vice versa?

18 COMMISSIONER KNIGHT: I'll come back  
19 to you on that.

20 SENATOR RHOADS: Thanks.

21 COMMISSIONER KNIGHT: Thank you.

22 CHAIRWOMAN KRUEGER: Thank you.

23 Assembly.

24 CHAIRMAN PRETLOW: Assemblyman Simone.

1 ASSEMBLYMAN SIMONE: Good afternoon,  
2 Commissioner. This is for Commissioner  
3 Knight. I have two questions.

4 The first question, the Penn Station  
5 GPP continues to exist in a zombie state, in  
6 my opinion and many of my community, where in  
7 the years it has existed we have this big  
8 giant patch of dirt on 7th Avenue where the  
9 Hotel Pennsylvania once stood. With such  
10 great control over some of the most important  
11 real estate in Midtown and all of New York,  
12 when does ESD expect any movement on these  
13 sites? Especially when we're having a  
14 housing crisis.

15 COMMISSIONER KNIGHT: Thank you for  
16 that question.

17 You know, we continue to work with the  
18 MTA on the MTA plan for Penn Station, which  
19 it's tied to the GPP. So we continue to work  
20 with them.

21 ASSEMBLYMAN SIMONE: No, I understand  
22 that. But the Governor separated the GPP  
23 from the Penn Station expansion plan, and  
24 right now we have this site just sitting

1           there when I think it's a great opportunity  
2           to create affordable housing, office space,  
3           parks space. And we've contacted the  
4           Governor's office; it's just stalled. This  
5           could be a big win for the Governor, a big  
6           win for New Yorkers.

7                        COMMISSIONER KNIGHT: Well, we  
8           continue to talk to the property owners about  
9           advancing projects with respect to the GPP,  
10          and the GPP governs the ability to create  
11          housing. And so --

12                       ASSEMBLYMAN SIMONE: Yes.

13                       COMMISSIONER KNIGHT: Yeah.

14                       ASSEMBLYMAN SIMONE: Well, I hope to  
15          see that happen sooner than later.

16                       And my second question is, when we  
17          were here last year we discussed developing  
18          housing on state-owned sites. And to the  
19          credit of ESD, you've done a tremendous job  
20          on projects in my district -- in Bayview,  
21          supportive housing, in the Javits Site K,  
22          which I'm very happy about. And in the  
23          meantime New York City has made major strides  
24          in the City of Yes.

1                   What is new in this budget that will  
2                   increase housing supply so we'll become a  
3                   State of Yes when it comes to creating  
4                   affordability and housing?

5                   COMMISSIONER KNIGHT: We continue to  
6                   have the RUSH program, which will focus on  
7                   infrastructure for housing projects. We also  
8                   have a hundred million dollars for  
9                   pro-housing communities that will support  
10                  housing growth.

11                  ASSEMBLYMAN SIMONE: And I know it was  
12                  asked earlier, how are we measuring  
13                  affordability? I know it's a complex  
14                  question which we may have to follow up after  
15                  my three minutes.

16                  But I feel right now the biggest  
17                  complaint from my constituents and  
18                  New Yorkers is the way we measure AMI  
19                  eliminates so many middle-class New Yorkers  
20                  from actually obtaining affordable housing  
21                  even after we create it.

22                  Thank you.

23                  COMMISSIONER KNIGHT: Thank you.

24                  CHAIRWOMAN KRUEGER: Thank you.

1                   Senator Chris Ryan.

2                   SENATOR CHRIS RYAN: Thank you,  
3                   Madam Chair.

4                   And thank you. Two questions for  
5                   Commissioner Knight, and then another  
6                   cannabis question.

7                   I want to talk about ConnectALL. So I  
8                   know that the -- I think there's a five-year  
9                   capital plan, \$110 million disbursement, I  
10                  think, throughout the ConnectALL program. I  
11                  believe, right, that's the case. Do we know  
12                  what has been disbursed yet or how much -- I  
13                  guess not the question, but can we get an  
14                  update -- what's been disbursed, who has been  
15                  received and where -- like the who, what,  
16                  when, where, how and why of the ConnectALL  
17                  thus far?

18                  COMMISSIONER KNIGHT: Yeah. So  
19                  absolutely. You know, we've been very  
20                  focused on providing visibility and  
21                  transparency into the ConnectALL funding.

22                  SENATOR CHRIS RYAN: Definitely.

23                  COMMISSIONER KNIGHT: We'll provide a  
24                  list to you, but on our website we have all

1 of the grants that have been approved and  
2 disbursed, and plans for the rest of the  
3 funding on a forward basis.

4 SENATOR CHRIS RYAN: And the second  
5 question, the Executive's State of the State  
6 booklet described a goal of laying  
7 fiber-optic cable on the Thruway. Is that --  
8 is there funding for that proposal? Is it  
9 happening or has it been bid or what is the  
10 status?

11 COMMISSIONER KNIGHT: So we continue  
12 to work with the Thruway Authority to plan  
13 for this project, which would create more  
14 connectivity along the Thruway.

15 SENATOR CHRIS RYAN: But you haven't  
16 bid it yet.

17 COMMISSIONER KNIGHT: No, no. No.

18 SENATOR CHRIS RYAN: So -- okay. Will  
19 there be wage rate standards with that?  
20 Like -- so with the broadband funding, the  
21 state broadband funding, there were wage  
22 rates so that under out of state contracts or  
23 whatever, this can't undercut existing  
24 telecom providers, right.

1                   So will those provisions still -- will  
2                   those provisions pertain to the Thruway build  
3                   as well?

4                   COMMISSIONER KNIGHT: I have to get  
5                   back to you on that. Yes. Yes.

6                   SENATOR CHRIS RYAN: Okay. Thank you.

7                   Last question -- well, actually I'm  
8                   going to -- so Micron, you don't anticipate  
9                   any problems? We're not --

10                  COMMISSIONER KNIGHT: No, we don't  
11                  anticipate any problems going forward.  
12                  Micron's committed to Central New York. We  
13                  continue to work with them.

14                  SENATOR CHRIS RYAN: And to myself and  
15                  Chairman Stirpe.

16                  Last question. So Director Reid, so  
17                  what types of education have you -- are you  
18                  providing to prevent underage cannabis usage  
19                  or sales?

20                  OCM ACTING EXEC. DIR. REID: Yeah.  
21                  So, you know, with legalization, I think it  
22                  requires -- and this is in the statute -- to  
23                  engage with young people and families and  
24                  caregivers. I think there's a multifaceted

1           role around here in terms of information for  
2           parents, caregivers and trusted adults, as  
3           well as sitting down with young people. Our  
4           public health team has had -- I've seen --  
5           some of them are on my actual coffee table,  
6           information and pamphlets for young folks.  
7           But I also think we have to do a little bit  
8           more to hear from them.

9                        So this particular year we're going to  
10           be sitting down with young people across the  
11           state in different communities to hear about  
12           their experiences with cannabis, their  
13           questions. I actually did this with  
14           Senator Persaud over Caucus Weekend with  
15           young folks.

16                        SENATOR CHRIS RYAN: And I know that  
17           when I -- I think there is a provider that is  
18           running interduct on the Thruway; I just  
19           don't know if that's part of it.

20                        So we'll have to talk after. Thank  
21           you.

22                        CHAIRWOMAN KRUEGER: Thank you.  
23           Assembly.

24                        CHAIRMAN PRETLOW: Assemblymember

1 Walsh.

2 ASSEMBLYWOMAN WALSH: Thank you very  
3 much, Chair. Good afternoon.

4 Commissioner Knight, I wanted to  
5 follow up on some questioning that you were  
6 previously asked about MWBE by one of my  
7 other colleagues, and also that specifically  
8 that article that just came out three days  
9 ago in the Times Union. Very troubling. It  
10 also definitely reaffirms the experience that  
11 I have also had in my district, particularly  
12 with white women who are legitimately running  
13 legacy businesses -- i.e., businesses that  
14 were maybe from fathers, uncles, brothers and  
15 might even have the name "Sons" or "Brothers"  
16 in the name of the business. They're getting  
17 turned down.

18 The experience that I'm hearing about  
19 is really -- the word used in the article was  
20 "degrading." That is what I have heard from  
21 these women that are legitimately doing this  
22 work. And the fact that this article talks  
23 about systemic -- systematic denial of female  
24 applicants, specifically white women. You

1 know, it says here in the article that  
2 "Empire State Development says it was  
3 conducting an investigation into the  
4 allegations." Is that investigation  
5 concluded? And what was the conclusion?

6 COMMISSIONER KNIGHT: That  
7 investigation has not been concluded, but we  
8 take this very seriously and are  
9 investigating this allegation.

10 ASSEMBLYWOMAN WALSH: I really hope  
11 so, because if we're going to create a  
12 program to address disparity -- and I read  
13 the disparity study, and it appears that for  
14 non-minority women there continues to be a  
15 disparity -- then we need to create a program  
16 that reflects that it is possible for a woman  
17 who is a business major to run an electrical  
18 company without being an electrician. It's  
19 possible for a women whose brother operates  
20 heavy equipment to legitimately be running a  
21 business, you know, without actually going  
22 out and driving the front loader.

23 You know, it's just -- it's such an  
24 outmoded kind of chauvinistic viewpoint. I

1 find it personally, just as a woman, very  
2 insulting.

3 So I really do hope that you'll take a  
4 look at whether it's this one individual  
5 who's perhaps trying to weed out -- and I  
6 understand if there is fraud, we want to  
7 prevent fraud from happening. But as the  
8 article suggested, and as some have  
9 suggested, perhaps there's been an  
10 overcorrection.

11 And I guess in my remaining time I  
12 just want to say that I am supportive of a  
13 bill to help recertifications get processed  
14 more smoothly. If somebody has already been  
15 certified and has gone through all those  
16 hoops and has been certified, I believe that  
17 the burden should be flipped and there should  
18 be a presumption of recertification, not  
19 having them have to start all over again and  
20 go through this period of time. It's a lot  
21 of money, it's a lot of time, it's a lot of  
22 inconvenience that they really need to put  
23 into running their businesses.

24 So I really -- I just wanted to put in

1 my two cents. I'm very concerned.

2 Thank you.

3 CHAIRWOMAN KRUEGER: Thank you.

4 We have been revisited by  
5 Senator Gounardes; I hear he's here again.  
6 Yes. He was on the list for questions. Will  
7 someone let him have their microphone?

8 SENATOR GOUNARDES: There we go.  
9 Thank you, Senator Krueger.

10 Hello, everyone. Commissioner, good  
11 to see you in Red Hook last week.

12 COMMISSIONER KNIGHT: Yes.

13 SENATOR GOUNARDES: I have two  
14 questions. The first focuses on an issue of  
15 local concern which ESDC is now involved with  
16 in my district, and that's the redevelopment  
17 of the Brooklyn Marine Terminal project.  
18 That was facilitated with the transfer from  
19 the Port Authority to EDC. There's obviously  
20 a lot of uncertainty right now with City  
21 Hall.

22 But as it relates to ESD's  
23 involvement, what -- what is ESD's  
24 involvement with the redevelopment of this

1 site? And is this site of interest to the  
2 state as well as to the city, irrespective?

3 COMMISSIONER KNIGHT: Thank you for  
4 that question.

5 You know, ESD has been working with  
6 the city on the working group -- as you know,  
7 we have members of our team on there. And as  
8 the city leads this project, you know, we  
9 continue to support the city in the project.

10 SENATOR GOUNARDES: And does the state  
11 or does ESD view this project as important to  
12 serve state purposes as well as city  
13 purposes, or solely as a city-only priority?

14 COMMISSIONER KNIGHT: No, absolutely.  
15 You know, the state looks to being a part of  
16 the project and supporting, you know, state  
17 objectives as well.

18 SENATOR GOUNARDES: Great, thank you.

19 And my second question is, you know,  
20 we spent a lot of money on development  
21 programs, incentive programs, grant programs,  
22 for many, many years -- lots of money, a lot  
23 of it well spent, some of it, you know, we  
24 can argue maybe not as well spent. I want to

1           get a sense as to looking back on the  
2           totality of a lot of these economic  
3           development incentive funds that we've  
4           allocated, what's the dollar amount of  
5           unspent funds, cumulatively, that have been  
6           allocated to ESD that have not been awarded,  
7           drawn down, maybe a grant recipient didn't  
8           need the full amount, et cetera? Do we have  
9           a sense of that?

10                    COMMISSIONER KNIGHT: I would have to  
11           get back to you, to go through the programs  
12           and do an accounting exactly.

13                    SENATOR GOUNARDES: And does that  
14           money typically stay with ESD? Does it get  
15           sent back to the General Fund? Is it still  
16           under ESD's control?

17                    COMMISSIONER KNIGHT: It depends on  
18           the program. Sometimes we have grant  
19           programs where we have terminated funds, we  
20           just do another round of grants for the --

21                    SENATOR GOUNARDES: I'd appreciate  
22           some follow-up on that to get a sense as to  
23           what's left. You know, if grants that we did  
24           in the first couple of rounds of the REDC

1           competitions, if there's still unspent funds  
2           from that that can be repurposed, reused,  
3           reinvested, et cetera, given all the  
4           uncertainty from the federal government right  
5           now, I think we're looking for every penny we  
6           can find. And if, you know -- I think it's  
7           relevant to the conversations we're having.  
8           So I appreciate the follow-up on that.

9                        COMMISSIONER KNIGHT: Yes.

10                      SENATOR GOUNARDES: Thank you.

11                      CHAIRWOMAN KRUEGER: Thank you.  
12                      Assembly.

13                      CHAIRMAN PRETLOW: Assemblywoman  
14           Griffin.

15                      ASSEMBLYWOMAN GRIFFIN: Thank you,  
16           Chairs. And thank you to all of you for  
17           being here.

18                      This question goes to  
19           Commissioner Knight. I appreciate all of  
20           your efforts for the many years you have been  
21           the commissioner. And I wanted to ask you  
22           about really Long Island.

23                      I represent AD 21, which is the  
24           southwestern shore of Long Island, and I

1 would love to see some of our New York State  
2 tourism funds and marketing dollars to be  
3 like rerouted towards our local  
4 municipalities and chambers -- not just in my  
5 district, but I think across Long Island that  
6 could really help promote our local events,  
7 promote local business and so forth.

8 And it would be an ideal way to  
9 attract more visitors, people coming out from  
10 the city, perhaps other states, to  
11 participate and, you know, see what our  
12 villages have to offer.

13 I know in AD 21 we have very active  
14 chambers and we really have active chambers  
15 across Long Island. So this would be looked  
16 on as a big bonus. And I just wondered, are  
17 any of -- like I know there's the I Love NY  
18 program. Are any programs like that -- is  
19 there any plan to allot money in this way?

20 COMMISSIONER KNIGHT: So thank you for  
21 your question.

22 We've worked with many of the  
23 organizations out on Long Island who are  
24 destination promotion entities, and we have

1 provided some funding for some of those  
2 organizations and will continue to work with  
3 them.

4 ASSEMBLYWOMAN GRIFFIN: Yeah, and -- I  
5 mean, really I work very closely with my  
6 local chambers, and they have never mentioned  
7 receiving any -- any type of grant or money  
8 in that way.

9 It's not exactly -- like it is a  
10 destination, there's a lot of different  
11 activities, it's a short ride from the city,  
12 it's near the beaches. So there's a lot of  
13 reasons people might like to come out.

14 And one more question I have is, you  
15 know, ESD, you know, has a lot of  
16 transformative projects. I really love the  
17 Downtown Revitalization Initiative. We're  
18 still trying to complete Baldwin. That's  
19 been going on for a couple of years. All the  
20 residents are really excited about it.  
21 Valley Stream, another part of my district,  
22 has just applied for one.

23 So I love those big programs. But I  
24 also think we need to have, again, in the way

1 of the question just before, some smaller  
2 programs where we can -- like 80 percent of  
3 our economic activity is under small  
4 businesses. So if we have those  
5 transformative projects, great. But I'd love  
6 to see how we could implement more programs  
7 to benefit, you know, little things that  
8 downtowns can do to revitalize their  
9 downtown.

10 And one more quick question is I know  
11 the NY Forward mainly is rural and small  
12 communities, but can you be a small community  
13 and receive anything from NY Forward, or do  
14 you have to be rural and small?

15 COMMISSIONER KNIGHT: You can be a  
16 small community to access NY Forward.

17 ASSEMBLYWOMAN GRIFFIN: Okay,  
18 terrific. Thank you so much.

19 CHAIRWOMAN KRUEGER: Thank you.

20 Senator Chan.

21 SENATOR CHAN: Good afternoon,  
22 Commissioner. Thank you for being here. So  
23 this is for Commissioner Knight.

24 So to follow up on Senator Rhoads'

1 question, you know New York is consistently  
2 rated in many publications and newspapers and  
3 articles as one of the worst climates to  
4 conduct business in. They cite high taxes,  
5 things like that.

6 Texas, on the other hand, is  
7 consistently rated as one of the best  
8 climates to conduct business in. So if I'm  
9 the CEO of a medium-size or a large company,  
10 what would you tell me about moving my  
11 company to New York State? What's the  
12 allure?

13 COMMISSIONER KNIGHT: Thank you for  
14 your question.

15 You know, we have -- I've had many  
16 conversations with management teams who are  
17 looking at New York and sometimes Texas. You  
18 know, we have -- I would start with a team  
19 that is able to support a project from, you  
20 know, presenting a proposal to executing the  
21 project.

22 There are many benefits of different  
23 kinds of businesses locating in New York.  
24 With manufacturing, there's zero percent tax

1 on those businesses, which is favorable for  
2 them. And many of the --

3 SENATOR CHAN: Didn't we offer the  
4 same thing to Amazon that we once chased  
5 away? We did chase away Amazon, right?

6 COMMISSIONER KNIGHT: I was not at ESD  
7 when the Amazon --

8 SENATOR CHAN: I know that. I'm not  
9 blaming you. But do you think it's a good  
10 idea to chase away Amazon and bring in  
11 casinos now? I mean, I'm talking about  
12 Amazon headquarters, right? Quality jobs and  
13 a lot of jobs outside the headquarters. Do  
14 you think that was a good idea to chase away  
15 Amazon like that, only now to talk about  
16 bringing in casinos into New York City?

17 COMMISSIONER KNIGHT: So we would like  
18 to have, you know, entertainment businesses  
19 here as well, because those kinds of  
20 businesses attract tourists as well as  
21 industrial businesses. So both types of  
22 businesses.

23 SENATOR CHAN: I know what you're  
24 thinking. You know, you're probably thinking



1 CHAIRWOMAN KRUEGER: Thank you.  
2 Assembly.

3 CHAIRMAN PRETLOW: Assemblyman  
4 Lemondes.

5 ASSEMBLYMAN LEMONDES: Thank you,  
6 Chair.

7 I appreciate the opportunity to  
8 discuss some of the issues that people in my  
9 district and New York State care about with  
10 respect to economic development.  
11 Commissioner Knight, thank you for being  
12 here.

13 My questions are for you. The first  
14 is with respect to the POWER UP fund, could  
15 you comment on whether or not that power is  
16 reliable or green?

17 COMMISSIONER KNIGHT: Thank you for  
18 that question. We are looking to connect  
19 whatever power that is available to attach to  
20 the grid for that specific shovel-ready site.

21 ASSEMBLYMAN LEMONDES: So the reason I  
22 bring that up is, as you know, most heavy  
23 manufacturing operations require reliable,  
24 uninterruptible power. They can't power

1           their operations without the risk of great  
2           loss of money and financial ruin from green  
3           sources, necessitating fossil-fueled energy,  
4           or nuclear.

5                        COMMISSIONER KNIGHT: I do understand  
6           that we talk to many businesses, particularly  
7           like you say, these advanced manufacturing  
8           businesses. They need stable, reliable power  
9           to operate their businesses.

10                      ASSEMBLYMAN LEMONDES: Right. So I'm  
11           glad to hear that. I think the CLCPA will  
12           collapse under its own weight, and I'm glad  
13           to hear that we're seeking reliable power for  
14           these businesses that are coming.

15                      Additionally, as some of my colleagues  
16           had mentioned, I looked today: Small  
17           Business Survey ranks New York State with an  
18           F for business friendliness. And I just find  
19           it -- I'm hearing one thing from the  
20           panelists, yet I don't understand why  
21           external sources are continuously citing the  
22           business climate here as so counterproductive  
23           that they won't even consider coming here.

24                      And I want to use the balance of my

1 time to explain the Manufacturing Association  
2 of Central New York held a legislative  
3 breakfast. All of us were in attendance that  
4 are local to Central New York, Democrats and  
5 Republicans both. And the businesses that  
6 testified that comprised the panel, every one  
7 of them said they would not grow in New York  
8 State anymore. They are seeking external  
9 opportunities because it is so difficult to  
10 conduct business here, they just can't do it.

11 And I would cite, as I'm sure you  
12 remember, something near and dear to all of  
13 us, the grocery store chain Wegmans, which is  
14 a bellwether New York business, had put out a  
15 statement I think two years ago -- don't  
16 quote me exactly on the date -- that they  
17 would no longer seek expansion in New York  
18 either.

19 So I would just ask you to consider  
20 providing metrics on the effectiveness of  
21 what ESD is doing to equalize it.

22 Thank you. Thank you, Chair.

23 CHAIRWOMAN KRUEGER: Thank you.

24 Senator Tom O'Mara, five-minute

1           ranker.

2                    SENATOR O'MARA:  Yes, thank you.

3                    Thank you both for being here today.

4                    Director Reid, I have a couple of  
5                    questions for you on the -- some of the  
6                    enforcement provisions.

7                    Did I hear you right at the beginning,  
8                    you said you had shut down about 300  
9                    unlicensed operators?

10                   OCM ACTING EXEC. DIR. REID:  Yes.  On  
11                   the state side 330, actually.

12                   SENATOR O'MARA:  And does that include  
13                   others that have been shut down by local  
14                   governments?

15                   OCM ACTING EXEC. DIR. REID:  No, that  
16                   doesn't include other --

17                   SENATOR O'MARA:  Do you know how many  
18                   of those have been closed down?

19                   OCM ACTING EXEC. DIR. REID:  I'd have  
20                   to get those numbers.  I think my  
21                   recollection of data is about a couple of  
22                   months old, so I'd have to get an update for  
23                   you on that.

24                   SENATOR O'MARA:  Is that about the

1 same?

2 OCM ACTING EXEC. DIR. REID: It's  
3 more, especially if you're looking at  
4 New York City, because of the density. There  
5 have been more down in the city at the very  
6 least.

7 SENATOR O'MARA: Yeah, because I heard  
8 estimates all over the place of how many  
9 there were, and thousands, like upwards of  
10 10,000 around the state. So 300 doesn't  
11 sound like a lot to me in the grand scheme.

12 But I know the City of New York has  
13 been doing their own shutdowns. And other  
14 municipalities, you mentioned Elmira, where I  
15 represent, and you've been helping assist  
16 them in their local law.

17 Aside from communities that have  
18 enacted local laws, those that haven't  
19 enacted local laws, what are their options in  
20 taking action against unlicensed operators?

21 OCM ACTING EXEC. DIR. REID: Yeah.  
22 So, you know, municipalities of -- I think  
23 it's counties and cities have the ability to  
24 establish their own enforcement procedures.

1           And so if they want, they can start doing  
2           that, but with consultation with OCM if  
3           they'd like.

4                        We've had the ability to look at model  
5           local laws and model local practices and just  
6           advise those municipalities if there's  
7           something stopping them, given the  
8           enforcement powers that the Legislature  
9           bestowed last year.

10                   SENATOR O'MARA:   But if you're not a  
11           city or a county, if you're a town or a  
12           village, they have to go through OCM to get  
13           you to take action to shut it down?

14                   OCM ACTING EXEC. DIR. REID:   They can  
15           do that, or they can work with their county.  
16           There are several options for those smaller  
17           municipalities.

18                   I also know, having had experience,  
19           you know, working tangential to law  
20           enforcement, that some of them lack a lot of  
21           bandwidth in terms of force power.  So, you  
22           know, they're working with their larger  
23           municipalities to create enforcement actions.

24                   SENATOR O'MARA:   Who would they reach

1 out to in your agency for help?

2 OCM ACTING EXEC. DIR. REID: Yeah,  
3 that would be Dan Haughney. I can give you  
4 his email. I think he's in the room.

5 SENATOR O'MARA: Is that who is in  
6 charge of your compliance as well?

7 OCM ACTING EXEC. DIR. REID: No. He  
8 is --

9 SENATOR O'MARA: Or there's two  
10 different things, one for unlicensed and one  
11 for licensed compliance?

12 OCM ACTING EXEC. DIR. REID: Well,  
13 it's more -- he's over enforcement and  
14 investigations. Our compliance is on another  
15 team. But they work -- I mean, I can't tell  
16 you -- incredibly closely together in terms  
17 of sharing information, which is important  
18 around ensuring that folks are complying with  
19 our regs or where they're not.

20 SENATOR O'MARA: So on the license  
21 side compliance, who's in charge of that?

22 OCM ACTING EXEC. DIR. REID: Licensing  
23 right now is a guy named Christian Embler.

24 SENATOR O'MARA: Okay. And what kind

1 of staffing issues do they have with that?  
2 Because there doesn't seem to be a lot of  
3 compliance checking. We heard a few examples  
4 today. I mean, are there staffing issues  
5 there?

6 OCM ACTING EXEC. DIR. REID: Sorry,  
7 let me be a little bit more particular.

8 So licensing is one thing; compliance  
9 is another thing. So Christian's overseeing  
10 licensing right now. We're bringing on a  
11 head of both licensing and compliance, but  
12 right now that head is a woman named Jennifer  
13 Terrett Blue.

14 SENATOR O'MARA: Okay. It's  
15 confusing.

16 OCM ACTING EXEC. DIR. REID: I could  
17 give you a little chart just to clarify.

18 SENATOR O'MARA: I think that might be  
19 helpful for us in --

20 OCM ACTING EXEC. DIR. REID: Okay.

21 SENATOR O'MARA: -- in being able to  
22 know where to actually refer people to.

23 OCM ACTING EXEC. DIR. REID: Sure.

24 SENATOR O'MARA: Because we have -- my

1 office deals with applicants trying to get  
2 licensing, and we're also dealing with  
3 complaints of unlicensed operators and  
4 complaints of licensed operators that are  
5 claimed to not be in compliance. So it's  
6 kind of difficult to keep them -- for us to  
7 know where to send these.

8 So if we could get that kind of flow  
9 chart of who to go to for what, it would be  
10 helpful.

11 OCM ACTING EXEC. DIR. REID: Sure. We  
12 can certainly give you contact information  
13 for folks in our office.

14 SENATOR O'MARA: Thank you. Thank you  
15 both very much.

16 CHAIRWOMAN KRUEGER: Before we  
17 continue, we're going to take a few minutes'  
18 break. Let's let the commissioners run  
19 either direction, and then we'll wait for  
20 them to come back. Thank you.

21 (Brief recess taken.)

22 CHAIRWOMAN KRUEGER: Okay,  
23 legislators, back in your seats. Or at least  
24 be quiet if you're not going to get back in

1           your seats.

2                     (Off the record.)

3                     CHAIRMAN PRETLOW:   Assemblywoman  
4           Simon.

5                     ASSEMBLYWOMAN SIMON:   Thank you,  
6           Mr. Chair.

7                     I have some questions for you,  
8           Commissioner Knight.   I know you're  
9           surprised, aren't you.   So about our favorite  
10          topic, Atlantic Yards in Brooklyn, which has  
11          possibly much to happen there, but not much  
12          has happened for a long time.

13                    So I'm very curious whether ESD has  
14          been presented with a developer to vet for  
15          receiving the railroad rights.   And if so,  
16          are you going to be able to complete a  
17          transfer of those rights before the  
18          affordable housing deadline of May 31st?

19                    And I know there's also talk around  
20          Site 5 happening too, so.

21                    COMMISSIONER KNIGHT:   Yes, thank you  
22          for that question about Atlantic Yards.

23                    At this time we continue to wait for  
24          the lender to present us with a qualified

1 developer. We have not had one come forward  
2 as of this time. And so, you know, we have  
3 until the deadline to see if that happens.

4 ASSEMBLYWOMAN SIMON: So you haven't  
5 been formally presented with the developer.

6 COMMISSIONER KNIGHT: That's right.

7 ASSEMBLYWOMAN SIMON: We've heard a  
8 lot of stories about people coming in.

9 What are you going to do if the  
10 affordable housing deadline passes on  
11 May 31st, on which there are tremendous  
12 liquidated damages that are due?

13 COMMISSIONER KNIGHT: There are  
14 liquidated damages that are due, yes.

15 ASSEMBLYWOMAN SIMON: And do you have  
16 any plans for what to do with that at that  
17 point? I mean, clearly this is a big issue.

18 COMMISSIONER KNIGHT: Right.

19 ASSEMBLYWOMAN SIMON: It's a lot of  
20 money, number one. And it's also affordable  
21 housing that we desperately need, but  
22 expensive to build given where it is.

23 COMMISSIONER KNIGHT: Right. So we  
24 continue to have dialogue with the lender.

1 Like I said, to the extent that that does not  
2 come forward, we'll have to enforce what we  
3 have with respect to our contract.

4 ASSEMBLYWOMAN SIMON: So it's your  
5 intention to enforce the contract.

6 Thank you. I appreciate it very much.

7 CHAIRWOMAN KRUEGER: Was that it,  
8 Assemblywoman? You're done?

9 ASSEMBLYWOMAN SIMON: (Inaudible.)  
10 (Laughter; off the record.)

11 CHAIRWOMAN KRUEGER: Thank you. I'm  
12 going to take my 10 minutes as chair now.  
13 Thank you.

14 So my questions are pretty much for  
15 you, Acting Director of OCM. And there have  
16 been a number of questions asked today, but I  
17 feel like we still need to round this out.  
18 So -- and you've heard quite a few people  
19 having concerns about problems with illegal  
20 stores staying open all over the state,  
21 inspections not being done. I'm very  
22 concerned about the number of complaints I've  
23 heard about that.

24 Despite the fact that we wrote into

1 the legislation a seed-to-sale review  
2 process, that the contract that was supposed  
3 to be let to do those kinds of inspections  
4 and assurances that this is New York State  
5 product moving into our retail dispensaries  
6 and it has been tested and safe, that that  
7 contract has not been let so there's no one  
8 doing those inspections. We heard one or two  
9 examples today.

10 So help me understand what the process  
11 is now.

12 OCM ACTING EXEC. DIR. REID: So I  
13 think the contract you're referring to is  
14 something that I think might have been in  
15 discussion before my time.

16 But in terms of doing compliance  
17 inspections and doing pre-opening  
18 inspections, that is our compliance team.  
19 And I'm very aware of how much they're out  
20 there reviewing locations to ensure that when  
21 they're opening up, they meet our regulations  
22 from the jump.

23 CHAIRWOMAN KRUEGER: So they are  
24 actually reviewing that every product in

1           those stores is actually correctly New York  
2           State-tested product labeled correctly, not  
3           fake product?

4                   OCM ACTING EXEC. DIR. REID:   Correct.  
5           So that's going on the -- I'll break it down.  
6           So when you're still in the pre-opening  
7           phase, our compliance folks are doing that  
8           pre-opening inspection.

9                   CHAIRWOMAN KRUEGER:   That's with  
10          pre-opening.   This is post-opening.

11                   OCM ACTING EXEC. DIR. REID:   Once  
12          you're open for business, those same folks  
13          are going out to those stores and those  
14          locations and taking literally the checklist  
15          that matches one-for-one with the regs and  
16          going through and inspecting.

17                   I've had the opportunity to go on some  
18          of those inspections and see how they do them  
19          and ask questions both of the licensee but  
20          also of our compliance team in terms of how  
21          things are in the field and how things are  
22          changing in the field and how they're  
23          adapting.   So the compliance team is  
24          responsible for both.

1 CHAIRWOMAN KRUEGER: And how many  
2 people do we have working on that area?

3 OCM ACTING EXEC. DIR. REID:  
4 Compliance, I'd have to get you the number  
5 back. I think it's in -- ooh, I don't want  
6 to guess. But I'll get you that number back.

7 CHAIRWOMAN KRUEGER: Okay. And that's  
8 their only job. They're not like  
9 multitasking with others.

10 OCM ACTING EXEC. DIR. REID: No, that  
11 is -- anything to do with compliance with our  
12 regulations, that is their job.

13 CHAIRWOMAN KRUEGER: Okay. The other  
14 concern I get brought to me quite often is  
15 that there's concern that licenses are no  
16 longer being prioritized for people who are  
17 in the CAURD "social equity" category. Can  
18 you help me understand the process by which  
19 we're determining which licenses are being  
20 approved now in relationship to CAURD versus  
21 non-CAURD?

22 OCM ACTING EXEC. DIR. REID: So the  
23 CAURD program is and has been an incredibly  
24 important program. We're still moving

1 through those licenses. I think -- I don't  
2 know if it was our last meeting or the one in  
3 January where there were some that we had  
4 moved forward from the provisional phase to  
5 the final phase.

6 So those CAURD licenses are still  
7 moving through our process as they're meeting  
8 eligibility criteria and they're getting  
9 their location.

10 CHAIRWOMAN KRUEGER: Some of the  
11 biggest complaints I actually get right  
12 now -- and I'm New York City-based -- is that  
13 there are too many licenses being somehow  
14 provisionally approved that aren't meeting  
15 the "at least a thousand feet away from each  
16 other" rule. And I need help understanding  
17 that, because my community boards are very  
18 upset. I see my New York City people shaking  
19 their heads with me.

20 And the concern by also the people who  
21 have opened the stores that if you put too  
22 many stores in the same geographic area,  
23 you're just knocking them out of business  
24 with too much competition.

1                   So help me understand what the  
2                   standard is now and why we would be allowing  
3                   stores to open within a thousand feet of each  
4                   other.

5                   OCM ACTING EXEC. DIR. REID: So this  
6                   gets back to the public convenience and  
7                   advantage regulation.

8                   So in September I believe it was, the  
9                   board -- and I want to make a distinction  
10                  between OCM and the Cannabis Control Board --  
11                  the board elected to go with the regulations  
12                  we currently have in place around public  
13                  convenience and advantage. And so we had an  
14                  expectation that that would be challenging  
15                  for folks.

16                  However, because our regulations  
17                  existed, you know, the board decided at the  
18                  time that -- to go forward with reviewing  
19                  those applications.

20                  Now, we also put out for public  
21                  comment redrafted regulations around public  
22                  convenience and advantage. And they do a few  
23                  things. One is looking at whether an  
24                  operator has been in operation for at least

1           nine months before there's a consideration of  
2           public convenience and advantage.

3                       The other is a notice criterion. And  
4           we've heard that from sitting down with so  
5           many of our operators, that they had no idea  
6           this was coming. So it gives a notice  
7           opportunity for folks who might be encroached  
8           upon and allows them to submit testimony and  
9           evidence saying, you know, why this should  
10          happen or why it shouldn't happen.

11                      It's also limiting some of the scope  
12          around where these public convenience and  
13          advantage waivers can be granted.

14                      So all that is to say it's building in  
15          some more structure into the process while  
16          also recognizing that we're dealing with an  
17          emerging market and so we don't want to  
18          proceed like we're in a developed market  
19          where public convenience and advantage is a  
20          different calculation at that time.

21                      CHAIRWOMAN KRUEGER: So because we're  
22          in an emerging market and we've learned the  
23          lessons, I hope, of many other states that  
24          went too fast and oversupplied the stores or

1           went too slow or ended up with too many  
2           people growing too much or too little, that  
3           we're supposed to have learned those lessons.

4                        So help me understand, why would  
5           anybody get a 1,000-foot exemption in the  
6           City of New York at this moment in history?

7                        OCM ACTING EXEC. DIR. REID:  So again,  
8           that's within the current regulations and  
9           that is the prerogative of the board to  
10          consider those regulations, whether they want  
11          to pursue and look at public convenience and  
12          advantage.

13                       But again, since that September  
14          meeting we've not done that.  And while we  
15          have the regulations out for public comment,  
16          we're being very careful around those types  
17          of requests.

18                       CHAIRWOMAN KRUEGER:  So my other  
19          complaints are that while we have -- I guess  
20          as some of my colleagues pointed out, we have  
21          closed down maybe 600 stores statewide -- I  
22          don't know, and you already said you're not  
23          quite sure between the state, the city and  
24          any localities -- that it's some of the

1 biggest illegal operators that have continued  
2 to be allowed to stay open, multi-site, big  
3 out-of-state-funded businesses.

4 Do we need different law so that we  
5 actually can go after them? Because I'm  
6 really concerned a handful of them could  
7 knock the entire concept of social equity  
8 small stores, you know, off their ability to  
9 continue.

10 Some people have proposed that we  
11 should do asset forfeiture on the largest  
12 illegal stores. What's your opinion on that?

13 OCM ACTING EXEC. DIR. REID: I  
14 think -- you know, thinking particularly as  
15 an attorney, there are many avenues to  
16 address practices we don't want.

17 That said, I think the enforcement  
18 powers that we have and the expanded ones  
19 from last year, we still are working to  
20 maximize the impact of that. And a lot of  
21 that is also working with local  
22 municipalities to ensure that they have  
23 practices to go after these stores.

24 So I think there's certainly room for

1           our growth. There's certainly room to do  
2           more. And I just want to make a quick  
3           correction on the number of stores, at least  
4           as to the state side. We've closed over 500.  
5           I think I said 330 before, but my math was  
6           wrong.

7                        But I think there are many  
8           opportunities to ensure that these operators  
9           don't think that New York is a place where  
10          it's okay to operate and that it's safe to  
11          operate, because it's not. And especially  
12          looking at some of the actions we've taken in  
13          the recent past, especially with the support  
14          of the Attorney General, I think also fines  
15          are a huge deal around discouraging some of  
16          this conduct.

17                       CHAIRWOMAN KRUEGER: I'm not sure, in  
18          fairness. And I wrote the law, so I could  
19          admit that it's going to -- you know, we're  
20          going to need to be changing it.

21                       So one of my colleagues talked about  
22          deliveries by mail. And I know the regs.  
23          And you were right in the answer: That's not  
24          supposed to be happening. But I also know it

1 is happening. And if it was coming from out  
2 of state, that would be one thing, because  
3 then that wouldn't even be within our  
4 control.

5 But my understanding is we have some  
6 large warehouse operators that are doing  
7 delivery without licenses and delivery  
8 through the mail. And I'm just not sure that  
9 we have the tools yet to actually track these  
10 and shut them down. So that's why I was  
11 asking do you think we need to change the law  
12 in New York so that there are more tools for  
13 law enforcement to go after the big guys, who  
14 I think feel like, Oh, a fine, that's not  
15 even worth worrying about.

16 OCM ACTING EXEC. DIR. REID: So I  
17 just -- on the mail piece, I know that there  
18 is certainly a federal component there. We  
19 would have to collaborate with our federal  
20 partners on misuse of the mail.

21 CHAIRWOMAN KRUEGER: Well, we're  
22 closing the post office, so I guess that will  
23 be --

24 (Laughter.)

1 CHAIRWOMAN KRUEGER: No, sorry.

2 OCM ACTING EXEC. DIR. REID: No

3 comment.

4 (Laughter.)

5 CHAIRWOMAN KRUEGER: It will be  
6 third-party delivery, yes.

7 OCM ACTING EXEC. DIR. REID: Yeah, I  
8 think so far as our mails are being used  
9 inappropriately and in violation of federal  
10 law and expectation, that is something that  
11 we can certainly collaborate with on --

12 CHAIRWOMAN KRUEGER: I have to cut you  
13 off because I just looked at the clock. Did  
14 we really go through 10 minutes? Oh, my God.

15 CHAIRMAN PRETLOW: You have  
16 10 seconds.

17 CHAIRWOMAN KRUEGER: Okay. So the  
18 cannabis company that DASNY contracted with  
19 that did 24, 25 stores, that all I hear is  
20 disasters -- and then they showed up in my  
21 office the other day and said, We want to do  
22 another 25 stores. And I said no.

23 Will you confirm to me that's not  
24 happening?

1 OCM ACTING EXEC. DIR. REID: To my  
2 knowledge, that's not happening.

3 CHAIRWOMAN KRUEGER: Hope, you're on  
4 the board. Is that not happening?

5 COMMISSIONER KNIGHT: To my knowledge,  
6 it's not happening.

7 CHAIRWOMAN KRUEGER: Okay. I ran out  
8 of time. Thank you.

9 CHAIRMAN PRETLOW: I hope it's not  
10 happening also.

11 Assemblywoman Hooks.

12 ASSEMBLYWOMAN HOOKS: Hello, thank  
13 you. Thank you both for being here.

14 My first question is for  
15 Commissioner Knight. ESD controls major  
16 economic initiatives. And District 35, which  
17 encompasses East Elmhurst, Corona,  
18 LeFrak City, isn't seeing direct benefits.  
19 What specific economic development projects  
20 in District 35 have received funding in the  
21 past three years?

22 COMMISSIONER KNIGHT: Thank you for  
23 that question, Assemblywoman.

24 I would have to get a list of those

1 projects. But we have a number of products  
2 and services that are available to small  
3 businesses, and I'm sure some of your small  
4 businesses have accessed some of our  
5 programs.

6 ASSEMBLYWOMAN HOOKS: Great. So we'll  
7 work together just so we can identify those.

8 My other question is what  
9 accountability measures exist to ensure that  
10 large-scale developments in New York benefit  
11 historically underserved communities?

12 COMMISSIONER KNIGHT: You know, thank  
13 you for that question.

14 I think for the developments that we  
15 undertake at ESD, we always engage in an  
16 extensive stakeholder process so that we  
17 understand what the community, you know,  
18 needs and aspirations are so we can  
19 incorporate that into the planning of those  
20 kinds of developments.

21 ASSEMBLYWOMAN HOOKS: Great, thank  
22 you.

23 My next question is for Acting  
24 Director Reid. First I would like plus-one

1 to Senator Krueger regarding the  
2 oversaturation of illegal cannabis shops in  
3 the districts. In my district alone, we have  
4 eight in a four-block radius, and it doesn't  
5 seem like we're getting any reprieve or help  
6 in shutting them down.

7 So I would like to work closely with  
8 you, on a side note, just to see what help we  
9 can get for my district.

10 OCM ACTING EXEC. DIR. REID: Great,  
11 yeah. I think when it comes to some of what  
12 we are doing -- again, I go back to the fact  
13 that investigations take a bit of work. And  
14 particularly where those investigations point  
15 toward criminal conduct. And we've gone into  
16 some unlicensed shops and seen ghost guns,  
17 we've seen cocaine, we've seen all sorts of  
18 things -- mushrooms.

19 And so those, under our current laws,  
20 are criminal, and so we have to make sure  
21 we're working with our law enforcement  
22 partners to address the whole of that case,  
23 not just the cannabis piece.

24 ASSEMBLYWOMAN HOOKS: Thank you.

1 CHAIRMAN PRETLOW: Assemblyman Ra.

2 ASSEMBLYMAN RA: Thank you.

3 Good afternoon. Commissioner Knight,  
4 thank you for the conversation with you and  
5 your staff a few weeks ago. It was helpful  
6 in preparation for the hearing.

7 I do want to talk about -- and, you  
8 know, I've mentioned this is the past -- we  
9 know that there has been, you know, some  
10 reporting about a lot of our economic  
11 development programs and the impact they have  
12 and whether they deliver the bang for our  
13 buck. And I know the agency would probably  
14 dispute some of what has been out there.

15 But I'm just wondering, does the  
16 agency at this point have standardized  
17 metrics for evaluating these different  
18 programs when we're comparing one to the  
19 other?

20 COMMISSIONER KNIGHT: Yes. Thank you  
21 for that question about our programs.

22 So, you know, we take seriously, you  
23 know, reporting about our programs. We have  
24 a database of economic incentives. It's one

1 of the most extensive databases in the  
2 country with respect to economic development  
3 initiatives. And so we have a number of  
4 metrics that are reported on with these  
5 projects -- you know, economic impact, you  
6 know, tax impact, number of employees that  
7 were hired by these projects. A large  
8 assortment of metrics associated with those  
9 projects that are reported.

10 ASSEMBLYMAN RA: In terms of -- is  
11 there a standardized definition of what we  
12 think of as a job created by a program?  
13 because it seems like some use a head count,  
14 others use full-time equivalents.

15 Is there a standardized definition of  
16 when we're looking at how many jobs are  
17 created by a particular program?

18 COMMISSIONER KNIGHT: We look at  
19 full-time equivalents.

20 ASSEMBLYMAN RA: Thank you.

21 And is there any targeted rate of  
22 return when we're evaluating a program?

23 COMMISSIONER KNIGHT: So I think  
24 that's a more complicated question and

1 discussion. You know, it depends on the type  
2 of project that we're looking at and what  
3 we're trying to advance with respect to the  
4 project.

5 You know, in the context of looking at  
6 developing an emerging industry, that sort of  
7 you know, cost per job or investment in the  
8 project may be much more extensive than, you  
9 know, a legacy industry. You know, to the  
10 extent that we are trying to support small  
11 businesses, that may be a different metric.  
12 It depends on what it is we're trying to  
13 advance.

14 ASSEMBLYMAN RA: Thank you. I do  
15 continue to be concerned with the rate of  
16 return we're getting on some of these  
17 programs. I think that, you know, as we  
18 talked about a couple of weeks ago, things  
19 like the childcare issue, I think there are  
20 other things we can be doing that would be  
21 very positive for economic development.

22 But thank you for that.

23 Acting Director Reid, so you mentioned  
24 DEI but I want to talk about something

1 different: DRE. Do we know how many drug  
2 recognition experts we have in New York State  
3 at this point as we're into, you know,  
4 Year 4/5 of the rollout of the adult-use  
5 cannabis market?

6 OCM ACTING EXEC. DIR. REID: Yes.  
7 That's 417.

8 ASSEMBLYMAN RA: Okay. And I know  
9 that part of the funding when this bill was  
10 passed was targeting allowing for training  
11 for that.

12 So how many of those have been trained  
13 through that program as opposed to maybe  
14 where, you know, previously trained before we  
15 started this new program?

16 OCM ACTING EXEC. DIR. REID: I'm only  
17 aware of the numbers that exist today. I'm  
18 not sure of anything before -- in a before  
19 time.

20 ASSEMBLYMAN RA: Okay. You talked a  
21 little bit about, you know, some of the  
22 enforcement mechanisms. Obviously we had  
23 done a number of provisions in last year's  
24 budget. I will reiterate I know several of

1 my colleagues have talked about it, but we  
2 still continue to hear of, you know, illegal  
3 operations and things of that nature.

4 So I appreciate your focus on that  
5 issue because obviously it's  
6 counterproductive to the program, whether  
7 it's on the tax side, whether it's on the  
8 side of making sure that, you know, products  
9 are pure and safe.

10 So I do want to, though, ask when you  
11 have a -- I'm going to run out of time,  
12 but -- you know, a jurisdiction that has not  
13 allowed for shops but that's in very close  
14 proximity to another jurisdiction like I have  
15 in Nassau County -- I'm right near the Queens  
16 border -- how it works in terms of trying to  
17 help local, you know, police in the area that  
18 is not legalized. I ran out of time, so --

19 OCM ACTING EXEC. DIR. REID: Send the  
20 question; we can talk offline.

21 ASSEMBLYMAN RA: Thank you.

22 CHAIRMAN PRETLOW: Assemblymember  
23 Torres.

24 ASSEMBLYWOMAN TORRES: Hi. Thank you,

1 Chairs, and thank you, Commissioners. I look  
2 forward to working with both of you. I'm a  
3 new member from the 85th in the Bronx.

4 First I'll ask, for Commissioner Reid,  
5 just a plus-one on the concerns regarding the  
6 thousand-foot restriction. We're having a  
7 lot of possibilities there in the Bronx. And  
8 in particular, also the mobile trucks that  
9 are selling.

10 I wonder if there are any particular  
11 regulations and any tracking on those trucks  
12 and where they move.

13 And then secondly, also concerned  
14 about how the cannabis shops are marketing,  
15 particularly to young people. I've gotten a  
16 lot of complaints and concerns from  
17 constituents particularly that they're being  
18 marketed like candy. And I think -- you  
19 know, I'd love to learn more about what kind  
20 of advertising regulations you might have in  
21 place for that.

22 OCM ACTING EXEC. DIR. REID: Yeah. So  
23 if you don't mind I'll answer the question in  
24 reverse.

1                   Marketing to young folks. So this is  
2 something we see particularly in the  
3 unlicensed shops. I can give you a  
4 particular example of something packaged to  
5 look like Sour Patch Kids, that is exactly  
6 like Sour Patch Kids in our licensed shops.  
7 Or like a Bazooka or zebra-striped gum, and  
8 now I'm dating myself.

9                   But all that is to say is we have a  
10 robust set of regulations around packaging,  
11 labeling, marketing and advertising that  
12 specifically address attractiveness to youth.  
13 And sometimes that's a bit of a squishy  
14 measurement in terms of what's youth-oriented  
15 and what's not. But looking at our  
16 regulations they are designed so that those  
17 things aren't, you know, from first visual  
18 appeal, appealing to youth.

19                   In terms of I think you said vans, the  
20 enforcement powers that we have are  
21 restricted to brick-and-mortar, so -- but  
22 that doesn't mean that we don't see some of  
23 these other operators. Because one of the  
24 things that I've said is the black and gray

1 markets are older than all of us in this room  
2 combined. And so what we're going to find is  
3 that they know how to survive.

4 One of the things we have to be  
5 incredibly attuned to is some of the ways  
6 that they are shifting, because we are  
7 bringing force and energy to addressing their  
8 operations. But this is something that we  
9 have seen and are aware of, and -- and, you  
10 know, want to take measures to approach  
11 addressing that with some degree of  
12 consideration.

13 ASSEMBLYWOMAN TORRES: Thank you.

14 Commissioner Knight, two blitz  
15 questions for you.

16 One, any concerns about what's  
17 happening at the federal level and impacts on  
18 your funding?

19 And then, two, I'm really  
20 interested -- I was a former diplomat -- in  
21 the trade missions and how the trade missions  
22 are fitting into the overall goal for  
23 economic development. Would love to learn  
24 more about that, any way we can get involved,

1 learn more about the trade missions.

2 Thanks.

3 COMMISSIONER KNIGHT: So thank you for  
4 the question about the federal funding.

5 You know, many of our programs get  
6 federal funding as well as state funding.  
7 And to the extent that the federal funding  
8 wouldn't be there, there would be an impact.  
9 We continue to look at, you know, anything  
10 that comes out of Washington every day, but  
11 continue working through our programs and,  
12 you know, as the Governor has told us, to  
13 keep going.

14 ASSEMBLYWOMAN TORRES: I'll follow up.

15 COMMISSIONER KNIGHT: Yeah, thank you.

16 CHAIRMAN PRETLOW: Assemblywoman  
17 Jackson.

18 ASSEMBLYWOMAN JACKSON: Thank you,  
19 Chair.

20 Commissioner Knight, hi. Good to see  
21 you.

22 When people are applying for jobs at  
23 ESD, do you also go through OGS?

24 COMMISSIONER KNIGHT: No.

1 ASSEMBLYWOMAN JACKSON: So when  
2 they're applying, it goes directly through  
3 your office?

4 COMMISSIONER KNIGHT: Yes.

5 ASSEMBLYWOMAN JACKSON: And people  
6 that are applying, do they get responses  
7 back? The only reason why I'm asking is  
8 because I have two constituents that have  
9 applied and they haven't heard anything. And  
10 I see a lot of job postings for ESD, but I  
11 don't know when the jobs are being fulfilled.

12 COMMISSIONER KNIGHT: So thank you for  
13 that.

14 I think, you know -- I'll be in touch  
15 with your office to make sure that we can get  
16 back to those individuals.

17 ASSEMBLYWOMAN JACKSON: Okay.

18 And then for our ED, I just have a  
19 question. I see here you said 62 percent of  
20 adult-use licenses approved were social and  
21 economically equity owned. But if you don't  
22 know how many licenses there are, how do we  
23 know it's 62 percent of it?

24 OCM ACTING EXEC. DIR. REID: So the

1           62 percent was licenses approved at our last  
2           board meeting in February.

3                       We do know how many licenses there are  
4           in terms of what's been approved in the past  
5           and what's been approved since I came on.  
6           But I can share those numbers with you.

7                       ASSEMBLYWOMAN JACKSON: Can you tell  
8           me what those are?

9                       OCM ACTING EXEC. DIR. REID: I can't  
10          tell you the whole breadth, but what I can  
11          tell you is in the last several months -- and  
12          I actually misspoke earlier. It's not  
13          200 licenses, it's actually over  
14          800 licenses.

15                      ASSEMBLYWOMAN JACKSON: About 800,  
16          okay. So then we'll chat about what the  
17          actual number is.

18                      And then when the mayor of New York  
19          City was here I asked him why his sheriff's  
20          office wasn't getting back to OCM about  
21          reporting when they are shutting down illegal  
22          stores and what's being seized as far as cash  
23          and product is concerned. Have they been  
24          corresponding with your office?

1 OCM ACTING EXEC. DIR. REID: So I  
2 appreciate that question that you asked back  
3 then because very shortly after, we got the  
4 information from New York City.

5 ASSEMBLYWOMAN JACKSON: Okay. And  
6 then at some point will we get a report about  
7 what's happening in New York City?

8 OCM ACTING EXEC. DIR. REID: Yes, we  
9 can share. We can put that together and  
10 share in a way that will be elucidative.

11 ASSEMBLYWOMAN JACKSON: Thank you.  
12 And then why haven't we increased  
13 funding for the Social Equity Fund -- or the  
14 Community Grants Investment Fund, rather?

15 OCM ACTING EXEC. DIR. REID: So the  
16 community grants investment fund is  
17 appropriated up to 10 million. And so I know  
18 that this particular proposal includes in the  
19 proposal for 5 million. One of the things  
20 that I am sensitive to particularly as  
21 operations person is that we have to sort of  
22 prove before we expand too rapidly. So right  
23 now we're in the process of reviewing the  
24 grants that came in for this cycle year and

1 we're hoping to award those in the next I  
2 think -- by the end of March if not early  
3 April.

4 But I want to make sure that we have  
5 our processes and our practices in place if  
6 we're looking to work with more money in the  
7 future.

8 ASSEMBLYWOMAN JACKSON: Okay, thank  
9 you.

10 And then, sorry, Commissioner Knight.  
11 The elimination of 365,000 for additional  
12 support for MWBE, I see that in the  
13 Governor's proposal. Are we okay with that?

14 COMMISSIONER KNIGHT: Can --

15 ASSEMBLYWOMAN JACKSON: The reduction  
16 in the \$365,000 in MWBE.

17 COMMISSIONER KNIGHT: I have to --

18 ASSEMBLYWOMAN JACKSON: It was allowed  
19 for additional support.

20 (Time clock sounds.)

21 ASSEMBLYWOMAN JACKSON: Well, let's  
22 chat about that.

23 COMMISSIONER KNIGHT: We'll get back  
24 to you, yes.

1 ASSEMBLYWOMAN JACKSON: Thank you.

2 CHAIRMAN PRETLOW: Thank you.

3 Assemblyman Bores.

4 ASSEMBLYMAN BORES: Thank you, Chair.

5 And thank you both for being here.

6 To start, I have a question for  
7 Executive Director Reid. We've heard a lot  
8 about the thousand-foot rule and also the  
9 500-foot rule from an existing school or  
10 religious institution.

11 There's a legal cannabis store in my  
12 district and in the chairwoman's district  
13 called Bliss + Lex, which opened up 200 feet  
14 from a building that is a combined shul and  
15 school. And we were told that that was fine  
16 because A, you have to -- even though it's  
17 the same block, you have to turn the corner  
18 and so it's not a linear distance; and  
19 that B, it would be banned if it were just a  
20 school or just a religious institution but  
21 because it is both of those things, even  
22 though it's exclusively those two things,  
23 then there's no restriction on it.

24 Is that from regulation that can be

1 revised? Or is that statute that the  
2 Legislature would have to change in that  
3 interpretation?

4 And actually before that, do you think  
5 that makes sense?

6 OCM ACTING EXEC. DIR. REID: I'm going  
7 to answer in the reverse.

8 ASSEMBLYMAN BORES: Okay.

9 OCM ACTING EXEC. DIR. REID: So what  
10 you're talking about is -- well, let me  
11 reduce it to if it's a mixed-use property.  
12 And I get in terms of it being combined, a  
13 house of worship and a school. But if it's a  
14 mixed-use property, it can be closer than  
15 500 feet.

16 Now, what's interesting and that's  
17 also in our regs, and I believe it's in  
18 Part 119, is that a municipality can  
19 designate a place a public youth facility.  
20 That includes playgrounds, that includes  
21 parks, that includes places like what you're  
22 talking about. If they designate that a  
23 public youth facility, then they can have  
24 500 feet from that. But the municipality has

1 to designate that first.

2 ASSEMBLYMAN BORES: Okay. But so is  
3 that your regulation you can change, or is  
4 that statute that the Legislature has to  
5 change?

6 OCM ACTING EXEC. DIR. REID: That's in  
7 regulation. So we'd have to -- if there was  
8 a change, we'd have to put that out for  
9 public comment, we'd have to take -- there's  
10 a process under SAPA. But that is a  
11 regulation.

12 ASSEMBLYMAN BORES: Do you want to  
13 take a stab on if that makes sense?

14 (Laughter.)

15 OCM ACTING EXEC. DIR. REID: Whether  
16 that makes sense -- I think what we are  
17 particularly concerned about as an economic  
18 development agency is making sure that we are  
19 working municipalities -- insofar as there is  
20 an opportunity for a municipality to take the  
21 initiative to designate something as such,  
22 then I think that allows for, you know, what  
23 you're talking about to be addressed.

24 ASSEMBLYMAN BORES: Okay.

1 Commissioner Knight, you're not going to have  
2 a chance to answer given the time, but I'd  
3 love if you could follow-up with -- your  
4 testimony was the first time I heard about  
5 venture capital investments in -- through  
6 these small businesses as part of AI.

7 I would love to hear more about that,  
8 what the plan is on that. Venture capital,  
9 nine out of 10 things fail. I actually think  
10 it's a good thing for government to do, but  
11 it's usually one that's pilloried in the  
12 press and by opposition.

13 So just what our expectations are,  
14 what the benefits could be. Would love kind  
15 of a plan on that going forward.

16 COMMISSIONER KNIGHT: Absolutely.

17 ASSEMBLYMAN BORES: Thank you.

18 CHAIRMAN PRETLOW: Assemblymember  
19 Braunstein.

20 ASSEMBLYMAN BRAUNSTEIN: Thank you.

21 First for Commissioner Knight, I just  
22 have a comment, following up on what  
23 Senator Stavisky was talking about in regards  
24 to Creedmoor.

1           Yes, ESDC has taken input from the  
2           community, but ESDC has not responded or  
3           acted upon that input. And frankly your  
4           agency has just ignored the community input.  
5           I'm talking the community board, the  
6           Councilmember, the Senator, myself. And to  
7           this date, anything we've requested --  
8           reasonable requests -- have just been  
9           ignored. And it's been disappointing.

10           For Executive Director Reid, the MRTA  
11           gives a community board the opportunity --  
12           first notice and then the opportunity to have  
13           a hearing when someone applies for a cannabis  
14           license. The community board I represent,  
15           Community Board 11 in Queens, approved  
16           several licenses but there was one license  
17           that they unanimously opposed. And it wasn't  
18           just the community board, it was myself, it  
19           was State Senator Liu, the local  
20           Councilwoman.

21           The community board had a hearing, a  
22           hundred residents from the local community  
23           showed up in opposition. The location is  
24           520 feet away from an elementary school, and

1           it's one storefront in the middle of a  
2           residential community. Completely  
3           inappropriate place for this kind of  
4           establishment.

5                     The community came out and voiced  
6           their opposition. And like I said, the  
7           community board has approved several cannabis  
8           dispensaries including one less than a  
9           half-mile from the site that they opposed.  
10          in fact, the community board chair went to  
11          the grand opening of that cannabis  
12          dispensary.

13                    So the only thing I can conclude from  
14          this whole process is that the community  
15          opinion just doesn't matter to OCM. Is there  
16          any other conclusion to be drawn? The entire  
17          community opposed this license. The  
18          applicant didn't show up. Does it matter  
19          that we speak up, or is it just disregarded?

20                    OCM ACTING EXEC. DIR. REID: So this  
21          is one of those opportunities where I'll take  
22          the opportunity to draw a distinction between  
23          OCM the agency and the Cannabis Control  
24          Board.

1 ASSEMBLYMAN BRAUNSTEIN: Can I  
2 interrupt? I called Tremaine Wright, because  
3 she's a former member. I spoke to her, I  
4 asked her what happened. She said to me: We  
5 get a list of 70 recommendations at a time --  
6 you know, give or take -- from OCM. Up or  
7 down vote on all of them together  
8 recommending approval. She said she never  
9 saw the letter from me and Senator Liu.

10 So it was OCM that recommended for  
11 approval, and then it went to the board.

12 OCM ACTING EXEC. DIR. REID: So again,  
13 our job as the agency is to ensure that folks  
14 are meeting proximity restrictions as well as  
15 eligibility criteria and statute and  
16 regulations.

17 ASSEMBLYMAN BRAUNSTEIN: So community  
18 input doesn't matter.

19 OCM ACTING EXEC. DIR. REID: So the  
20 community board opinion -- or the municipal  
21 opinion is what you're talking about, writ  
22 large, it's not dispositive under our statute  
23 or our regs as to what the board decision  
24 would be or the agency recommendation if an

1 applicant is meeting all of the factors of  
2 eligibility. So, you know --

3 (Time clock sounds.)

4 CHAIRMAN PRETLOW: Thank you.

5 Assemblywoman Lucas.

6 ASSEMBLYWOMAN LUCAS: Good afternoon,  
7 everyone.

8 Commissioner, how many businesses of  
9 nine or less employees benefit from the  
10 Low Interest Capital program? As per your  
11 testimony it is designed to lower the  
12 interest rates for small and midsized  
13 businesses.

14 COMMISSIONER KNIGHT: I have to get  
15 you the exact number, but thousands of  
16 businesses have benefited from the Low  
17 Interest Capital loan program.

18 ASSEMBLYWOMAN LUCAS: Can we get  
19 specific data? Would you give it --

20 COMMISSIONER KNIGHT: Yes.

21 ASSEMBLYWOMAN LUCAS: Okay, thank you.

22 And then also -- let me go on to  
23 Ms. Reid because I can't find my other  
24 question for you and the time is ticking.

1                   New York legalized recreational  
2                   cannabis in 2021 and pledged to specifically  
3                   ensure that low-income minorities and  
4                   especially those who were previously  
5                   convicted of cannabis-related crimes would  
6                   have assistance in the legal licensing  
7                   process. Since then, only 22 stores have  
8                   opened and nine of those owners have stated  
9                   that they feel they were pressured into  
10                  accepting a debt trap. I'm not paraphrasing  
11                  here; I'm taking this from a New York Times  
12                  article that was published this morning:  
13                  "How a Plan for Reparations Became a Debt  
14                  Trap for Marijuana Retailers."

15                  What reassurances do you have to offer  
16                  those currently struggling with these  
17                  programs? Is there a reason why only 22  
18                  stores have opened over the course of  
19                  four years? And do you have any sort of  
20                  statistics proving success or a foul-up  
21                  through those struggles?

22                  OCM ACTING EXEC. DIR. REID: So that  
23                  entire program is run through DASNY. So in  
24                  terms of the information that you're seeking,

1 I don't have that. I'm not privy to it, it's  
2 not shared with me. But those would be  
3 questions for DASNY.

4 ASSEMBLYWOMAN LUCAS: Oh, so none of  
5 these questions you can answer.

6 OCM ACTING EXEC. DIR. REID: Yeah, I  
7 don't have insight on where things are at  
8 with those programs.

9 That said, I will say, you know, we  
10 are certainly open to thinking about and  
11 partnering in ways that are useful to some of  
12 these applicants. Understanding that, again,  
13 having sat down with many of them, that the  
14 program is not working. So, you know, open  
15 to those conversations, but those are  
16 generally questions for DASNY.

17 ASSEMBLYWOMAN LUCAS: And  
18 Commissioner, what efforts have been made to  
19 ensure sufficient representation of  
20 marginalized community members to benefit  
21 from the explosion of jobs related to -- and  
22 related entrepreneur opportunities created by  
23 the semiconductor manufacturing industry?

24 COMMISSIONER KNIGHT: So thank you for

1           that question.

2                     (Time clock sounds.)

3                     CHAIRMAN PRETLOW: Thank you.  
4                     Assemblywoman Kassay.

5                     ASSEMBLYWOMAN KASSAY: Thank you,  
6                     Chair. Thank you, Commissioner and  
7                     Acting Director.

8                     The first question is for  
9                     Commissioner Knight. So my district is in  
10                    Suffolk County on Long Island, and we have  
11                    communities like Coram who have business  
12                    thoroughfares that are blighted and they  
13                    cannot proceed with the revitalization of  
14                    these areas until their sewer capacity is  
15                    expanded.

16                    So they have much needed businesses  
17                    that want to come in -- childcare,  
18                    healthcare, mixed-use developments as well.  
19                    And so they're ready, they're cued up to go.

20                    And so my question is, how much  
21                    conversation occurs between your staff and  
22                    the staff that determines who gets the grant  
23                    monies for sewer buildout when sewers -- you  
24                    know, specifically in reference to this, that

1           sewers are the holdup to economic  
2           development?

3                       COMMISSIONER KNIGHT:  So, you know,  
4           thank you for that question.

5                       We know that, you know, sewer  
6           development, you know, is an issue on  
7           Long Island.  And, you know, there are times  
8           when we do have conversations about that  
9           development as it relates to economic  
10          development.

11                      Sometimes there are resources  
12          available to support mixed-use projects that  
13          can support the infrastructure of these types  
14          of thoroughfares that you're talking about.

15                      ASSEMBLYWOMAN KASSAY:  Excellent.  
16          I'll definitely follow up with your office,  
17          or if you could follow up with me to let me  
18          know what resources are available currently.  
19          Thank you so much.

20                      And for Acting Director Reid, two  
21          questions.  So my office is actively working  
22          to increase enforcement on these illegal  
23          cannabis shops, or the unlicensed shops,  
24          because we know that they're selling both

1 illegal products and selling to minors.

2 Also, on behalf of one of our school  
3 superintendents, especially I've been cued in  
4 to how clever young people have gotten on how  
5 to get their hands on cannabis products,  
6 especially by mail. So I'll "yes and" on the  
7 mail conversation. I think it has to do with  
8 interstate commerce as well.

9 And so I know I'd sent a -- our office  
10 sent a letter to your office earlier this  
11 week. I do not expect to have had an answer  
12 already by any means, but just hope to hear  
13 your commitment to working on this issue to  
14 make sure that we are seeing that any  
15 cannabis by mail either requires a signature  
16 and is regulated.

17 OCM ACTING EXEC. DIR. REID: Yeah,  
18 again -- you know, and I appreciate the point  
19 in terms of young people. Having worked with  
20 young people, the question where I always  
21 start is, you know, what's going on in terms  
22 of you pursuing something or another, and  
23 then thinking about how there might be  
24 infrastructural or systemic ways in which

1 youth can access things that they're not  
2 supposed to.

3 Again, when it comes to, you know,  
4 delivery by mail, that would be with our law  
5 enforcement partners, and so not particularly  
6 for New York State or OCM alone. But again,  
7 open to having those conversations.

8 ASSEMBLYWOMAN KASSAY: Very good. So  
9 we look forward to your commitment to all  
10 coming together on that --

11 OCM ACTING EXEC. DIR. REID: Oh, for  
12 sure.

13 ASSEMBLYWOMAN KASSAY: Thank you so  
14 much.

15 And also has your office committed to  
16 working with the Attorney General, my  
17 colleagues and I on cracking down on the  
18 selling of illegal cannabis products in these  
19 unregulated packaged for youth or, you know,  
20 unregulated products in general? Not just  
21 the shops that are selling them but those who  
22 are manufacturing them.

23 CHAIRMAN PRETLOW: Thank you,  
24 Assemblywoman.

1 Assemblyman Dais.

2 ASSEMBLYMAN DAIS: Thank you.

3 This is going to be a quick response  
4 to one of our colleagues here. It's  
5 cannabis-related but also economic. So I  
6 opened up the first West Coast Special on  
7 Fifth Avenue, right? Right down the street  
8 was the Lord & Taylor's building where Amazon  
9 bought it for a billion dollars and brought  
10 in 2,000 workers, which didn't take big tax  
11 breaks.

12 However, the headquarters we did lose  
13 to Virginia has been shuttered and hasn't  
14 been open, so I think we won in that  
15 situation.

16 In reference to cured {ph} licenses  
17 and the interest rates that they're paying  
18 for the investments through our social equity  
19 program. Is that program working, or do you  
20 feel that we need to make tweaks to it?

21 OCM ACTING EXEC. DIR. REID: Just to  
22 clarify, what kind of licenses did you say?

23 ASSEMBLYMAN DAIS: The cured licenses,  
24 when they're getting --

1 OCM ACTING EXEC. DIR. REID: Oh, the  
2 CAURD licenses.

3 ASSEMBLYMAN DAIS: CAURD. CAURD, I'm  
4 sorry.

5 OCM ACTING EXEC. DIR. REID: Oh, I'm  
6 sorry, okay.

7 So in terms of those licenses, again,  
8 having sat down with those folks, you know,  
9 they don't feel like they're working. And I  
10 can only, you know, when someone says what's  
11 happening, you have to believe them. And so  
12 I think there are opportunities for us to  
13 think about how that program could be  
14 different.

15 ASSEMBLYMAN DAIS: So was Chicago  
16 Atlantic the right organization to choose  
17 for -- as the funding organization, or who  
18 helped with the Social Equity Fund?

19 OCM ACTING EXEC. DIR. REID: So  
20 that's, again, not a question I can answer.  
21 That's a DASNY question, as they sort of  
22 worked to stand up that fund.

23 ASSEMBLYMAN DAIS: Are you guys  
24 working with DASNY to solve these issues?

1                   OCM ACTING EXEC. DIR. REID: In terms  
2 of the scope, that's not our wheelhouse in  
3 terms of how that fund or any fund would  
4 operate.

5                   So again, that would be over in the  
6 DASNY wheelhouse.

7                   ASSEMBLYMAN DAIS: Can you provide a  
8 breakdown to your office -- and probably not  
9 right now, but on how much money has been  
10 spent from the fund into the organizations?

11                   OCM ACTING EXEC. DIR. REID: I can't  
12 do that. That's also a DASNY -- they keep  
13 all of those accounts relative to the  
14 participation in the fund and the outcomes of  
15 the fund.

16                   ASSEMBLYMAN DAIS: They don't give you  
17 a report so you have an idea?

18                   OCM ACTING EXEC. DIR. REID: No. We  
19 don't have -- we don't have an agreement to  
20 that. That's not the OCM role.

21                   ASSEMBLYMAN DAIS: It doesn't have to  
22 be an OCM role, but I would think that there  
23 would be transparency so we have an idea of  
24 how much money is being put within our

1 cannabis program and to see how it's working.

2 How are you supposed to manage the  
3 cannabis program if you don't have an idea of  
4 the investments that the -- the investments  
5 that's going into them? How are you supposed  
6 to create measures?

7 OCM ACTING EXEC. DIR. REID: So the  
8 fund -- the fund is the body that -- the fund  
9 is the body, along with DASNY, that creates  
10 those metrics and it monitors those programs.

11 That's not information, like I said,  
12 that ever gets shared with us or that we have  
13 insight to.

14 ASSEMBLYMAN DAIS: Okay. That's very  
15 odd that you're in charge of the cannabis  
16 program and then you can't understand or have  
17 access to what I think would be public  
18 information on the financial impacts of our  
19 organizations within programs underneath your  
20 purview.

21 Last, the farmers, agriculture,  
22 cultivation, biomass. How much is our  
23 biomass right now and how much is actually  
24 getting into the market?

1 OCM ACTING EXEC. DIR. REID: I'd have  
2 to get back to you on numbers around biomass.  
3 I've heard various figures, but I'd have to  
4 really dig into that and get that back to  
5 you. But I can do that for you.

6 ASSEMBLYMAN DAIS: Okay, thank you.

7 OCM ACTING EXEC. DIR. REID: Just one  
8 thing, though. One of the things that we're  
9 really excited about is our BioTrack rollout,  
10 which allows tracking of product from seed to  
11 sale.

12 CHAIRMAN PRETLOW: Assemblyman Jones.

13 (No response.)

14 CHAIRMAN PRETLOW: Assemblywoman  
15 Tapia.

16 ASSEMBLYWOMAN TAPIA: Thank you.  
17 Thank you for all the time that you put in  
18 for this, because, I mean, we have a timer  
19 also.

20 (Laughter.)

21 ASSEMBLYWOMAN TAPIA: But thank you.  
22 I mean, Commissioner Knight, this question is  
23 for you. And I will have three questions,  
24 but I don't know if the three minutes are

1 going to last.

2 The Governor allocated 250 million to  
3 redevelop underutilized state-owned  
4 properties into housing developments. How  
5 will the state prioritize which properties  
6 receive funding? And what is the process for  
7 local communities to request for development  
8 funds for specific sites?

9 I have been working with Bronx  
10 Community College, for example, and the  
11 Dormitory Authority owns a site in my  
12 district that we are looking to redevelop  
13 into housing. So I would love to see some  
14 details about it.

15 COMMISSIONER KNIGHT: So we look at  
16 these project by project. There's a  
17 committee of state agencies who are involved  
18 in this and -- you know, the MTA, HCR, ESD.  
19 Check-in about SUNY. But I'm sure, you know,  
20 we'd be able to access.

21 And so look forward to talking to you  
22 more about this project.

23 ASSEMBLYWOMAN TAPIA: Most definitely.  
24 Most definitely.

1                   I also have a question for cannabis.  
2           My question is regarding cannabis  
3           enforcement. I think, I mean OCM alone, with  
4           the city, has done a wonderful good job of  
5           shutting down illegal cannabis stores. But I  
6           think a lot of this has shifted from stores  
7           to people legally selling cannabis on the  
8           street.

9                   In my district, for example, on Jerome  
10          Avenue in my district, where we have three,  
11          four schools in that street, we have dozens  
12          of individuals selling cannabis on the  
13          street. How is the state working to address  
14          these street vendors? Because, I mean, I  
15          have called the police, my precincts, and  
16          they take them away, they cannot do anything,  
17          I think, and -- but they come back three or  
18          four days after, they think that we forget.

19                   So what is there we can do?

20                   OCM ACTING EXEC. DIR. REID: So in  
21          terms of our enforcement, those are against  
22          operators. Again, this is sort of around the  
23          issue of we don't want to get to a place  
24          where we are recriminalizing cannabis, like

1 we've seen and I've personally experienced  
2 the detriments of that.

3 And so, you know, what we do as a  
4 matter of enforcement, we don't go after  
5 individuals, we go after businesses. Now, I  
6 think, you know, to the extent that there  
7 might be a role to play in getting those  
8 folks off the street, I think it requires  
9 education, I think it --

10 (Time clock sounds.)

11 CHAIRMAN PRETLOW: Assemblywoman  
12 Shimsky.

13 ASSEMBLYWOMAN SHIMSKY: Thank you very  
14 much, Mr. Chairman.

15 Good evening -- yes, unfortunately  
16 it's "good evening," Commissioner. I promise  
17 to be brief.

18 Going back to the comments made before  
19 by Chair Woerner and Assemblywoman Walsh  
20 about the MWBE issue, I've been hearing from  
21 a number of women in nontraditional fields  
22 that the process has not been working for  
23 them, that they are treated with a certain  
24 amount of disrespect. And the reversal rate

1 of these cases suggests that there's a  
2 problem.

3 What that means is they may get their  
4 status back, but they will have lost business  
5 opportunities, they will have lost tens of  
6 thousands of dollars in legal fees to get a  
7 wrong decision reversed.

8 And I think it's important that we  
9 look at what the applicable standards are.  
10 And it's been suggested to me by some of  
11 these women who have had to deal with this to  
12 look at the expertise of the people who are  
13 doing the investigating and what skill sets  
14 come up with the right results to make sure  
15 that everybody has them.

16 COMMISSIONER KNIGHT: So, you know,  
17 thank you for that.

18 You know, I look forward to working  
19 with you and the Legislature around regs,  
20 because some of this has to do with the  
21 regulations. So look forward to --

22 ASSEMBLYWOMAN SHIMSKY: I'll be happy  
23 to work with you on that.

24 Thank you.

1                   CHAIRMAN PRETLOW:  Assemblywoman  
2                   Zinerman.

3                   ASSEMBLYWOMAN ZINERMAN:  Good  
4                   afternoon.  Thank you, Chair.

5                   I have one question for you.

6                   Hello, Commissioner.

7                   But Ms. Reid, how are you?  We have  
8                   not met.  I'm Stefani Zinerman, from the  
9                   56th Assembly District.  I am a member of the  
10                  committees on Agriculture and Labor, and I am  
11                  the chair of the Subcommittee on Emerging  
12                  Workforce.  So I always like to talk about  
13                  cannabis because it basically encompasses my  
14                  entire world.  Right?

15                  OCM ACTING EXEC. DIR. REID:  Yes, it  
16                  does.

17                  ASSEMBLYWOMAN ZINERMAN:  So the first  
18                  thing I'd like to say is thank you.  I've  
19                  read a lot of testimonies and nobody has ever  
20                  given me a list of success or what success  
21                  should look like.  So thank you for the  
22                  guide.

23                  And so I have a couple of questions  
24                  for you.  I'm certainly encouraged to hear

1           about the cannabis conversations that you  
2           have, that you're having across the state. I  
3           encourage you to continue those. I have a  
4           bill that actually says that we need to do  
5           more in terms of educating our young people.  
6           Right?

7                         But what does success look like in  
8           that area? Because I want those two things  
9           to be absolutely blended so that young people  
10          and their families are getting the  
11          information that they need. That is one  
12          question.

13                        I am -- I believe that all legislation  
14          should do no harm. We should think about  
15          that. And certainly we have this bill. But  
16          you've heard from our chairs and some of my  
17          members that the illegal shops are something  
18          that are doing harm in our neighborhoods, and  
19          especially to our young people. And we've  
20          closed a lot in my neighborhood, absolutely.  
21          But this is my problem: Landlords in the  
22          State of New York like the cannabis money.  
23          And they are breaking the rules every day by  
24          opening up those shops.

1                   So people don't necessarily know that  
2                   when they first approach, you know, a  
3                   landlord -- I'm looking at my time -- a  
4                   landlord and an owner of this business, but  
5                   if you read the regs you know that if the  
6                   person doesn't have a license from you all,  
7                   you can't rent to them. They can't open it  
8                   up.

9                   What are we doing in that area too?  
10                  Because that's the -- they close them, but  
11                  somebody else will pop up across the street  
12                  and they'll open up. So we've got to address  
13                  that issue as well.

14                  And then my last question for you is  
15                  about the cannabis workforce and labor  
16                  practices. So I like the whole idea of that.  
17                  What does that actually look like, though?  
18                  What -- because the industry is so huge. I  
19                  mean, they do everything from security to  
20                  HVAC to actually being a grower or a  
21                  retailer. Right? So what does best  
22                  practices look like for you?

23                  And I did want to make the connection  
24                  for Black farmers as well. How many of them

1 are part of the BioTracking system, because  
2 that's very important.

3 And if I have 10 seconds left,  
4 Commissioner Knight, I want to talk to you  
5 about do you support cultural districts,  
6 cultural art districts? And if so, if you  
7 could tell us why.

8 It will have to be at some other time,  
9 because I only got my questions out.

10 CHAIRMAN PRETLOW: Assemblyman  
11 Santabarbara.

12 ASSEMBLYMAN SANTABARBARA: Thank you,  
13 Mr. Chair.

14 Thank you all for being here, and  
15 thank you for your testimony today.

16 I just have a couple of questions for  
17 Acting Director Reid on enforcement practices  
18 and oversight.

19 What is the criteria that your office  
20 uses to determine which businesses to  
21 actually look into? And how do we prevent  
22 targeting businesses that are doing  
23 legitimate business and not disrupting them?

24 And the last question is, are there

1 mechanisms in place to prevent repeated I  
2 guess investigations or raids on that same  
3 business when no violations are found? And  
4 the reason I'm asking is I do have a business  
5 in my district, a vape shop, actually. Every  
6 so often they'll call and people have gone  
7 back there just looking for illegal cannabis.  
8 They don't sell cannabis, but they were  
9 investigated over a period -- I think in like  
10 10 months it was like three times.

11 So I just wanted to ask those  
12 questions just for some clarification.

13 OCM ACTING EXEC. DIR. REID: So on  
14 let's call it triage. You know, one of the  
15 things that's really important as to  
16 enforcement is the public health and safety  
17 piece. So if there is an immediate public  
18 health and safety issue, you know, that will  
19 take precedence in terms of particularly  
20 selling to minors or other vulnerable  
21 populations.

22 But one of the things I will say -- at  
23 least I can talk for the state side of  
24 enforcement -- is that when folks reach out,

1           when folks go through our portal, that  
2           doesn't go into a void where it dies. If you  
3           can imagine, there are thousands of  
4           complaints that we get in the span of a week,  
5           and so we have to go through all of those,  
6           suss out what's legitimate, what's not  
7           legitimate.

8                     And as we've done this over time,  
9           we've gotten much more streamlined,  
10          particularly with our staffing increases, in  
11          going through all of those complaints.

12                    As I mentioned, you know, with some of  
13          those it's relating to larger investigations,  
14          particularly criminal investigations, which  
15          can take a bit of time. But one of the  
16          things that's incredibly important is that we  
17          are investigating and looping back. Now,  
18          sometimes we are not able to loop back  
19          particularly to the complainant because  
20          again, with the intricacies of our  
21          investigations, we're just not able to do  
22          that. And when they're ongoing and they're  
23          long, that could be, you know, many, many  
24          months.

1                   In terms of businesses that have been  
2                   investigated before, I know that in the  
3                   cannabis marketplace, you know, there are  
4                   businesses that -- at one point they might be  
5                   compliant, at another point they might not.  
6                   And depending on the level of the lack of  
7                   compliance, sometimes our enforcement folks  
8                   will go out and, you know, investigate that  
9                   business.

10                   So there are some situations like that  
11                   that we have to be mindful of and really  
12                   vigilant about in terms of how operators one  
13                   day could be doing one thing, the next day  
14                   doing another thing.

15                   ASSEMBLYMAN SANTABARBARA: Can I  
16                   continue this conversation offline about the  
17                   particular business? Maybe we could talk a  
18                   little more about the details of it.

19                   OCM ACTING EXEC. DIR. REID: Sure,  
20                   love to.

21                   ASSEMBLYMAN SANTABARBARA: All right,  
22                   thank you.

23                   OCM ACTING EXEC. DIR. REID: Thank  
24                   you.

1                   CHAIRMAN PRETLOW:  Assemblywoman  
2                   Giglio.

3                   ASSEMBLYWOMAN GIGLIO:  Thank you.  
4                   Commissioner Knight, my questions are  
5                   for you, please.

6                   So you're doing a great job, and thank  
7                   you for that, because there is a lot of  
8                   economic development happening throughout the  
9                   state.  But my concern is when we get  
10                  assigned grant money that we can give out to  
11                  different projects, I mean, there's a  
12                  recreation trail, a veterans recreation trail  
13                  that's still owed \$150,000 ten years later.

14                  And how do we -- what recommendations  
15                  can you give so that when we assign grant  
16                  money and then it gets a contract number and  
17                  sometimes they have to wait for DASNY to do  
18                  what they need to do in order to begin the  
19                  work -- and that could be years later -- and  
20                  then it takes years to get paid, what do you  
21                  suggest we do to speed up that process so  
22                  that grant money that we promise to our  
23                  constituents to great projects, that they  
24                  actually get approved and they get the money

1 after the project's completed?

2 COMMISSIONER KNIGHT: Well, you know,  
3 thank you for that question.

4 And, you know, I'd like to learn the  
5 specific circumstances of --

6 ASSEMBLYWOMAN GIGLIO: Yeah, it's  
7 DASNY. I don't know if they have too much on  
8 their plate or what's happening, but there's  
9 got to be a way to streamline this process.  
10 And I know you can help me come up with the  
11 solution for that, because we really do move  
12 on, like I said.

13 And then you change legislators and  
14 then the new legislator that comes on doesn't  
15 even have access to the information, DASNY  
16 won't even talk to the new legislator.

17 COMMISSIONER KNIGHT: So I will talk  
18 to my colleague at DASNY and we'll have a  
19 conversation with you.

20 ASSEMBLYWOMAN GIGLIO: Thank you so  
21 much.

22 CHAIRWOMAN KRUEGER: I think it's just  
23 me for a three-minute follow-up.

24 So we have this bizarre

1           cannabis-Atlanta-Chicago deal. Wasn't done  
2           by OCM, DASNY's not here in the room. I'm  
3           being told that until DASNY is paid back  
4           \$50 million from OCM revenues, you're not  
5           allowed to spend any additional monies for  
6           any of the things that we thought you were  
7           supposed to be spending the money on, such as  
8           the drug prevention education, support for  
9           larger investments in social equity grants to  
10          communities.

11                    Is that our understanding? Because I  
12           don't see any new money going into any of  
13           those in the state budget, and at least  
14           someone told me they believed it was because  
15           first we have to pay back DASNY the  
16           50 million.

17                    Since that whole fund is a nightmare,  
18           I don't know where we have to pay it back,  
19           "we" being OCM, in the first place. But I  
20           just looked and the tax revenues from  
21           cannabis this year I think are over  
22           \$160 million. So why wouldn't we still have  
23           more money to start to invest in our  
24           commitments from the law?

1 OCM ACTING EXEC. DIR. REID: Yeah, so  
2 I think when it comes to particularly our  
3 social and economic equity programs, you  
4 know, we've been building -- we've been  
5 continuing the work that started before I got  
6 there, then expanding around it in terms of  
7 listening to the communities and hearing what  
8 would be most useful, would not be useful.

9 I could cite, you know, our CAURD and  
10 our academy, our retail accelerator, our  
11 release of a banking directory for  
12 businesses. So there are avenues in which we  
13 are recognizing that there exists a need and  
14 supporting some of those programs.

15 Now, when it comes to some of the  
16 budget aspects I do know that, you know,  
17 again, we need to continue to spend what we  
18 already have. And that's dedicated toward  
19 our social and economic equity programs. But  
20 when looking at, you know, some of our  
21 statutes, I think we have to have another  
22 conversation around how we're proceeding  
23 around our monies, and I know that's not  
24 final.

1                   CHAIRWOMAN KRUEGER: So when I looked  
2                   in the budget I saw an additional 5 million  
3                   for the social equity grant. So you're  
4                   giving out 5 million now, I think.

5                   OCM ACTING EXEC. DIR. REID: Yes,  
6                   we're in the process.

7                   CHAIRWOMAN KRUEGER: But there's no  
8                   growth in it for next year, and there's no  
9                   reference to any other monies going for the  
10                  other purposes in the Governor's Executive  
11                  Budget. Is that your understanding?

12                  OCM ACTING EXEC. DIR. REID: Again,  
13                  our appropriation is up to 10 million. And  
14                  I've really been clear with our team that we  
15                  have to make sure that we do this 5 million  
16                  rollout well, because I don't want to get an  
17                  increase that -- evidence in our basis that  
18                  we haven't been able to responsibly roll out  
19                  a current program that we have.

20                  CHAIRWOMAN KRUEGER: And do you have  
21                  any answers from anyone in the Governor's  
22                  office or other parts of government of how  
23                  we're going to get ourselves out of this  
24                  contract and make those businesses whole who

1           went into the Atlantic-Chicago deals?

2                   OCM ACTING EXEC. DIR. REID: I think,  
3           you know, when it comes to those folks who  
4           have participated in the fund, those -- I'll  
5           follow up with you.

6                   CHAIRWOMAN KRUEGER: This is your  
7           final sentence before we let you go, so --

8                   CHAIRMAN PRETLOW: No, I have one more  
9           questioner.

10                  CHAIRWOMAN KRUEGER: Oh, excuse me.

11                  All right, finish your sentence,  
12           please.

13                  OCM ACTING EXEC. DIR. REID: When it  
14           comes to those programs we have to look at  
15           what works and what doesn't, and insofar as  
16           we've heard that what's happening with the  
17           DASNY fund isn't working, having those  
18           conversations about what could be a program  
19           future.

20                  CHAIRWOMAN KRUEGER: Okay. I can't  
21           ask you any more questions because I've again  
22           maxed out.

23                  CHAIRMAN PRETLOW: Assemblyman Stirpe  
24           for a three-minute follow-up.

1 ASSEMBLYMAN STIRPE: Thank you.

2 First of all, I want to commend you on  
3 your endurance. You've done a great job.

4 (Laughter.)

5 ASSEMBLYMAN STIRPE: Real quick, and  
6 it's almost along the same lines, because of  
7 the situation with the DASNY fund, because of  
8 the inability to get finance from normal  
9 means -- banks, credit unions, et cetera --  
10 for cannabis businesses, some of my  
11 colleagues and I have been advocating for  
12 like a \$15 million revolving loan fund for  
13 farmers, cannabis farmers and processors.

14 Do you think that's a good idea?  
15 Would you be supportive of that?

16 OCM ACTING EXEC. DIR. REID: We would  
17 certainly be supportive of something like  
18 that.

19 ASSEMBLYMAN STIRPE: Okay. I don't  
20 know who would even manage that, if ESD  
21 manages that or OCM, I don't know. But I  
22 know that they're pretty desperate and they  
23 would appreciate anything to help their  
24 businesses stay afloat.

1                   Okay, thank you.

2                   CHAIRWOMAN KRUEGER: All right. So  
3 now I'm officially thanking you for your time  
4 with us today, and we are letting you fly  
5 away.

6                   And we are inviting the second panel,  
7 government panel, to join us at the front.

8                   So again, legislators, if you want to  
9 grab them, only in the hallway. Do not talk  
10 to them here. Assemblywoman, wait till they  
11 go to the hallway and then talk.

12                   Assemblywoman, go outside to the hall and  
13 talk to them, please.

14                   Office of General Services, Jeanette  
15 Moy, and Erika Mallin, New York State Council  
16 on the Arts, to the front.

17                   (Off the record; pause.)

18                   CHAIRWOMAN KRUEGER: All right, I'm  
19 going to try to get order back in this room.  
20 Let's see if we can do it. We're asking  
21 legislators to take their seats in the front.  
22 No, stop hugging. Stop saying hello. No  
23 hugging. Assemblywoman, go sit down.  
24 Yudelka, sit down. Stop hugging.

1 (Laughter; off the record.)

2 CHAIRWOMAN KRUEGER: All right, we're  
3 going to try to get ourselves rolling,  
4 because I know many people are thinking how  
5 can it be this late already? But it is.

6 So I'm going to ask the two  
7 commissioners which one of you would like to  
8 go first. Okay, so Jeanette Moy, for those  
9 in the room in the back, is going first, and  
10 then Commissioner Mallin will go -- excuse  
11 me, Executive Director Mallin will go second.

12 And it's yours for 10 minutes.

13 OGS COMMISSIONER MOY: Good evening,  
14 Chairs Krueger and Pretlow, Ranking Members  
15 O'Mara and Ra, Chairs Ryan and Stirpe,  
16 ranking members Murray and Friend, and  
17 distinguished members of the Legislature. My  
18 name is Jeanette Moy, and I'm the  
19 commissioner of the Office of  
20 General Services for New York State.

21 Thank you for the opportunity to share  
22 the work that we've accomplished in the last  
23 year and to discuss the impact of  
24 Governor Kathy Hochul's Executive Budget on

1           this agency.

2                       Governor Hochul's budget proposes  
3           \$1.7 billion for OGS, which will enable our  
4           1,900 employees to advance her commitment to  
5           improving government operations and  
6           delivering exceptional, accessible services  
7           for New Yorkers. OGS's services are vast.  
8           We manage 32 million square feet of  
9           real estate through state owned and leased  
10          properties. We provide shared services,  
11          process transactions for 44,000 state  
12          employees, managing 270 million in annual  
13          budget for four client agencies, and  
14          administering human resource functions for  
15          over 2,800 state workers. We also administer  
16          1,500 centralized contracts with award values  
17          of \$34 billion.

18                      We deliver logistical support,  
19          champion resiliency and sustainability, host  
20          well-loved cultural programs and steward  
21          world-class artwork, and create meaningful  
22          opportunities for businesses and the people  
23          of New York through our contracting. In  
24          times of great flux, with changes in federal

1 policy creating new pressures and operational  
2 risks for our agency partners, our vendors  
3 and the supply chains that we rely on, OGS is  
4 proud to provide steady operational expertise  
5 and logistic support for New York State.

6 OGS's role is to help the state to  
7 operate efficiently and effectively, while  
8 also navigating changing market conditions  
9 and volatility. We do this by utilizing data  
10 to help the state make informed decisions and  
11 instituting policies, processes and system  
12 changes that enable our agency partners to  
13 function.

14 The proposed Executive Budget allows  
15 us to continue this mission as we address our  
16 aging infrastructure across the state, the  
17 Governor is focused on increasing the speed,  
18 equity, and efficiency of capital project  
19 delivery. This year she has proposed  
20 legislation to enable select state agencies,  
21 including OGS, to use a variety of  
22 alternative project delivery methods. This  
23 will allow us to be able to select the best  
24 contracting mechanism for a project, to work

1 more collaboratively with our vendors, and to  
2 ensure that public funds are spent  
3 efficiently.

4 The Governor has also proposed raising  
5 and increasing the MWBE discretionary  
6 purchasing threshold to \$1.5 million, in line  
7 with New York City's, expanding opportunities  
8 for state agencies who work with MWBE  
9 vendors. OGS provides design, construction  
10 and permitting services to 50 state agencies,  
11 and we recently completed the rehabilitation  
12 of the Jamaica Armory and the second phase of  
13 the Adirondack Rail Trail.

14 Our current workload includes  
15 \$2.1 billion in design development and  
16 another \$1.7 billion in active construction  
17 projects like the restoration of the historic  
18 Lexington Avenue Armory and the restoration  
19 of the Jones Beach East Bathhouse.

20 Each of these projects enhances our  
21 communities, preserves our history, and  
22 improves public spaces for generations to  
23 come.

24 In support of the Governor's directive

1 to focus on service delivery, this year we  
2 launched our data analytics office to  
3 increase transparency to our operations and  
4 build a culture of data-driven decision  
5 making. We firmly believe in the adage you  
6 cannot manage what you cannot measure, and we  
7 are incorporating it into our work. We are  
8 creating performance dashboards for our  
9 business services center and design and  
10 construction activities.

11 Through this proposed budget, OGS will  
12 develop a public dashboard to view progress  
13 on vertical capital construction across the  
14 state. If you as legislators, or your  
15 constituents have questions around what's  
16 going on with a major public works project  
17 near you, you will be able to access  
18 information on demand.

19 Our focus on transparency is in line  
20 with the Governor's efforts to ensure that  
21 state government is efficient and expand  
22 services delivered to New Yorkers. Our  
23 digital team will support the Executive  
24 Chamber's launch of a public dashboard of

1 analytics for the state's digital assets. We  
2 are developing a public map of select  
3 state-owned lands, ensuring that  
4 underutilized spaces can be put back to  
5 productive use.

6 This year's proposed budget will  
7 enable us to scale up these existing efforts  
8 to make government easier to navigate and  
9 more responsive to the people that we serve.

10 Announced in the State of the State,  
11 OGS will launch the office of innovation and  
12 efficiency to support efforts to redesign  
13 operations and implement improvements across  
14 the state with centralized projects and  
15 performance management services.

16 Our real estate portfolio includes  
17 over 150 state-owned buildings and  
18 structures, most built between 1965 and 1975,  
19 totaling more than 7 billion in assets,  
20 serving 30,000 tenants and hundreds of  
21 thousands of visitors annually, with systems  
22 that are reaching or past the end of their  
23 useful life. Deferred maintenance has  
24 accumulated, adding complexity and cost to

1 projects.

2 Thanks to the Governor and to the  
3 Legislature, OGS has been able to tackle  
4 problems that have gone unaddressed for  
5 decades, prioritizing critical infrastructure  
6 issues and completing portfolio-wide  
7 assessments. By addressing critical building  
8 systems we can make our spaces more  
9 affordable and inviting, with an eye towards  
10 flexibility and future needs.

11 In her State of the State, the  
12 Governor committed \$400 million to revitalize  
13 downtown Albany, led by my colleagues at  
14 Empire State Development. From the center  
15 courtyard and Hawk Street Passage to the  
16 Eastern Approach to The Egg, OGS will ensure  
17 that the Empire State Plaza and the Capitol  
18 complement and integrate those efforts.

19 As a proud co-lead of the GreenNY  
20 Council, we are proudly laying the foundation  
21 that will help the state meet our climate  
22 goals. Alongside NYSERDA, we are  
23 implementing first-in-the-nation Clean  
24 Concrete guidance to reduce greenhouse gas

1 emissions in state construction and rolling  
2 out sustainable design guidelines to ensure  
3 that agencies are building to the same  
4 standards as they fulfill their E022  
5 requirements. We are also incorporating  
6 sustainability into our leasing agreements.

7 We have created a dashboard with a map  
8 of state-owned vehicle charging ports and  
9 progress on the state's EV conversion. OGS  
10 began implementing telematics into the state  
11 fleet, gaining greater insights into vehicle  
12 operations that will facilitate our  
13 transition. We've worked with agencies to  
14 craft their EV transitions, and we will be  
15 holding our third annual EV car show for  
16 fleet managers for the state in May.

17 To date, OGS's own fleet has  
18 transitioned 24 percent of our light-duty  
19 non-emergency fleet.

20 As part of this budget, Governor  
21 Hochul has committed to fully funding the  
22 first phase of the Empire State  
23 decarbonization plan, which upon completion  
24 will result in a reduction of 21 percent in

1 locally produced emissions. Between the  
2 first two phases, on-site emissions will be  
3 reduced by a projected 50 percent over the  
4 next 10 years, and we will continue studying  
5 pathways to reach full decarbonization.

6 Governor Hochul has allocated funding  
7 in this budget to expand waste diversion  
8 efforts at the Empire State Plaza through  
9 simple interventions like new signage,  
10 strategically placed bins, and waste audits.  
11 We will work with our concourse tenants, all  
12 small Albany-based institutions, to  
13 facilitate pre-consumer food waste  
14 collection, setting a model for substantial  
15 sustainable practices that can be scaled  
16 statewide.

17 Last year, across 578,000  
18 transactions, OGS facilitated procurement for  
19 our agency partners. We provided purchasing  
20 assistance and processed financial and  
21 personnel transactions. We established a new  
22 contact center that enables all calls to go  
23 to an OGS employee in the first instance,  
24 enabling us to deliver faster service to more

1 customers. They now have more immediate  
2 access to the information they seek with less  
3 wait time.

4 We've renewed 33 centralized  
5 contracts, saving our agency partners  
6 hundreds of hours of negotiation and  
7 leveraging collective purchasing power to  
8 secure the best possible pricing. We are  
9 committed to educating users and potential  
10 vendors.

11 We participated in dozens of outreach  
12 events, including our own GOVBUY conference,  
13 which connects vendors and procurement  
14 officials.

15 Last year we implemented an  
16 eProcurement solution for construction  
17 projects, Bid Express, which has enabled us  
18 to reach new bidders.

19 We've completed -- in the lead-up to  
20 our implementation of eProcurement for our  
21 centralized contracts, we've completed a  
22 comprehensive assessment of our processes.  
23 We've also debuted a new online feedback tool  
24 for vendor performance. We've implemented

1 DocuSign for our contracts. And we will be  
2 initiating our solicitation for a new  
3 eProcurement system later this year.

4 Now, as a support agency, the  
5 Executive Budget will enable OGS to deliver  
6 core services including central printing,  
7 dock master, emergency management and  
8 planning, mail and freight services, and  
9 state and federal surplus property. The  
10 programs provide essential services to state  
11 entities, to local municipalities, schools,  
12 emergency feeding organizations, and the  
13 public.

14 We are piloting two food locker  
15 systems, in Oswego and Cortland counties.  
16 These lockers provide food access in rural  
17 areas by enabling people to obtain food at a  
18 time and location convenient to them.

19 We also broke ground on a  
20 200,000-square-foot warehouse that will  
21 consolidate the inventory of four warehouses  
22 into one -- a meaningful investment in the  
23 community of Green Island -- while  
24 streamlining our critical warehousing and

1 distribution operations.

2 In closing, the Governor's Executive  
3 Budget will enable OGS to continue addressing  
4 our aging infrastructure, modernizing and  
5 innovating our operations, and supporting the  
6 state's response to the complex challenges  
7 that are facing us today. I'm very proud of  
8 our progress to make New York a healthier,  
9 stronger, more resilient and more equitable  
10 state. I look forward to working closely  
11 with all of you to deliver for New Yorkers.

12 I thank you for the opportunity to  
13 speak with you this afternoon -- well, this  
14 evening, and I am very happy to answer your  
15 questions. Thank you.

16 CHAIRWOMAN KRUEGER: Thank you.

17 First up is April Baskin -- no? Oh,  
18 I'm sorry. The days are -- I apologize  
19 profusely. No, no, I apologize. Clearly a  
20 little more caffeine is required.

21 Please.

22 NYS CA EXECUTIVE DIRECTOR MALLIN:  
23 Chairs Krueger and Pretlow, Chair Serrano,  
24 our new chair, Assemblymember Kim, and

1 distinguished members of the committees,  
2 thank you for the invitation to be here  
3 today.

4 It's been a profound honor to serve  
5 our state and our vibrant arts and culture  
6 sector in my first year as executive  
7 director.

8 On behalf of our council, staff and  
9 the cultural industries of New York, we thank  
10 Governor Hochul and the State Legislature for  
11 your continued investments in the arts.

12 Throughout the past year, I have  
13 traveled across nearly every region of the  
14 state, witnessing firsthand the  
15 transformative impact of the arts on our  
16 state.

17 From anchors in their communities like  
18 Flushing Town Hall in Queens -- whose arts  
19 programming serves over 45,000 people across  
20 the borough, including senior centers, health  
21 centers, and schools -- to tourism drivers  
22 invigorating the local economy, from the  
23 Corning Museum of Glass, which welcomes over  
24 300,000 visitors each year, to another but

1 smaller city anchor in Rochester, the  
2 Rochester Contemporary Art Center, which  
3 welcomes over 14,000 visitors annually -- and  
4 organizations creating career pathways for  
5 young artists to work, stay and live in New  
6 York State like Youth FX right here in  
7 Albany, a film program that nurtures young  
8 filmmakers and connects them to jobs in the  
9 film industry, and Assembly House 150 in  
10 Buffalo, an art and design incubator for  
11 young people that provides 17,000 hours of  
12 training in artisan crafts, from theatrical  
13 set building to historic restoration.

14 At every site visit and every  
15 convening, and as these examples show, one  
16 truth is clear: The arts are not a luxury,  
17 but a necessity. Organizations and artists  
18 strengthen our communities and contribute  
19 directly to our economy and the well-being of  
20 all New Yorkers. Your investments make this  
21 possible.

22 And NYSCA is a national leader in arts  
23 funding and a driving force behind the  
24 success of New York's creative economy.

1 Through our programs, we meet today's  
2 challenges in realtime and pave the way for  
3 growth in our sector.

4 We do this by:

5 General operating support. Through a  
6 competitive application and peer review panel  
7 process, NYSCA is the only statewide provider  
8 of flexible, core operating funding keeping  
9 organizations' doors open and thriving.

10 And increasing access to funds. This  
11 year alone, we saw a 40 percent surge in  
12 operating support applications, demonstrating  
13 both our outreach success and the urgent need  
14 for continued investment.

15 We also, through our programs, are job  
16 creators and we retain artists. NYSCA  
17 funding is an investment in our workforce  
18 stability, ensuring New York remains a place  
19 where artists can live, work, and contribute.

20 And we are advancing tourism and  
21 economic growth. Our funding seeds new  
22 organizations, expands artistic production,  
23 creates new destinations, and fuels the  
24 broader economy.

1                   And we bring global recognition. From  
2                   local honors like the Bessie Awards for Dance  
3                   to the Academy Awards, NYSCA grantees are  
4                   shaping culture on every level.

5                   And our impact on the ground too is  
6                   far and wide. Annually, NYSCA grantmaking  
7                   extends to all 10 regions of New York State  
8                   and supports over 3,000 artists and nonprofit  
9                   arts organizations. Our work ensures that  
10                  organizations of all budget sizes thrive,  
11                  that support is broad and inclusive.  
12                  Annually, NYSCA supports over 500 new artists  
13                  across artistic disciplines, and in 2025 over  
14                  100 organizations were first-time NYSCA  
15                  grantees. We're very proud of that.

16                  We are investing in our local  
17                  communities. Our successful Statewide  
18                  Community Regrant program expands NYSCA's  
19                  reach to the hyperlocal level by empowering  
20                  over 1300 artists and organizations.

21                  And we are helping to develop new  
22                  artistic work. For example, NYSCA invested  
23                  \$2 million to secure affordable creative  
24                  spaces across 61 sites, ensuring that artists



1 expanded access to capital dollars to address  
2 critically needed funding, from design costs  
3 to facilities improvements. Our FY 2025  
4 capital awards will be announced in April,  
5 and I'm proud to share a few completed  
6 projects, including the Corning Museum of  
7 Glass, the Reg Lenna Center for the Arts in  
8 Jamestown, Western New York -- these are all  
9 this past year -- historic Saranac Lake in  
10 the North Country, and at the end of the year  
11 we will be opening the Studio Museum in  
12 New York City.

13 We know the arts are an economic  
14 powerhouse. They deliver a robust return on  
15 our investments. New York's creative economy  
16 contributed over \$151 billion back to  
17 New York State, more than retail,  
18 construction, agriculture, or transportation  
19 sectors, while supporting over 460,000 jobs.

20 And on a local level, regional studies  
21 from Long Island, Westchester, and Western  
22 New York show that attendees in these regions  
23 on average spent an additional \$30 per event  
24 beyond the ticket price, injecting revenue

1 directly into local businesses and  
2 communities.

3 Looking ahead, our focus is  
4 strengthening our arts ecosystem. While the  
5 arts sector has demonstrated remarkable  
6 resilience, organizations continue to  
7 navigate rising costs, revenue fluctuations,  
8 audience unpredictability, decline in private  
9 philanthropy, the sunseting of -- I feel  
10 like this is the plagues here -- a federal  
11 decline in pandemic recovery, and of course  
12 other imminent federal funding issues.

13 NYSICA is responding by launching one  
14 of the first stabilization initiatives to  
15 deal with building reserves with  
16 organizations. This is for their future  
17 sustainability and resilience.

18 We are also expanding technical  
19 assistance partnerships to provide targeted  
20 support and capacity-building in areas like  
21 marketing, fundraising, board development,  
22 and more.

23 We are introducing the Governor's  
24 State of the Arts Fellowship and new public

1 art initiatives to elevate creative  
2 leadership across the state.

3 And we are convening and engaging with  
4 our field, other funders, and service  
5 organizations to address emerging challenges  
6 so that we can continue to be proactive and  
7 drive innovation in our grantmaking.

8 Through NYSCA grantmaking, we give all  
9 artists and arts organization the greatest  
10 gifts -- support, space, and freedom to  
11 create. When we do this -- all of us -- we  
12 make history every day, because when we  
13 invest in the arts, we invest in the future.

14 I look forward to working with you to  
15 ensure a thriving, sustainable arts sector  
16 for all New Yorkers. I now welcome your  
17 questions.

18 CHAIRWOMAN KRUEGER: Okay, thank you.

19 Okay, and now we'll stay on message  
20 and I will turn it to Chair April Baskin for  
21 10 minutes.

22 SENATOR BASKIN: Thank you,  
23 Madam Chair.

24 Thank you, ladies, for being here this

1 evening.

2 Commissioner Moy, thank you so much  
3 for meeting with me in my office last week  
4 and helping us better understand your  
5 department.

6 The budget includes an Article VII  
7 that will streamline construction projects by  
8 allowing for the Construction Manager as  
9 Constructor, CMC, Contracts Program. I  
10 understand the major logistical issues that  
11 this procurement strategy will address: We  
12 don't want construction projects to lag.

13 But what impact will this have on the  
14 state's checks and balances on construction  
15 projects, since a CMC process basically  
16 allows for one entity to control the entire  
17 project?

18 I bring these questions up because I  
19 believe I've experienced a major construction  
20 project having a streamlined procurement  
21 process in the construction of the new  
22 Buffalo Bills Stadium right outside of my  
23 district. The project received final  
24 approval in May 2023 and, one month later,

1 the general contractor was discussing a plan  
2 to get a waiver for MWBE requirements.

3 We had to, and continue to, fight  
4 tooth and nail to pressure the Buffalo Bills  
5 to follow the law to improve their outreach  
6 and engagement on a project that has  
7 \$850 million of public investment in it. And  
8 just this week the Buffalo Bills front office  
9 declared that they are the only  
10 decisionmakers on the project and that they  
11 do not have to follow what the state or the  
12 county or the public say.

13 This was not a CMC project per se, but  
14 it exemplifies what can happen when quality  
15 control is reformed in the name of  
16 streamlining projects. So I caution the  
17 sacrificing of oversight in the name of  
18 efficiency, which CMC may do, because private  
19 companies are not beholden to the public even  
20 if they are significantly funded by public  
21 dollars.

22 And if we do move forward with the CMC  
23 program in the budget into state business as  
24 well, it must be equitably resourced with

1 pathways for our small businesses and  
2 emerging businesses to get experience on  
3 state projects.

4 And so, Commissioner, my question for  
5 you is, what policies are put in place? Help  
6 me understand how CMc does not remove  
7 accountability or oversight from the state  
8 and give total control to private developers.

9 OGS COMMISSIONER MOY: First off, I  
10 want to thank you for that question, Senator.  
11 I think this is an important conversation  
12 around alternative delivery methods.

13 CMc, or the Construction Manager as  
14 Constructor, is a different type of  
15 alternative delivery method. It provides for  
16 a single point of accountability when we have  
17 complex, time-sensitive projects, but does  
18 not remove the state from any aspect of the  
19 work. Our designers and our engineers will  
20 be a part of the management and the review of  
21 that work, whether it's architectural or  
22 engineering firms.

23 For our projects, though, what it  
24 would allow for is the state to have a

1           designer as well as the constructor on board,  
2           two separate entities. So it's not one point  
3           of accountability, it allows for us to have a  
4           design firm, engineering firm, architectural  
5           firm who helps us to create the project and  
6           bring the construction firm earlier into the  
7           process.

8                         That allows the state to have control  
9           over the design and its priorities, as well  
10          as have a designer work in tandem with the  
11          constructor as they're making their design  
12          decisions. It allows the state to have  
13          better control.

14                        And also I would note that this type  
15          of contract vehicle is one that's not  
16          appropriate for every type of project. There  
17          are only a handful of projects where it might  
18          make sense for us to leverage a contract  
19          vehicle like this, but it doesn't abdicate  
20          our responsibility as a state entity to be  
21          able to oversee those projects. The same  
22          types of requirements around PLA and Wicks  
23          Law still are maintained, same types of  
24          control.

1                   But I don't want to conflate this  
2                   across design-build. It is another  
3                   alternative delivery method. But again, it  
4                   allows the construction entity to be working  
5                   in tandem and alongside the architectural  
6                   firm. My team would say that sometimes  
7                   designers and architects may have grandiose  
8                   ideas around what they want to include in a  
9                   design process. That allows the constructor  
10                  to say whether or not it's plausible and  
11                  practice.

12                  So it just allows more entities to be  
13                  involved to ensure that we have better  
14                  controls around complex projects resulting in  
15                  fewer change orders and better controls over  
16                  the costs themselves. But this is a vehicle  
17                  which would be used for a certain type of  
18                  project and would not at all -- I mean, that  
19                  the state wouldn't be involved with the  
20                  project itself.

21                  I'm not as familiar with what happened  
22                  with the Bills Stadium, but I do know from  
23                  our perspective we believe that the state  
24                  needs to maintain control of our projects.

1 This particular contract vehicle is an  
2 opportunity for us to have better control  
3 over design and construction projects and  
4 better outcomes.

5 SENATOR BASKIN: Thank you very much.

6 CHAIRWOMAN KRUEGER: Thank you.

7 Assembly.

8 CHAIRMAN PRETLOW: Assemblyman Stirpe.

9 (No response.)

10 CHAIRMAN PRETLOW: Assemblyman Ron

11 Kim.

12 (Discussion off the record.)

13 ASSEMBLYMAN KIM: No, but thank you so  
14 much for your testimonies today. It's good  
15 to see everyone here today.

16 And my first questions will be  
17 directed to Executive Director Mallin from  
18 NYSCA.

19 I think in your testimony you said  
20 some wonderful things, and I think the whole  
21 community behind you would agree with many of  
22 the values that you represent in terms of the  
23 arts community, particularly when you said  
24 something like the arts are not a luxury but

1 a necessity.

2           Especially, you know, when we spend  
3 hours talking about semiconductors and AI and  
4 all these, you know, subsidies for major  
5 corporations, people forget the impact of the  
6 arts on our economy -- and it's tens and tens  
7 of billions of dollars. People come to the  
8 state, the city, the majority of them are  
9 attracted to the arts institutions, they  
10 spend locally, they spend in the restaurants,  
11 hotels.

12           But beyond that, there's also the  
13 workforce -- the artists, the creative  
14 entrepreneurs that often are viewed  
15 systemically, institutionally, as perhaps  
16 less productive because they're not  
17 engineers, they're not making things that you  
18 can sell at market. But you and I both know  
19 they bring something much more valuable,  
20 which is creating intrinsic purpose and value  
21 to our communities, where we're making  
22 communities whole and giving them purpose.

23           And I just know that this agency was  
24 created in 1960 --

1 NYSCA EXECUTIVE DIRECTOR MALLIN: '65.

2 ASSEMBLYMAN KIM: -- '65. And it is  
3 the first agency --

4 NYSCA EXECUTIVE DIRECTOR MALLIN: I'm  
5 sorry, 1960, you're right.

6 ASSEMBLYMAN KIM: 1960.

7 -- tasked with subsidizing the arts  
8 community. But it's limited in the scope of  
9 what you can and cannot do, and I think there  
10 needs to be improvement in expanding some of  
11 the scope of how you can support the  
12 workforce and how you can really grow with  
13 the community.

14 But for now, I just want to start off  
15 by just asking first, How do you think the  
16 arts and cultural organizations have  
17 recovered from the pandemic? And is the  
18 funding from the state sufficient to offset  
19 the costs related to pandemic recovery for  
20 these organizations?

21 NYSCA EXECUTIVE DIRECTOR MALLIN: I  
22 think there is a lot of bright lights but  
23 also, you know, still dark tunnels that arts  
24 organizations and the whole ecosystem is

1 going through for precisely the things that I  
2 said in my testimony -- rising costs,  
3 unpredictable audiences. Of course we have  
4 the federal money at hand, that's also a  
5 question.

6 There's just a lot of uncertainty  
7 still in the -- particularly, obviously, the  
8 nonprofit world, which is what we deal with.

9 So I think those things are true.  
10 Some have rebounded from the pandemic, or  
11 post-pandemic world, whatever we're calling  
12 it. But some really have not. And our job  
13 as the single largest, you know, state  
14 funder -- or in many places, particularly  
15 upstate, we are the only public funder or the  
16 biggest public funder. You know, our work is  
17 cut out for us. And it's about trying new  
18 models, trying to, you know, encourage  
19 everyone to still be risk-takers and  
20 entrepreneurs, those who work in the arts,  
21 whether a leading organization or an artist  
22 themselves.

23 So that's the work that we try to  
24 support.

1 ASSEMBLYMAN KIM: In your testimony  
2 you said that this year alone you saw a  
3 40 percent surge in applications for  
4 operating support. Yet the Executive's  
5 budget, I don't think it meets all those  
6 needs from the market. The All Funds  
7 appropriation is 72 million. That includes  
8 60.7 million in the proposal for  
9 grant-making.

10 Do you think that's sufficient to meet  
11 the demands in the large community?

12 NYSCA EXECUTIVE DIRECTOR MALLIN: We  
13 will always work with what the -- whatever  
14 the budget's enacted to serve our mission.  
15 And in fact this year that money that you see  
16 is in our base grant-making is an increase,  
17 and that's the first increase in a decade.

18 So we will always commit ourselves to  
19 doing -- to serve the industry.

20 ASSEMBLYMAN KIM: And you also touched  
21 on the process of the re-granting partners  
22 that use a peer review protocol, I guess, to  
23 award the grantees.

24 And from the arts community, we've

1           been kind of hearing that in this process  
2           some of the smaller groups and artists are  
3           left behind that can't compete or don't have  
4           the resources to allocate a full-time grant  
5           writer, don't get as much of this pie as they  
6           should be getting.

7                        What can we do to, you know, provide  
8           some support or communicate better so that  
9           those artists and organizations that are  
10          smaller in size do have a fair shot at  
11          getting more funding?

12                       NYSCA EXECUTIVE DIRECTOR MALLIN:

13          Well, I think obviously by the 40 percent  
14          increase -- and it was a 20 percent increase  
15          overall -- that in some ways, you know, is a  
16          result of our outreach, which includes not  
17          only going around the state and meeting  
18          people where they live and work and speaking  
19          directly to them, but also we hold, you know,  
20          a myriad of office hours and webinars to try  
21          to make, you know, organizations as  
22          competitive as possible in this process.

23                        And in fact the majority of our  
24          grantees are small, are grantees with budgets

1 of under a million dollars. Those are the  
2 majority of our grantees.

3 But I do want to say again that this  
4 is a peer-review panel process -- small, big,  
5 medium, large. And I feel very strongly  
6 about us helping these organizations be  
7 competitive in the process. And again,  
8 that's why you see a 40 percent increase,  
9 obviously based on the need, but because I  
10 think we've opened the door to say, Hey,  
11 there's access here.

12 And we've talked to advocates as well  
13 and said, Listen, you know, there's room here  
14 for you, come to the table. And we will do  
15 more of that, we will do more outreach face  
16 to face.

17 ASSEMBLYMAN KIM: Thank you for that.

18 Commissioner Moy, you actually  
19 mentioned in your testimony about the money  
20 that you are implementing to improve the  
21 Empire State Plaza performance arts  
22 corporation, The Egg, as we know it. I'm a  
23 little unclear. I mean, I thought that NYSCA  
24 had a part of this, of the 500,000

1 allocation, but OGS is -- it's under OGS?

2 OGS COMMISSIONER MOY: I'm happy to  
3 help clarify.

4 There is 400 million that was  
5 allocated in the budget towards downtown  
6 revitalization, the work that is inclusive of  
7 the activities in the State Museum, the  
8 activities for downtown Albany within a mile  
9 of the Empire State Plaza.

10 The work that we're doing at The Egg,  
11 we do work in partnership with our entities  
12 that are here on the Plaza. The Egg is one  
13 of the buildings that we help to oversee and  
14 to manage. So there is a specific  
15 construction project for The Egg to do  
16 interior restorations and renovations -- new  
17 seating, new ADA accessibility and compliance  
18 and access for that particular site itself.

19 ASSEMBLYMAN KIM: Okay. So that's  
20 \$500,000 for improvement. There's 1.1  
21 million in funding in the proposal, Executive  
22 proposal, right?

23 OGS COMMISSIONER MOY: So -- I'm  
24 sorry?

1 ASSEMBLYMAN KIM: There's 1.1 million  
2 in funding in the Executive proposal?

3 OGS COMMISSIONER MOY: The Egg  
4 construction has already been funded and is  
5 currently underway in terms of construction.

6 ASSEMBLYMAN KIM: Okay. All right.  
7 In terms of public engagement at  
8 The Egg with cultural programming, is that  
9 under NYSCA or -- no, it's not, okay.

10 OGS COMMISSIONER MOY: The Egg is a  
11 separate organization with separate funding,  
12 and we play a role in terms of stewarding its  
13 properties, but we do not directly manage its  
14 programming.

15 ASSEMBLYMAN KIM: Okay. The Artist in  
16 Residence program, is that under OGS? We  
17 couldn't nail down --

18 NYSCA EXECUTIVE DIRECTOR MALLIN:  
19 NYSCA.

20 OGS COMMISSIONER MOY: That is NYSCA,  
21 correct.

22 NYSCA EXECUTIVE DIRECTOR MALLIN: Just  
23 to go back to The Egg, The Egg is a  
24 pass-through. The money comes as a

1 pass-through through our budget. But we're  
2 very happy with the renovation and  
3 reconstruction. So Jeanette and I do share  
4 that happiness.

5 But the Artist Fellows Program is a  
6 Governor initiative. This is a program that  
7 has been deemed -- you know, has been  
8 successful across the country and it puts  
9 artists in different state agencies to bring  
10 their new perspective, to be able to bridge  
11 divides, and to bring some inspiration and  
12 innovation to a particular problem or issue  
13 or something that the agency wants to  
14 accomplish.

15 ASSEMBLYMAN KIM: Thank you.

16 CHAIRWOMAN KRUEGER: Next, Chair of  
17 Arts Serrano, Senator Serrano.

18 SENATOR SERRANO: Thank you so much,  
19 Senator Krueger.

20 And I would like to direct my comments  
21 to NYSCA. Executive Director Erika Mallin,  
22 so good to see you. I've always enjoyed our  
23 conversations about the importance of the  
24 arts.

1                   And I also want to say thank you to my  
2                   colleague Assemblymember Ron Kim for his  
3                   tremendous work. We recently held jointly an  
4                   Arts Day program a couple of weeks ago here  
5                   in Albany, and it was so wonderful to have so  
6                   many arts groups from across the state come  
7                   to Albany to talk about how impactful the  
8                   arts are in different sectors, different  
9                   regions, in all of their lives.

10                  And one of the things I think is so  
11                  compelling about the arts and why indeed it  
12                  is so important when we think about the  
13                  budget and we think about all that's  
14                  important here in the State of New York is  
15                  what the arts bring.

16                  We've heard -- Assemblymember Kim  
17                  talked a lot about -- a bit about the  
18                  economic impact. We all know that that is a  
19                  wise investment in the arts, creates a  
20                  tremendous economic impact across the state.  
21                  But from an emotional level as well, we have  
22                  seen how the arts are the good medicine that  
23                  we need right now in an increasingly anxious  
24                  world. The arts and culture are what we need

1           now more than ever before.

2                       And these are the things that I've  
3           been seeing as I visit arts groups and speak  
4           with folks in the field. They really, truly  
5           understand their role and how they can, you  
6           know, sort of be of assistance in  
7           communities. I think back to many, many  
8           years ago in the 1980s, it was the arts and  
9           culture and artists who were at the forefront  
10          of discussions about social discourse. The  
11          notion of HIV and AIDS was not something that  
12          was being discussed by the politicians to the  
13          extent that it should have been, yet indeed  
14          it was the artists and the playwrights and  
15          the authors who were bringing this discussion  
16          to the public in a way that we could  
17          understand it, and in a way that is  
18          completely unique to the arts and culture.  
19          It wouldn't stratify us further even on the  
20          most difficult of issues. It brought us  
21          together in ways that no other thing but the  
22          arts can do.

23                       With that in mind, I think it brings  
24          about a sense of urgency that we support the

1 arts and that we fortify the arts in a way  
2 that is meaningful, that is lasting. The  
3 Assemblymember mentioned arts organizations  
4 that are still suffering post-pandemic. The  
5 ripples from that devastating time continue  
6 to have a negative impact on the ability for  
7 institutions and organizations both large and  
8 small to sustain themselves.

9 So I look forward to working with my  
10 colleagues to try to fortify and build upon  
11 the Executive when it comes to funding for  
12 the arts. My question for you, Executive  
13 Director, is about grants. And have there  
14 been any changes in the way that NYSCA awards  
15 grants to make it a more efficient process so  
16 that groups can get their funds in a timely  
17 manner?

18 NYSCA EXECUTIVE DIRECTOR MALLIN: I  
19 think before my time, in 2022 we did a --  
20 NYSCA did a huge grant overhaul that I think  
21 sometimes gets missed. And that's when we  
22 went into developing general operating  
23 support grants, which is like a golden ticket  
24 for organizations because it allows them to

1 use it where they need it most, whether it's  
2 for a production or whether it's to fix a  
3 seat and keep your doors open.

4 So that was a huge overhaul that we're  
5 seeing the benefits of, and in terms of, you  
6 know, contracts out and getting the money  
7 out, you know, we have been working closely  
8 with SFS and others, you know, to ensure that  
9 grantees are getting their money but also we  
10 work very closely with grantees to make sure  
11 that they're doing their work and signing  
12 their contracts.

13 So if you know of any grantees who  
14 need -- or haven't signed their contracts yet  
15 for this year, please let us know. That's an  
16 important step forward to ensuring that we  
17 get their money -- to get their money.

18 And, you know, we also in that overall  
19 increased the floor. So I think it was -- I  
20 don't know, 2500 or 5,000? (Conferring.)

21 Great. So now the floor is 10,000 but  
22 the ceiling is 49,500. So that means every  
23 institution, whether you're the Met or  
24 whether you're a tiny organization upstate,

1 gets, you know, depending on what you -- has  
2 the ability to get 49.5. That is our top  
3 amount.

4 SENATOR SERRANO: And have you found  
5 in your discussions -- I know in your  
6 testimony you said you'd been traveling  
7 across the state talking with arts groups and  
8 organizations.

9 Is the greater need on the  
10 programmatic side or on the capital side?  
11 Where do you see the largest need?

12 NYS CA EXECUTIVE DIRECTOR MALLIN: I  
13 think both sides. Unfortunately, because of  
14 the pandemic you have deferred maintenance,  
15 you know, that is honestly killing so  
16 many particularly -- killing upstate,  
17 particularly, and the majority of our capital  
18 funds do go upstate. But it's really as  
19 simple as needing a ramp, you know, to comply  
20 with ADA, or they need a new HVAC system. Or  
21 sometimes the roof is not fixed and they  
22 can't have engagements or they can't have  
23 audiences in. And that -- I've seen that  
24 over and over again. And that's, you know,

1 capital funding.

2 But they also can't retain, you know,  
3 staff or hire staff, so that's on the  
4 operating side. And so we must also provide  
5 that. And it's a tall order, but I think,  
6 you know, NYSCA again is at the forefront of  
7 understanding and being proactive, you know,  
8 right now, in realtime, as to what we can  
9 help you do.

10 SENATOR SERRANO: Well, I know I'm  
11 preaching to the choir. I do believe that we  
12 need to increase overall funding. If you  
13 look at what NYSCA funding was maybe 20 years  
14 ago and you account for inflation, I don't  
15 think we're hitting the mark that we should.

16 I'm grateful that over the last few  
17 cycles, budget cycles, we've seen a marked  
18 improvement in overall arts funding, and I  
19 think that shows I think a deeper  
20 understanding across the state from every  
21 corner -- not a New York City-centric  
22 thing -- that actually the arts are hugely  
23 impactful in every corner of the State of  
24 New York.

1                   So again, I appreciate all of our  
2                   discussions and your work, and looking  
3                   forward to working with my colleagues in  
4                   government to ensure that we have robust arts  
5                   funding. Thank you.

6                   CHAIRMAN PRETLOW: Assemblyman Friend,  
7                   five minutes.

8                   ASSEMBLYMAN FRIEND: Thank you,  
9                   Chairs.

10                  For Commissioner Moy, could you give  
11                  us an update on where we are with the Empire  
12                  State Plaza conversion?

13                  OGS COMMISSIONER MOY: Thank you for  
14                  your question. It's about the Empire State  
15                  decarbonization?

16                  ASSEMBLYMAN FRIEND: Yes.

17                  OGS COMMISSIONER MOY: So we are  
18                  excited that in the past year the Governor  
19                  has fully funded the first phase of our  
20                  decarbonization program. That addresses  
21                  infrastructure needs in the Plaza. Much of  
22                  our infrastructure is past -- is showing its  
23                  age, so it's opportunity, as we look to  
24                  decarbonize, we are working in partnership

1 with NYPA to design new electric chillers  
2 which will be implemented for our agency.  
3 We're also looking to design for heat  
4 recovery, which is excess heat that's  
5 generated when we're talking about heating  
6 and cooling. It will also give us an  
7 opportunity to employ that excess heat in the  
8 Concourse and other locations and better  
9 understand those costs moving forward.

10 That's the first phase of work. NYPA  
11 is our partner through this, so they're doing  
12 the design activities and we'll do the  
13 construction.

14 The second phase of activity will  
15 happen after the Wadsworth Laboratory is  
16 established at the Harriman Campus. At that  
17 point in time it will allow us to retrofit  
18 that site, which was not purpose-built  
19 certainly for a laboratory. It's going to  
20 reduce significantly between those first two  
21 phases, 50 percent, the greenhouse gas  
22 emissions that are produced locally here in  
23 the Sheridan Hollow area in downtown Albany.

24 The third phase is also in design.

1           It's activities where it's not just OGS who's  
2           a part of the conversation, it also  
3           includes -- and so NYPA's having the  
4           conversations with Albany County and with the  
5           city. There are a couple of opportunities  
6           that we're exploring, which includes  
7           geothermal. We have done some test builds,  
8           but those are sites that are beyond our  
9           control, as well as the potential reuse of  
10          some of the excess heat that is generated in  
11          wastewater treatment.

12                 So there's a location that is down in  
13          the Port of Albany. Those are all  
14          conversations where NYPA is starting to have  
15          those talks with the city and the county to  
16          determine what is the right site or multiple  
17          combinations, in order to complete that third  
18          phase of work.

19                 ASSEMBLYMAN FRIEND: I really  
20          appreciate the fact that you're collaborating  
21          with these other entities to do this work.

22                 And what are -- I mean, what's the  
23          time frame for these projects?

24                 OGS COMMISSIONER MOY: The first phase

1 will be completed in the next five years.  
2 The second phase will be after the Wadsworth  
3 Laboratory is established by DASNY at the  
4 Harriman Campus. And in terms of the third  
5 phase, I can give some better timelines once  
6 we have a better understanding of what is the  
7 combination of sources that will need to be  
8 used, whether it will be the wastewater  
9 center and that partnership or if it will be  
10 around geothermal.

11 ASSEMBLYMAN FRIEND: Okay. And is the  
12 State Capitol part of the project, too, for  
13 the Empire State Plaza, or is that going to  
14 be a separate project?

15 OGS COMMISSIONER MOY: I'm sorry, if  
16 you could repeat the question?

17 ASSEMBLYMAN FRIEND: The State  
18 Capitol, is that part of the Empire State  
19 Plaza project?

20 OGS COMMISSIONER MOY: Yes, it is part  
21 of the Plaza, yes. And the infrastructure  
22 that's supported by the existing  
23 decarbonization plan supports all 90 acres of  
24 space that's in downtown Albany. So a lot of

1 the infrastructure, whether you're the Alfred  
2 E. Smith Building, you're right here in the  
3 LOB, you're in the Capitol or any of the  
4 sites that are in the Empire State Plaza,  
5 they are all supported by the same  
6 infrastructure.

7 ASSEMBLYMAN FRIEND: And will there be  
8 extra digging done -- I notice that they were  
9 talking in the plan about that tunnel for  
10 some of that steam that's being transported  
11 back and forth, isn't that very narrow? Are  
12 you going to have to put in another tunnel or  
13 something to do that?

14 OGS COMMISSIONER MOY: That's part of  
15 the discussion right now.

16 I think from a design perspective we  
17 are looking -- we are very much focused on  
18 the electric chillers. We have just  
19 implemented and installed an electric  
20 chiller. It means that from a design  
21 perspective we know what it takes, there's  
22 lower risk associated with it. We feel very  
23 confident in that delivery. Looking forward  
24 to seeing what that heat recovery chiller

1 will look like and what it will mean for the  
2 Plaza.

3 ASSEMBLYMAN FRIEND: Okay. And with  
4 your Clean Fleet plan, you've installed a  
5 number of charging stations now across the  
6 state. Are those just all light-duty, or do  
7 those also have the ability --

8 OGS COMMISSIONER MOY: The charging  
9 stations can be used light, medium, heavy  
10 duty. There's Level 2 and Level 3 chargers  
11 that are being installed across the state.

12 As part of our work for the EV  
13 transition, we've been focusing on  
14 infrastructure. Certainly when it comes to  
15 the fleet we want to make sure that charging  
16 equipment is available. We've been very  
17 successful in some of those installations.

18 Some of the data to share, we have  
19 138 charging ports that are now active at  
20 34 facilities. We have 600 charging ports at  
21 60 sites that are currently in the pipeline.  
22 By putting in that infrastructure, it will  
23 allow for us to have a very smooth transition  
24 as agencies ramp up their purchases for light

1 duty and heavy and medium duty fleet  
2 vehicles.

3 ASSEMBLYMAN FRIEND: Okay. So would  
4 our schools be able to use these stations  
5 also?

6 OGS COMMISSIONER MOY: So the primary  
7 focus of our charge -- that was not a pun --  
8 but part of our work at OGS is intended on  
9 focusing on the state fleet. So right now  
10 that is my one responsibility, is to make  
11 sure that we can support the fleet statewide.

12 ASSEMBLYMAN FRIEND: All right. And  
13 it's great that you've done 24 percent  
14 conversion already. Thanks.

15 OGS COMMISSIONER MOY: Yes, thank you.

16 CHAIRWOMAN KRUEGER: Thank you.

17 Senator Murray.

18 SENATOR MURRAY: Thank you,  
19 Chairwoman.

20 Thank you all for being here today.

21 And Commissioner Moy, most of my  
22 questions I think will be to you.

23 First let me start by saying thank  
24 you, it has been I think almost a full two

1 months and neither escalator has broken down  
2 yet.

3 (Laughter.)

4 SENATOR MURRAY: So thank you, and I  
5 will now be blamed if they do, I'm sure,  
6 because I just jinxed it.

7 But you mentioned in your testimony  
8 here, "Deferred maintenance has accumulated,  
9 adding complexity and cost to projects." And  
10 that is the case. That's the case, I think,  
11 with anything. With us, if we stay healthy,  
12 we stay out of the ER, you know, and the  
13 costs stay down.

14 But are you finding that, A, that that  
15 was the case with over the years, that that  
16 has been a problem, a lot of projects pushed  
17 off? And how did COVID affect that as well?

18 OGS COMMISSIONER MOY: That's a great  
19 question. And so, one, Senator Murray, I  
20 wanted to thank you for that.

21 Anytime that you have deferred  
22 maintenance, those challenges continue to  
23 exacerbate longstanding issues. A great  
24 example of that is as we look at the

1           infrastructure here in -- just here in  
2           Albany. Costs rise when you ignore issues.  
3           So you have continued expansion and  
4           contraction when it comes to weather, you  
5           have degradation, you have health and safety  
6           issues.

7                         Governor Hochul has funded, in my  
8           first year here as commissioner, \$175 million  
9           that were put towards critical infrastructure  
10          issues like elevators and escalators and  
11          conveyance systems. And you're starting to  
12          see that work pay off. We went right to work  
13          with ensuring that we were addressing some of  
14          those core systems that allows us to fix  
15          those problems and move on to the next set of  
16          problems that may have been ignored over the  
17          years.

18                        SENATOR MURRAY: And a perfect example  
19          of that is right here in Albany, and I'm  
20          going to talk about the \$80 million staircase  
21          at the Capitol.

22                        So in 2014 Governor Cuomo's  
23          administration released a study that said  
24          that fixing those stairs and the whole

1 project would cost \$17 million. We're a  
2 little over 10 years later, and it's gone up  
3 exponentially. But in 2021, in fact,  
4 Governor Hochul, her administration, when she  
5 comes in, that cost went up to \$41 million.  
6 Now the costs are at \$80 million.

7 Now, to put it in perspective, I did a  
8 little research here. Eighty million  
9 dollars, it's about \$1,038,961 per step.  
10 According to Zillow, the average home value  
11 in New York is \$477,333. Fixing that  
12 staircase would put 168 families in brand-new  
13 homes.

14 According to Car & Driver magazine,  
15 the Ford F series is the most popular car in  
16 the country. The Ford F150 average cost,  
17 between 40,000 and 50,000. I averaged it at  
18 \$45,000. That would put 1,778 Ford F150s on  
19 the road.

20 I'm doing that just to show, from the  
21 taxpayer perspective, \$80 million. Can you  
22 tell us, was a lot of that from not doing the  
23 necessary maintenance?

24 OGS COMMISSIONER MOY: That's a great

1 question.

2 So I want to start off, Senator, by  
3 noting, first of all, that it's not a  
4 staircase, it's the entire East Side of the  
5 Capitol. That includes the entire Eastern  
6 Approach, it includes the North and South  
7 Promenades that surround the building. It  
8 includes the drainage, which is all in poor  
9 disrepair. It includes -- so to calculate  
10 according to a staircase would be missing the  
11 larger problems in the infrastructure itself.

12 We have doorways, stairways, and some  
13 of the -- frankly, the rotting that is  
14 happening is quite disconcerting. Over the  
15 past two years the agency has been monitoring  
16 the tilt of the staircase itself, and it is  
17 beyond a place where we are going to have  
18 gravity take over.

19 Now, when we first began this project  
20 the standing number was \$41 million, which  
21 was an estimate but wasn't involved with a  
22 deep design. Once the project was actually  
23 green-lit, we brought in engineers and an  
24 architecture firm to review the continued

1 degradation of the site. A portion of that  
2 comes from inflation and increased costs. A  
3 portion of that comes from the additional  
4 scope that had to happen in order to address  
5 drainage issues.

6 We also, unfortunately -- and  
7 fortunately -- this is a historic site by the  
8 Department of the Interior as well as with  
9 the state, which means that we have to be  
10 very careful with regard to all the  
11 materials. So when we're talking about the  
12 granite, every single piece has to be  
13 painstakingly numbered, categorized and then  
14 laid out. That requires off-site storage.  
15 That requires security to ensure that that  
16 space is actually able to be restored in the  
17 way that it needs to.

18 But this building and that East Side  
19 of the Capitol has been a problem for almost  
20 as long as it's been around, and has actually  
21 been reported on for the past few decades.

22 SENATOR MURRAY: Commissioner, thank  
23 you for that, because again I did that just  
24 to point out the fact that the reporting is

1 making it seem like it's just a staircase.  
2 And I know it was much more involved, and  
3 part of the problem is that it was neglected  
4 for so long. It wasn't taken care of  
5 properly.

6 So thank you for clarifying that. I  
7 appreciate it.

8 OGS COMMISSIONER MOY: Absolutely.  
9 Thank you, Senator.

10 CHAIRMAN PRETLOW: Assemblywoman  
11 Hooks.

12 ASSEMBLYWOMAN HOOKS: Hello. Good  
13 evening. I have a question for Ms. Moy.

14 What infrastructure projects are  
15 planned for District 35, and how will they  
16 enhance local economic development?

17 OGS COMMISSIONER MOY: Assemblymember,  
18 one, thank you for the question.

19 Can you clarify for me which  
20 communities you're particularly focused on  
21 for District --

22 ASSEMBLYWOMAN HOOKS: East Elmhurst,  
23 Corona, LeFrak City.

24 OGS COMMISSIONER MOY: I would have to

1 review some of our construction projects in  
2 order to get that information back to you.

3 ASSEMBLYWOMAN HOOKS: How is your  
4 office increasing opportunities for Minority  
5 and Women-Owned Business Enterprises in state  
6 contracts within our district?

7 OGS COMMISSIONER MOY: One is I want  
8 to thank you for that question. MWBE  
9 utilization for our agency is actually -- is  
10 something I'm incredibly proud of. Our  
11 office of business diversity does a  
12 significant amount of outreach. In fact our  
13 utilization this year is 34.86 percent, or  
14 \$170 million. That is a pretty significant  
15 utilization.

16 We do a significant amount of matching  
17 between our primes and our MWBE potential  
18 subcontractors. We find success and believe  
19 success is to see individuals and companies  
20 grow out of the program so they can be  
21 primes.

22 So there's a lot of work that happens  
23 through our outreach teams. We attend  
24 business events, we connect individuals.

1           Whether you are a business owner just looking  
2           for opportunity or you are an individual that  
3           is looking to be a prime, we make sure that  
4           the utilization and the supports are right  
5           there.

6                        And if there's anything that you may  
7           need, Assemblymember, we are happy to do  
8           events within your district to ensure that  
9           folks are aware of the contracts that we  
10          provide.

11                       I would also note that by moving  
12          towards some of -- some of our work online,  
13          it has actually lowered some of the barriers  
14          in order to be able to access state  
15          contracts. And so online discovery means  
16          that smaller companies are able to quickly  
17          find opportunities, they're able to be more  
18          competitive. The amount of materials they  
19          have to physically produce has reduced, which  
20          also reduces their cost when it comes to  
21          applications.

22                       So there are a number of ways that  
23          we've been involved with supporting the MWBE  
24          community, and I think that outreach

1            hopefully speaks for itself.  But if it isn't  
2            sufficient within your district, we're more  
3            than happy to do some outreach with them.

4                    ASSEMBLYWOMAN HOOKS:  Thank you very  
5            much.

6                    OGS COMMISSIONER MOY:  Absolutely.

7                    CHAIRWOMAN KRUEGER:  (Mic off;  
8            inaudible.)  -- that was an Assemblymember,  
9            so yes, I'm sorry.

10                   I'm not taking my whole 10 minutes,  
11            but I'm following up, Commissioner Moy, on  
12            the description of the rebuild of the Plaza.  
13            And you went through a number of answers to  
14            that and how it's in multiple stages, it  
15            would be fairly involved.

16                   But I was walking outside, and there's  
17            all these giant -- it looks like temporary  
18            boilers set up with giant pipes going  
19            everywhere.  Is that part of this project, or  
20            is that something different?

21                   OGS COMMISSIONER MOY:  No, it's  
22            something different.  And you will see them  
23            removed in the very near future.  
24            Unfortunately, we had about a 48-inch pipe

1 burst that took place underground.  
2 Thankfully it was underneath -- this will  
3 sound a little detailed, but it was actually  
4 underneath the Plaza itself. So it wasn't  
5 underneath the streetscape and we had a  
6 significant amount of water that was  
7 unleashed underground.

8 So in order to deal with our heating  
9 and cooling, we brought in temporary units.  
10 We completed the repairs. They are all  
11 completed now, which is great, because it is  
12 warming up in the Capital Region, and we  
13 anticipate that as we start to become more  
14 comfortable that we're ready to remove those  
15 products, that they will be removed.

16 But it was an emergency, which is the  
17 reason why you're seeing all that equipment  
18 around.

19 CHAIRWOMAN KRUEGER: Got it. And does  
20 this reinforce for you why it's important to  
21 do this much larger project --

22 OGS COMMISSIONER MOY: Absolutely.

23 CHAIRWOMAN KRUEGER: -- or are the two  
24 issues not really correlated at all?

1                    OGS COMMISSIONER MOY: I will say it  
2                    did keep me up at night, and a lot of our  
3                    team members. It was -- it was a lot of  
4                    incredibly hard work and I really want to  
5                    compliment the team at the Office of General  
6                    Services. Our facilities groups, our  
7                    procurement teams, our design and  
8                    construction, it was all hands in order to  
9                    address those issues.

10                    As commissioner, walking through this  
11                    Plaza, one of the worst things which I would  
12                    see fairly frequently is, you know, water  
13                    drippage. And this is part of the problems  
14                    that we have in Albany; Albany has a very  
15                    high water table. But the challenges are  
16                    incredibly complex, and they have certainly  
17                    been neglected.

18                    So I'm very proud that the Governor  
19                    has been investing these funds, and it will  
20                    allow all of us I think to sleep a little bit  
21                    easier and hopefully retain more of our  
22                    staff, who have been working overtime in  
23                    order to ensure that the property is well --  
24                    keeps the seat of government functioning in

1 the state.

2 CHAIRWOMAN KRUEGER: And while I'm not  
3 personally an ice skater, I enjoy looking at  
4 people ice skating out there. And I was told  
5 that that ice skating rink is scheduled to  
6 close soon. Is that correlated somehow to  
7 the cooling problems, or is that just the  
8 weather?

9 OGS COMMISSIONER MOY: It is  
10 correlated to the weather. So we like to  
11 keep it open as long as possible, but, you  
12 know, it does start to warm up and it is very  
13 difficult for us to keep that chiller going  
14 that supports the ice skating rink.

15 But I'm glad you enjoy it; I enjoy it  
16 myself. And now that I do not have a torn  
17 MCL, I try to get out there. So hopefully  
18 we'll see some of you as well.

19 CHAIRWOMAN KRUEGER: Well, I have a  
20 couple of fabulous ice skating rinks in my  
21 district. One is at Rockefeller Center. If  
22 anybody ever wants to go down there and  
23 watch -- and Bryant Park and Central Park.  
24 So I'm big on watching ice skating.

1                   So thank you very much.

2                   OGS COMMISSIONER MOY: Thank you very  
3 much, Senator.

4                   CHAIRWOMAN KRUEGER: Assembly.

5                   CHAIRMAN PRETLOW: Assemblyman Otis.

6                   ASSEMBLYMAN OTIS: Thank you,  
7 Commissioner and Executive Director.

8                   Commissioner Moy -- I'm over here.

9                   Hi.

10                  OGS COMMISSIONER MOY: Hi.

11                  ASSEMBLYMAN OTIS: So a question for  
12 you first, which is related to all the great  
13 work you do for state agencies on  
14 electrification and EV charging, that whole  
15 world.

16                  Currently to what extent are you also  
17 providing some guidance and assistance to --  
18 either through NYSERDA or to local  
19 governments and school districts trying to do  
20 those kinds of projects?

21                  OGS COMMISSIONER MOY: Thank you very  
22 much for your question, Assemblymember Otis.

23                  We do provide a significant amount of  
24 services for municipalities and authorized

1 users through our centralized contracts. You  
2 have the ability to be able to purchase  
3 vehicles through the centralized contracts,  
4 you have the ability to be able to purchase  
5 EVSE or the charging equipment itself.

6 We also have an annual EV car show  
7 that we do here in Albany that we've opened  
8 up for anyone who's interested. It's an  
9 opportunity for us to destigmatize an EV car,  
10 allow individuals to get to know the  
11 equipment.

12 And this year we'll be expanding to  
13 also do some workforce training as well.

14 So we're very excited about how that  
15 partnership has progressed. But as agencies  
16 go through their work -- or any other  
17 municipality or local district -- if they  
18 have questions, our contracts team is ready  
19 and willing to support them.

20 ASSEMBLYMAN OTIS: That's great.  
21 Thank you so much.

22 And Director Mallin, a question just  
23 about -- if you could just share for a moment  
24 the importance of NYSCA funding to especially

1 arts organizations and what you've seen in  
2 terms of your work. I know just from what I  
3 see at the local level how important those  
4 funds are.

5 NYSICA EXECUTIVE DIRECTOR MALLIN:

6 Yeah, I think often it's the case with small  
7 organizations around the state that we may be  
8 the only major funder in the area, so that's  
9 number one.

10 Number two is we give -- you know,  
11 through a competitive process we grant  
12 general operating funds. So not -- before  
13 the overhaul we were giving to specific  
14 projects, and that's often very hard for  
15 small organizations to, you know, fit into a  
16 project. Here we're giving general operating  
17 support and saying we believe in you, you do  
18 what you need to do -- is that to pay staff,  
19 is that to put a production, is that to serve  
20 your community.

21 And that is the importance of both the  
22 funding and our ability to, you know, get out  
23 there and ensure that people know that we're  
24 here so that they can apply and be

1 competitive to get their grants.

2 ASSEMBLYMAN OTIS: Great. Thank you  
3 both for the great work you do and your teams  
4 at your agencies.

5 NYSICA EXECUTIVE DIRECTOR MALLIN:  
6 Thank you.

7 OGS COMMISSIONER MOY: Appreciate it.

8 CHAIRMAN PRETLOW: Assemblywoman  
9 Shimsky.

10 ASSEMBLYWOMAN SHIMSKY: Okay, thank  
11 you very much, Mr. Chairman.

12 And thank you to both departments and  
13 the leadership for your testimony.

14 I'd like to focus in with  
15 Director Mallin. I'd like to talk to you a  
16 little bit about the Statewide Community  
17 Regrant Program. Obviously that's a very  
18 important model for getting grants out the  
19 door to the largest number of entities  
20 possible. What is the coverage throughout  
21 the state? How many such participants do we  
22 have actually participating in the regranting  
23 of funds? I think they're called the  
24 Community Regrant Partners.

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NYSICA EXECUTIVE DIRECTOR MALLIN:

Yeah, this is our SCR program. It's been around for 40 years, and it is a way for us to, you know, have organizations on the local level regrant out our money to small organizations through a competitive process. They do the same process that we do.

And in that way we serve about 1300 organizations and artists. And we do have oversight over what they do. We have retreats every year. We've been surveying them. So that's one way that we reach, you know, a particular population.

The majority of our grants go to -- directly to organizations and support for artists. But this is a hugely successful program that is throughout almost all 10 regions. And, you know, we look forward to putting out more data and information about the program because it's very important that we mine that.

ASSEMBLYWOMAN SHIMSKY: Absolutely.

For years, and back when I was a county legislator in Westchester, ArtsWestchester

1 did a regrant program as well for our local  
2 area.

3 I understand that they may -- their  
4 eligibility may be running out this year. So  
5 do we have plans for either of them to  
6 continue or someone else to do this important  
7 work in the Hudson Valley?

8 NYSKA EXECUTIVE DIRECTOR MALLIN: I'm  
9 not sure what you mean about their  
10 eligibility running out. They're primarily  
11 funded by the Senate through their finance  
12 grants.

13 They were also this year allowed to  
14 apply for general operating support through  
15 us, and I believe ArtsWestchester did receive  
16 general operating support from us.

17 So I would have to get back to you  
18 about what you mean.

19 ASSEMBLYWOMAN SHIMSKY: Yeah, well  
20 basically I'm talking about -- I'm trying to  
21 figure out who is going to be doing the  
22 statewide committee -- community regranting  
23 in the Lower Hudson Valley.

24 NYSKA EXECUTIVE DIRECTOR MALLIN:

1 Happy to discuss.

2 ASSEMBLYWOMAN SHIMSKY: Thank you.

3 CHAIRMAN PRETLOW: Assemblywoman  
4 Lucas.

5 ASSEMBLYWOMAN LUCAS: Okay, good  
6 afternoon. First I just want to first thank  
7 you, Commissioner, and actually the Governor  
8 as well for just initially initiating a  
9 proposal designed to increase the MWBE  
10 discretionary purchasing threshold to  
11 1.5 million, in line with New York City's.

12 What are the current numbers for MWBE?  
13 And what creative methods have been put in  
14 place to expand opportunities for state  
15 agencies to work directly with MWBE vendors?

16 OGS COMMISSIONER MOY: Assemblymember,  
17 thank you for your question.

18 And we were -- we were happy to see  
19 the proposed raise for the discretionary  
20 purchasing from 750 to 1.5. I know the  
21 Governor has raised the threshold just  
22 recently. That 1.5 million is something that  
23 allows vendors to have greater consistency  
24 and understanding when they're applying or

1           trying to be competitive on some of these  
2           contracts.

3                         We know that from a vendor perspective  
4           it can be very confusing when you're applying  
5           for different government grants. So when the  
6           thresholds are consistent, it allows them to  
7           know when they should be competitive.

8                         But of course in partnership with that  
9           activity, knowing that you can -- that we are  
10          also streamlining processes to ensure the  
11          state agencies are working in partnership and  
12          identifying MWBE entities is important. Our  
13          agency does have a pretty robust number  
14          relative to MWBEs, as I had shared. It's  
15          34.86 percent, which is about \$170 million.

16                        We do matching activities, so we work  
17          very closely with MWBE vendors, and we also  
18          connect them with primes. We had done  
19          Build NY, which was launched about a year and  
20          a half ago. It allowed for us to give  
21          greater transparency into the activities of  
22          our project portfolio. It gave a better  
23          sense of what things are in design and  
24          construction, what our anticipated bid dates



1 issue.) Thank you for your question,  
2 Assemblywoman.

3 (Time clock sounds.)

4 ASSEMBLYWOMAN LUCAS: It took her  
5 7 seconds to get the mic on.

6 (Laughter.)

7 NYSCA EXECUTIVE DIRECTOR MALLIN:  
8 We'll have a discussion about that. I'd be  
9 happy to.

10 CHAIRMAN PRETLOW: Assemblywoman  
11 Kassay.

12 ASSEMBLYWOMAN KASSAY: Good evening.  
13 Thank you, Chair. Thank you for being here.

14 Just a -- hopefully a quick question  
15 for Executive Director Mallin.

16 We have the country's 250th  
17 anniversary coming up next year. Can you  
18 speak a little bit to the funds that might be  
19 appropriated currently or you're hoping are  
20 appropriated for artistic celebrations of our  
21 country's anniversary?

22 NYSCA EXECUTIVE DIRECTOR MALLIN: I'm  
23 not aware yet of the funds, but I know that  
24 we have been talking with our sister agencies

1 about what they're doing, and there's some  
2 incredible projects coming up. And look  
3 forward to relaying them to you.

4 ASSEMBLYWOMAN KASSAY: Very good.  
5 Yeah, there's a lot of wonderful groups that  
6 are out in Suffolk County. And we have the  
7 Culper Spy Ring, which we're very proud of.  
8 And so if funds are made available to those  
9 groups, you know, my office would be very  
10 glad to know about it so that I can connect  
11 them and make sure that we're celebrating.  
12 And that goes hand in hand with tourism and  
13 commerce as well.

14 NYSCA EXECUTIVE DIRECTOR MALLIN: I'm  
15 happy to have a conversation about it.

16 ASSEMBLYWOMAN KASSAY: Looking forward  
17 to it. Thank you so much.

18 NYSCA EXECUTIVE DIRECTOR MALLIN: Same  
19 here.

20 CHAIRMAN PRETLOW: Assemblywoman  
21 Jackson.

22 ASSEMBLYWOMAN JACKSON: All right.  
23 Thank you, Chair.

24 Commissioner, I'm going to stay

1 focused on this building that we happen to be  
2 in, and I know that we usually have heating  
3 and cooling issues in this building. I was  
4 told it's because of how we divide up some of  
5 the rooms -- you know, in offices and things  
6 like that.

7 So I'm just wondering if any of this  
8 money that we're using to, you know, upgrade  
9 our systems, is any of that going to be used  
10 towards our heating, cooling, the changing of  
11 the thermostats?

12 OGS COMMISSIONER MOY: Thank you for  
13 that question, Assemblymember Jackson.

14 When it comes to the Legislative  
15 Office Building in particular, we work in  
16 very close partnership with the Legislature,  
17 both on the Senate and the Assembly side, to  
18 prioritize projects.

19 As we get to the third phase of  
20 activities for the decarbonization, all  
21 aspects of building systems will be touched,  
22 which includes, you know, the heating and  
23 cooling. Certainly as we transition from  
24 steam to hot water or other types of heating

1 and cooling opportunities, it will change how  
2 the building is laid out and will also  
3 necessitate changes to the infrastructure as  
4 well.

5 ASSEMBLYWOMAN JACKSON: So you said in  
6 Phase 3. What phase are we in?

7 OGS COMMISSIONER MOY: We are in the  
8 first phase.

9 ASSEMBLYWOMAN JACKSON: First phase.  
10 Thank you for that.

11 And then as far as electric vehicles,  
12 is the -- are all the vehicles electric at  
13 this point?

14 OGS COMMISSIONER MOY: No, they are  
15 not all electric.

16 ASSEMBLYWOMAN JACKSON: So what  
17 percentage would you say we're at?

18 OGS COMMISSIONER MOY: So if you take  
19 a look at our website, we've actually made  
20 public our EV transition plans for light-duty  
21 fleets. As of the last reporting period, I  
22 believe the baseline was 6 percent -- so I'm  
23 going to double-check my notes.

24 ASSEMBLYWOMAN JACKSON: So you can get

1 back to me on that one, because I want to ask  
2 something else.

3 OGS COMMISSIONER MOY: Sure --  
4 6.3 percent.

5 ASSEMBLYWOMAN JACKSON: 6.3 percent.  
6 Got it.

7 As far as the diversion efforts for --  
8 I guess dealing with waste, you have here  
9 "pre-consumer food waste collection." Is  
10 that composting?

11 OGS COMMISSIONER MOY: Yes, that is.

12 ASSEMBLYWOMAN JACKSON: Okay.

13 OGS COMMISSIONER MOY: So that is  
14 looking at particularly the food vendors that  
15 are in the Plaza. They're all small Albany  
16 businesses located in the area. It will  
17 allow for them to identify food scraps in  
18 pre-consumer waste as opposed to  
19 post-consumer, which is whatever might be  
20 generated after you eat your meal.

21 ASSEMBLYWOMAN JACKSON: Okay. And  
22 then if someone has a contract with OGS, when  
23 do we cycle out and get a new person to I  
24 guess have that contract? I'm thinking about

1           like the vending machines. Do we have the  
2           same contractor? I might be getting in  
3           trouble saying this.

4                           (Laughter.)

5                   ASSEMBLYWOMAN JACKSON: But is it the  
6           same contractor since, you know, the  
7           beginning of time? Is there a new process?  
8           How does that work?

9                   OGS COMMISSIONER MOY: We -- most of  
10          our contracts have an expiration period for  
11          our centralized contracts. It's about five  
12          years. Agencies or entities may choose to  
13          extend that contract.

14                   All decisions, particularly with  
15          regard to this building, we work in very  
16          close consultation with central staff. It is  
17          something where it is a very joint  
18          partnership to make sure that we're balancing  
19          the needs of the Legislature as well as our  
20          priorities.

21                   ASSEMBLYWOMAN JACKSON: Thank you.

22                   And then the P3 automated doors, we  
23          need help with those. I have a stroller, I  
24          don't like pushing the door open. It's

1 really hard. So thank you. P3.

2 OGS COMMISSIONER MOY: We'll follow up  
3 with you. Thank you very much.

4 ASSEMBLYWOMAN JACKSON: Thank you.

5 CHAIRMAN PRETLOW: Assemblyman Dais.

6 ASSEMBLYMAN DAIS: Thank you, Chair.

7 So Commissioner Moy, how many -- how  
8 much staff is currently under your purview?

9 OGS COMMISSIONER MOY: Assemblymember,  
10 we have 1900 staff.

11 ASSEMBLYMAN DAIS: 1900. And how many  
12 vacancies do you have?

13 OGS COMMISSIONER MOY: I would have to  
14 double-check. I apologize, I do not recall  
15 offhand.

16 ASSEMBLYMAN DAIS: No, I'm just --  
17 because, you know, today the Governor made a  
18 comment that we have 7,000 New York State  
19 jobs. I know all those aren't under your  
20 umbrella.

21 OGS COMMISSIONER MOY: No. No.

22 ASSEMBLYMAN DAIS: But when I do look  
23 at it, when I specifically look at it around  
24 Albany and we see the economic situation

1           here, I'm wondering what are we doing from a  
2           recruitment standpoint to make sure we're  
3           hiring local and getting people from our  
4           socially and economically depressed areas  
5           into these good-paying jobs?

6                        OGS COMMISSIONER MOY:  So I want to  
7           start off with saying that one of our top  
8           priorities is hiring.  And, you know, we  
9           certainly have vacancies, particularly when  
10          I'm thinking about the work that happens  
11          within our real estate team in particular,  
12          our utilities team and other areas, we've  
13          been having a lot of conversations that are  
14          successful and fruitful, with the Department  
15          of Budget as well as the Governor's office,  
16          to look at increasing wages, particularly for  
17          some of our hard-to-recruit positions.

18                       We've been working very aggressively  
19          with the Department of Civil Service in order  
20          to push out positions through HELPS.  Our  
21          shared services entity, when it comes to the  
22          business services center, those are all  
23          positions that are really wonderful  
24          opportunities to enter into the state, and

1 I'd like to say a great training ground for  
2 individuals to be promoted or go into other  
3 agencies.

4 But we are doing a number of outreach  
5 events -- in fact, there's just one I was  
6 talking about that's taking place tomorrow.  
7 So we are speaking very much about  
8 opportunities here with the state. And we do  
9 outreach events significantly.

10 I will say on a monthly basis I join  
11 our foundations, our -- which is our new hire  
12 orientation, and the numbers have been  
13 ticking up over time, which I'm very proud  
14 of. We've been able to reduce the number of  
15 vacancies, which has been important for our  
16 agency to maintain our facilities.

17 ASSEMBLYMAN DAIS: Thank you.

18 Ms. Mallin, in reference to the  
19 New York State Council on the Arts, what are  
20 we doing in the Bronx? Do you know how many  
21 grants are going into the Borough of the  
22 Bronx? I really want to expand arts in my  
23 district, I think it's important. Music,  
24 theater, singing -- I want my kids in my

1 community to have more access to things that  
2 will allow them to explore.

3 So what are we doing in the Bronx?

4 NYS CA EXECUTIVE DIRECTOR MALLIN: I  
5 think we'll have to get back to you with that  
6 number. But I remember thinking that it was  
7 a very good number this year, a number of  
8 grants going to the Bronx. But I will get  
9 back to you directly, the number and the  
10 amount of money going into your district and  
11 the entire borough.

12 ASSEMBLYMAN DAIS: Okay, thank you.

13 And second, the Metropolitan Opera,  
14 they're having some funding issues.

15 NYS CA EXECUTIVE DIRECTOR MALLIN:

16 Yeah.

17 ASSEMBLYMAN DAIS: They do hire a lot  
18 of people within the Lincoln Center area.  
19 What are we -- what's your thoughts on what  
20 are we doing to help them?

21 NYS CA EXECUTIVE DIRECTOR MALLIN:

22 Well, we -- you know, the most we can give  
23 them on a general operating support side is  
24 \$49,500.

1 ASSEMBLYMAN DAIS: Oh, wow.

2 NYS CA EXECUTIVE DIRECTOR MALLIN: So  
3 that's on the nonprofit.

4 And then capital money, they can apply  
5 for capital. But I think their biggest  
6 issues are operating monies.

7 ASSEMBLYMAN DAIS: Thank you.

8 CHAIRMAN PRETLOW: Assemblywoman  
9 Griffin.

10 ASSEMBLYWOMAN GRIFFIN: Thank you,  
11 Chair. Thank you to all of you for being  
12 here.

13 Commissioner Moy, I just have a couple  
14 of questions for you. One is -- the first,  
15 this is pretty easy -- can you describe the  
16 restoration at the Jones Beach East  
17 Bathhouse? What the project is and, you  
18 know, where -- what the completion date might  
19 be.

20 OGS COMMISSIONER MOY: Thank you for  
21 that question, Assemblymember.

22 The Jones Beach East Bathhouse is  
23 actually one of my favorite projects. It is  
24 one in which we are actively in -- we are

1 going to be awarding if we have not already  
2 awarded the construction activities.

3 The design work began with the  
4 Department of Parks, Recreation and Historic  
5 Preservation. We picked up those activities  
6 in partnership then because the scope of the  
7 project was actually quite large, and it's  
8 been a great and symbiotic partnership with  
9 the commissioner pro tempore and Randy  
10 Simons.

11 So we look forward to having a  
12 ground-breaking. It will allow for us to  
13 fully restore the bathhouse. We'll be  
14 looking at a splash pool, new changing  
15 facilities, ADA-compliant bathrooms. It's  
16 going to be a really wonderful restoration  
17 for the Jones Beach and the broader Long  
18 Island community.

19 ASSEMBLYWOMAN GRIFFIN: That sounds  
20 great. A lot of people in my district use  
21 Jones Beach, it's beautiful, and a lot of  
22 people from the city come out as well. So  
23 I'm really happy to hear that.

24 And then the -- it says the Adirondack

1 Rail Trail finished two phases and you're  
2 beginning the third and the final. I don't  
3 know where the -- there's like the Green  
4 Trail that's going to go on Long Island. Is  
5 the Green Trail part of the Appalachian  
6 Trail, or is that totally something else, the  
7 Green Trail?

8 OGS COMMISSIONER MOY: So the  
9 Adirondack Rail Trail is located further up  
10 north; it's Tupper Lake to -- I'm going to --  
11 I believe Lake Placid.

12 There were three phases. The first  
13 two are completed already; the third phase is  
14 beginning. It is a former railroad trail  
15 that is now being turned into a gorgeous  
16 facility in which you can do, what is it, you  
17 can walk, you can promenade, you can bike on  
18 it, and also snowmobiling.

19 ASSEMBLYWOMAN GRIFFIN: Right. Not to  
20 interrupt, but I know that. I just wanted to  
21 find out, like -- years ago there was all  
22 that trail work going on in upstate New York,  
23 but the end goal was to bring it out to  
24 Long Island. And I just wondered, is that

1 part of OGS or is that another department?

2 OGS COMMISSIONER MOY: That would be  
3 another entity. So we're doing this  
4 construction in partnership with DEC and with  
5 DOT. So a number of state agencies. But  
6 that's not our property directly. We're  
7 doing the construction and design on behalf  
8 of another agency.

9 ASSEMBLYWOMAN GRIFFIN: Okay, thanks.

10 And then the last question is, I know  
11 a lot of constituents and people located in  
12 Nassau County have expressed challenges with  
13 minority and women-owned businesses. Is  
14 there some contact in Nassau County of  
15 someone from the state that covers  
16 Nassau County that I could send them to or I  
17 could talk to about their issues?

18 OGS COMMISSIONER MOY: Absolutely.

19 You can connect to us, we'll connect  
20 you with our IGA team and also, in  
21 partnership with ESD, get you the support you  
22 need.

23 ASSEMBLYWOMAN GRIFFIN: Okay, thank  
24 you very much.

1 OGS COMMISSIONER MOY: Absolutely,  
2 Assemblymember. Thank you.

3 CHAIRMAN PRETLOW: Thank you,  
4 Assemblymember. Thank you, Commissioner.

5 Now, before we let you go, I just have  
6 one question for you. It's not really  
7 budget-related. But what are those tracks  
8 that you're installing throughout the  
9 Legislative Office Building in the hallways  
10 and in the offices?

11 OGS COMMISSIONER MOY: You have me  
12 stumped, I'm sorry. Can you be a little bit  
13 more --

14 CHAIRMAN PRETLOW: (Mic off;  
15 inaudible.)

16 OGS COMMISSIONER MOY: Oh, yes. There  
17 is a new alarm system that we're building out  
18 on behalf of -- for this building. So it's  
19 an upgrade --

20 CHAIRMAN PRETLOW: It's an alarm  
21 system.

22 OGS COMMISSIONER MOY: Yes.

23 CHAIRMAN PRETLOW: How long will it  
24 take before it's completed, do you know?

1                   OGS COMMISSIONER MOY:  If you give me  
2                   a moment, I can look it up.  But I can  
3                   certainly get you that information around  
4                   that project.

5                   CHAIRMAN PRETLOW:  I have 10 minutes,  
6                   so you can look it up --

7                   (Laughter.)

8                   OGS COMMISSIONER MOY:  All right, here  
9                   we go.  That's pretty funny.

10                  You know what, honestly, I think I'm  
11                  going to have to double-check and confirm for  
12                  you.  I don't want to say anything incorrect.

13                  CHAIRMAN PRETLOW:  You can get back to  
14                  me.

15                  OGS COMMISSIONER MOY:  I will  
16                  absolutely get back to you on it.

17                  CHAIRMAN PRETLOW:  I should have asked  
18                  you when I spoke to you --

19                  OGS COMMISSIONER MOY:  I should have  
20                  been prepared walking in.  I was only looking  
21                  at the elevators and the escalators.  But  
22                  next time I'll be prepared.

23                  CHAIRMAN PRETLOW:  Okay.  Because they  
24                  really clash with the paint job in my office,

1 and --

2 (Laughter.)

3 OGS COMMISSIONER MOY: I will  
4 absolutely confirm. Thank you very much.

5 CHAIRMAN PRETLOW: Thank you very  
6 much.

7 Senator.

8 CHAIRWOMAN KRUEGER: I believe the  
9 Senate is done, so I want to thank you all  
10 for your participation this evening, and ask  
11 you to excuse yourselves and either go back  
12 to work or escape for the day, whatever works  
13 best for you.

14 We, however, are not escaping. We are  
15 continuing with Panel C.

16 From now on these are the  
17 nongovernment panels, so everyone gets three  
18 minutes -- three minutes to present, three  
19 minutes to ask questions. We don't care if  
20 you're a chair or a ranker, we're just all  
21 citizens.

22 Panel C: Community Service Society of  
23 New York; Business Incubator Association of  
24 New York State; Lake Erie College of

1 Osteopathic Medicine. And that's Panel C.

2 (Pause; off the record.)

3 CHAIRWOMAN KRUEGER: Now, you've all  
4 been waiting very patiently all day, thank  
5 you very much. And we're going to start by  
6 you just introducing yourselves, starting  
7 from the left, so that the people in the  
8 booth know who is whom. Okay.

9 MS. RODRIGUEZ: Good evening. Thank  
10 you for having me here. Carolina Rodriguez,  
11 from the Community Service Society of  
12 New York.

13 CHAIRWOMAN KRUEGER: Great. Marc?

14 MR. ALESSI: Good evening. Marc  
15 Alessi, the executive director for the  
16 Business Incubator Association for New York  
17 State.

18 DR. TERRY: Richard Terry, LECOM  
19 Elmira.

20 CHAIRWOMAN KRUEGER: Great, thank you.  
21 Shall we go in that order again and  
22 start with Carolina Rodriguez? Thank you.

23 MS. RODRIGUEZ: Thank you. Thank you  
24 for the opportunity to provide testimony

1           today. My name is Carolina Rodriguez, and I  
2           serve as the director of the Education Debt  
3           Consumer Assistance Program, EDCAP, at the  
4           Community Service Society of New York.

5                     For over 180 years, CSS has been at  
6           the forefront of advocating for low- and  
7           moderate-income New Yorkers, and EDCAP  
8           continues that legacy by ensuring student  
9           loan borrowers receive the guidance they need  
10          to achieve financial stability.

11                    Since its inception in 2019, EDCAP has  
12          assisted thousands of New Yorkers, addressing  
13          over 328 million in student debt and saving  
14          borrowers, as of this morning, over  
15          38 million. Through personalized counseling  
16          and our statewide network, we help New  
17          Yorkers stay in their homes, remain in the  
18          workforce, and avoid the devastating  
19          consequences of student debt. By enabling  
20          borrowers to manage repayment, access  
21          forgiveness and avoid default, we directly  
22          contribute to New York's economy, ensuring  
23          that professionals in healthcare, education  
24          and public service can continue to do their

1 essential work.

2 Now, with federal uncertainty looming  
3 and proposals to dismantle the U.S.  
4 Department of Education, strip borrower  
5 protections and eliminate key financial aid  
6 programs, New York must act. The risks are  
7 clear: Fewer safeguards, mismanaged loans,  
8 and millions of borrowers left vulnerable to  
9 confusion, errors and financial distress.

10 Without programs like EDCAP,  
11 New Yorkers will be forced to navigate this  
12 crisis alone. That's why our work has  
13 expanded, and in the fall of 2024 EDCAP began  
14 offering comprehensive financial aid  
15 application assistance, helping people apply  
16 for FAFSA, TAP, Excelsior, and get guidance  
17 on the DREAM Act.

18 New York's Universal FAFSA policy is a  
19 bold step towards college access, but we must  
20 ensure families can complete the process,  
21 minimize borrowing and avoid financial  
22 pitfalls. EDCAP bridges the gap.

23 The demand for our services is  
24 growing. Eighty-eight percent of our clients

1 carry federal student loans, with an average  
2 balance of \$80,000 -- nearly double the  
3 national average. More than half earn under  
4 60,000, and that is household earnings. And  
5 71 percent of our clients are women, with  
6 Black women bearing the heaviest burden.

7 These numbers tell a story. Student  
8 debt isn't just a financial issue, it is an  
9 economic development issue, a workforce  
10 issue, and a racial and gender equity issue.

11 New York has led the way in protecting  
12 student loan borrowers, but cannot afford to  
13 step back now. That is why we urge the  
14 Legislature to fully fund EDCAP at  
15 3.5 million in this budget year. The  
16 investment is not just about debt relief but  
17 is about economic mobility, workforce  
18 retention, and financial security for  
19 millions of New Yorkers.

20 Thank you.

21 MR. ALESSI: Chairpersons and members  
22 of the committee, thank you for the  
23 opportunity to testify today.

24 My name is Marc Alessi, and I serve as

1 executive director of the business incubator  
2 association for New York State, which  
3 represents 120 business incubators and  
4 accelerators from across the state, which  
5 collectively house and mentor over  
6 3,000 startups every year -- these companies  
7 that create jobs, drive innovation and fuel  
8 New York's economic growth.

9 Today I'm here to emphasize the  
10 critical role that incubators play in  
11 New York's economy and to urge support for  
12 funding our statewide incubator ecosystem and  
13 preserving the successful elements of the  
14 now-sunsetting START-UP NY program and  
15 getting rid of the parts of that program that  
16 did not work well as the state transitions to  
17 newer programs.

18 New York is now a national leader in  
19 innovation, on par with Boston and  
20 Silicon Valley, thanks in part to the strong  
21 network of incubators and accelerators that  
22 the state helped to foster over the past  
23 10 years. These incubators and accelerators  
24 support high-growth startups. These

1 companies are the engines of job creation,  
2 responsible for thousands of new jobs every  
3 year in fields like AI, biotech, clean tech,  
4 and advanced manufacturing.

5 Business incubators provide essential  
6 early-stage support -- access to lab space,  
7 mentorship, funding opportunities, university  
8 partnerships. All these things enable  
9 startups to scale and remain in New York.  
10 Without this infrastructure, many of these  
11 companies would launch elsewhere, taking jobs  
12 and economic growth with them.

13 To continue this momentum, we are  
14 requesting increased funding for the  
15 10 regional hotspot incubators that the state  
16 launched 10 years ago, and an expansion of  
17 the State Certified Incubator program to  
18 better reflect the rising costs of supporting  
19 New York startups.

20 We are requesting \$300,000 in annual  
21 funding for statewide support to help  
22 coordinate the 10 regional hotspots, and  
23 we're looking to increase the amount of  
24 certified incubators from 20 to 30 throughout

1 the state. There are many communities  
2 without state-certified incubators, and the  
3 need is growing every year.

4 This investment will not only sustain  
5 but expand New York's leadership in  
6 innovation and entrepreneurship, ensuring  
7 that our state remains competitive with other  
8 top startup ecosystems across the country.

9 One of the most effective startup  
10 recruitment tools -- I'm going to say  
11 something controversial here -- has been the  
12 START-UP NY program. The program has  
13 supported hundreds of companies, leading to  
14 the creation and retention of nearly 2800  
15 jobs and \$1.3 billion in wages and capital  
16 investments in this state.

17 A 2023 PFM Group report commissioned  
18 by the New York State Department of Taxation  
19 and Finance confirmed that START-UP NY  
20 generates \$1.58 in economic activity for  
21 every dollar spent.

22 I'll end it there and submit my  
23 written comments. Thank you.

24 CHAIRWOMAN KRUEGER: Sorry, I have to

1 cut you off. Next? Thank you.

2 DR. TERRY: Good evening,  
3 Chairpersons Krueger and Pretlow,  
4 Rankers Senator O'Mara, Assemblyman Ra.

5 I'm Dr. Richard Terry. I'm the lead  
6 of the LECOM at Elmira Medical School. We  
7 have a medical school in Elmira, the first  
8 and only school in the Southern Tier region  
9 of New York.

10 And I'm here to ask you for support to  
11 create a Center of Excellence in rural health  
12 for underserved areas that we serve in LECOM.

13 LECOM, as you may know, is the largest  
14 medical school in the country. We have four  
15 campuses, two in Pennsylvania, one in  
16 Florida, and now one in underserved upstate  
17 New York. Our purpose, our mission is to  
18 invest in underserved areas to create  
19 healthcare professionals to meet the needs of  
20 rural and underserved New York. And any of  
21 you who have tried to get a primary care doc,  
22 there aren't any. We need them, and that's  
23 what we're doing.

24 So our approach includes this. Early

1 acceptance programs from high school to  
2 medical school. We also have affiliations  
3 with 35 colleges to recruit students without  
4 an MCAT, just to have students from various  
5 backgrounds have the opportunity to come back  
6 and potentially practice. So we have lots of  
7 pathways to get to address this healthcare.

8 In addition, we make primary care  
9 doctors, 70 percent. It's unique among  
10 osteopathic schools. In fact, LECOM  
11 graduates -- is the number-one school that  
12 graduates more primary care docs, family  
13 medicine, peds, OB, than any school in the  
14 country. Last year 70 percent of the  
15 Elmira grads went into primary care, many to  
16 pediatrics, family medicine and OB.

17 So there's a problem in New York:  
18 There aren't enough doctors. Once you get  
19 outside of downstate, there aren't enough  
20 doctors. There aren't enough primary care,  
21 OBs, emergency room doctors, surgeons. We  
22 aim to fix that.

23 So we can do this by creating a  
24 Center of Excellence. LECOM would leverage

1           our experience, our expertise -- we've done  
2           this -- create this pipeline, take  
3           nontraditional students and prepare them for  
4           practice in the state where we most need  
5           them.

6                        So by getting this pipeline we can  
7           focus on the unique needs of underserved  
8           New York, rural and urban, I might add -- we  
9           have the largest clinical footprint of any  
10          medical school in upstate New York, 15  
11          different sites, many in rural areas.

12                       So for these reasons, I ask for  
13          \$250,000 to create this Center of Excellence.  
14          What will it do? Further the curriculum  
15          development, staff it, and ramp up our  
16          student recruitment efforts, our ability to  
17          also develop residencies in underserved  
18          Federally Qualified Health Centers, rural  
19          health centers throughout the state.

20                       We need your support. We've got to  
21          address this issue, and this is a leverage  
22          point where LECOM and Elmira is prepared to  
23          make a difference.

24                       Thank you.

1 CHAIRWOMAN KRUEGER: Thank you.

2 Any Senators? Ah, Senator Murray.

3 SENATOR MURRAY: Thank you. Thank  
4 you, Chairwoman. And thank you all for being  
5 here.

6 Marc, this is for you. So you were  
7 saying about START-UP NY -- and we have other  
8 incentive programs and all that, yet with  
9 that we are still at the bottom of the barrel  
10 when it comes to a business-friendly  
11 environment throughout the country. And we  
12 have problems here. It's not  
13 business-friendly.

14 A, does that make your job more  
15 difficult? But what is it you're hearing?  
16 What is the biggest impediment that prevents  
17 people -- more entrepreneurs?

18 MR. ALESSI: So the remarkable fit for  
19 the START-UP innovation ecosystem is it is a  
20 good fit for New York.

21 If you study or hold hearings on  
22 what's going to recruit the high-tech growth  
23 startups, they need to be near innovation  
24 centers. They need to be in -- you know,

1 Silicon Valley is a very expensive place to  
2 do business, Boston is a very expensive place  
3 to do business. It's -- we've made the  
4 investments as a state in education, in  
5 higher education and research.

6 So we're not competing with  
7 South Carolina on a plastics company, we're  
8 competing with Silicon Valley on how to, you  
9 know, grow an innovation company.

10 So there's two different economic  
11 development models. There is a traditional  
12 company that could go and get an SBA loan and  
13 will have products within a month or so, and  
14 revenue very quickly. And then there's the  
15 companies that are fostered in incubators  
16 that take five to 10 years.

17 And that's any programs like  
18 START-UP NY or even incubation programs,  
19 they're essential because those companies are  
20 so risky -- but they pay huge rewards when  
21 they hit it. And 80 percent of incubator  
22 companies stay in the community they're  
23 incubated in.

24 SENATOR MURRAY: So yesterday was the

1 Higher Education hearing when we had the  
2 chancellors in, and one of the big things  
3 that we were talking about was investment in  
4 research. And do we do enough as far as  
5 using them as a way to recruit businesses?

6 MR. ALESSI: So New York State is the  
7 financial capital of the world and the patent  
8 capital of the world. So we are investing in  
9 research and we're creating technologies.  
10 What we weren't doing 10, 15 years ago is  
11 commercializing them. We're finally at the  
12 point where that is happening. And as we  
13 fine-tune some of our programs, we have an  
14 opportunity to surpass the Silicon Valley.

15 SENATOR MURRAY: Okay. Thanks, Marc.

16 MR. ALESSI: Thank you.

17 CHAIRMAN PRETLOW: Assemblyman Stirpe.

18 ASSEMBLYMAN STIRPE: Thank you, Chair.

19 Marc, you know, there has been a lot  
20 of discussion about the START-UP NY program,  
21 some good, some bad. It's got a lot of  
22 warts. If you were going to create a program  
23 to help the startup businesses right now, do  
24 you have any idea what it would look like?

1           You know, how people would be able to access  
2           funding from it?

3                       MR. ALESSI:  So, one, there were a lot  
4           of warts with START-UP NY.  It was a very  
5           bureaucratic program.  So you started on  
6           20 college campuses, and there's a list of  
7           five companies here, three companies there.  
8           There are two universities that did really  
9           well all the way up until this year, and that  
10          was -- NYU has close to a hundred companies  
11          in the program, and Buffalo has close to 200  
12          companies in the program.

13                      It took dedicated staff to navigate  
14          through that program.  So simplifying the  
15          bureaucracy of that, not making the companies  
16          move to a college campus, is an important  
17          part of the program.  But when, you know, NYU  
18          felt it was such an important part of their  
19          economic development tools because they're in  
20          combat every day with New Jersey and  
21          Connecticut for some of these biotech  
22          companies, for example.  And one of the  
23          deciding factors oftentimes is those tax  
24          benefits for the employees.  It's easier to

1 recruit talent with some of those benefits.

2 And so entrepreneurs look for anything  
3 that will help de-risk their company, any  
4 kind of edge that they can get, whether it's  
5 investment -- so we have investment programs  
6 here in New York. The more accessible they  
7 can be for startup companies will help  
8 recruit more companies.

9 The ability to ramp up and have, you  
10 know, a sense of place and a sense of being  
11 able to get through the obstacles in those  
12 early stages is really important for these  
13 startups.

14 I would love to see this economic  
15 development tool in some form in the future,  
16 but without, you know, some of the problems  
17 that we had with the program.

18 ASSEMBLYMAN STIRPE: We've talked  
19 about something like, you know, large  
20 corporations being able to purchase losses  
21 from startups --

22 MR. ALESSI: So right now in  
23 New Jersey corporations that are, you know,  
24 well funded and have revenue and are

1 profitable, are able to buy losses from some  
2 of the startups in New Jersey, and that's a  
3 benefit to existing corporations but it's  
4 also a benefit to the startups that, again,  
5 they might not have revenue and profitability  
6 for five, 10 years, they get a million  
7 dollars in investment, it's all going to R&D  
8 and employee salaries and being able to sell  
9 their losses would, again, de-risk them.

10 ASSEMBLYMAN STIRPE: Okay, thank you.

11 MR. ALESSI: Thank you.

12 CHAIRWOMAN KRUEGER: Senator Brisport.

13 SENATOR BRISPORT: Thank you. And  
14 thank you all for testifying.

15 My questions are for Mr. Alessi.

16 I represent a district in Central  
17 Brooklyn. A lot of the hurdles for small  
18 businesses in my district is the cost of  
19 rent, with rents spiking for commercial  
20 properties in my district. Places that were  
21 maybe asking for a couple of thousand a  
22 decade ago are now asking for five, eight,  
23 10,000 a month.

24 I was curious, are you hearing similar

1 things? And if so, what do you think can be  
2 done?

3 MR. ALESSI: In certain parts of the  
4 state there are definitely some real estate  
5 issues in terms of being able to set up shop.

6 But all in all, the cost of getting  
7 the office space hasn't been as much of an  
8 issue for some of these companies. It's the  
9 cost of getting talent. And really trying to  
10 preserve their capital as long as they can  
11 until they get to the profitability.

12 But New York is one of the few places  
13 that you can commercialize a product and the  
14 density of business development opportunities  
15 in New York is a pretty unique place. San  
16 Francisco has a similar capability for  
17 startups. There's only a few places where  
18 these startups can succeed. They will pay a  
19 premium for real estate to be close to that  
20 density.

21 SENATOR BRISPORT: Thank you.

22 CHAIRWOMAN KRUEGER: Thank you.

23 Assembly.

24 CHAIRMAN PRETLOW: Assemblywoman

1 Jackson.

2 ASSEMBLYWOMAN JACKSON: Thank you,  
3 Chair.

4 I just want to say to Dr. Terry I  
5 would like to work with whoever your  
6 Assemblymember is to make sure that that  
7 programming happens. So thank you for coming  
8 to testify.

9 DR. TERRY: Thank you.

10 ASSEMBLYWOMAN JACKSON: For  
11 Ms. Rodriguez, EDCAP, the request is what  
12 again?

13 MS. RODRIGUEZ: Three-point-five  
14 million. Three million should be in the --  
15 it's in the Executive, and then we're asking  
16 the Legislature for 500,000.

17 And we operate with a statewide  
18 network. We have partners out on Long Island  
19 and throughout the state that provide the  
20 in-person direct counseling services. And as  
21 I mentioned, we've expanded not only to help  
22 student loan borrowers but also those  
23 individuals that are getting into college and  
24 needing to apply for financial aid. Because

1 oftentimes I was asked, What are you doing to  
2 prevent the debt from happening in the first  
3 place?

4 ASSEMBLYWOMAN JACKSON: And this is  
5 free to anyone who seeks services?

6 MS. RODRIGUEZ: Absolutely, statewide.  
7 anyone can go on our website, EDCAPNY.org,  
8 and they can schedule a virtual session at  
9 any point.

10 And again, through our network they  
11 can schedule in-person.

12 ASSEMBLYWOMAN JACKSON: And are you  
13 assisting people right now who are like --  
14 they're in the repayment phase but, you know,  
15 a lot of the federal stuff is happening --

16 MS. RODRIGUEZ: Yes. My phone is  
17 filled with client messages.

18 ASSEMBLYWOMAN JACKSON: Okay. I'm  
19 going to call you.

20 (Laughter.)

21 MS. RODRIGUEZ: Please do.

22 ASSEMBLYWOMAN JACKSON: I have my own  
23 questions.

24 Okay, and to Mr. Alessi, the 10 extra

1 programs you're looking to increase to, where  
2 are you looking to have those be located?

3 MR. ALESSI: So it's typically done  
4 through an RFP process. So --

5 ASSEMBLYWOMAN JACKSON: No, but where?  
6 Like geographically.

7 MR. ALESSI: Anywhere in the state.  
8 So right now as communities are looking to  
9 launch incubators and hopefully get some kind  
10 of state investment in it, there's only  
11 20 opportunities in the state. And a number  
12 of communities are getting shut out from  
13 that. So increasing it by 10 and letting  
14 newer communities participate in that process  
15 will enable us to reach entrepreneurs that  
16 are not being reached right now.

17 But I would just -- from a geographic  
18 standpoint there's in almost every region of  
19 the state.

20 ASSEMBLYWOMAN JACKSON: Right. So how  
21 do you decide, though? You said through  
22 RFPs?

23 MR. ALESSI: So -- yeah, it will be --  
24 ESD would decide, through the RFP process. I

1           just -- I could just see it's a little bit  
2           like of a Hunger Games. You know, one area  
3           of the state loses an incubator for  
4           another --

5                     ASSEMBLYWOMAN JACKSON: So why 10 and  
6           not 20?

7                     MR. ALESSI: Incrementally, just  
8           trying to add to the ecosystem. So they  
9           didn't want to advocate for too much and  
10          scare folks. I think 10 would be a good  
11          place to start. It would be, you know, a  
12          third increase.

13                    ASSEMBLYWOMAN JACKSON: And what did  
14          you say was the return on the investment?

15                    MR. ALESSI: The -- all right, so the  
16          return on investment that I mentioned in  
17          terms of the START-UP NY program was \$1.58  
18          for every dollar in lost tax revenue. That  
19          was from the PFM report that was commissioned  
20          by Tax and Finance.

21                    When you're investing in incubation in  
22          general, there is about \$37 return for every  
23          dollar invested in incubation.

24                    ASSEMBLYWOMAN JACKSON: Thank you for

1           that.

2                   MR. ALESSI: Thank you.

3                   CHAIRWOMAN KRUEGER: Senator Tom  
4           O'Mara.

5                   SENATOR O'MARA: Thank you.

6                   Good evening. Thank you all for your  
7           testimony and sticking it out here today.

8                   Dr. Terry, I want to welcome you,  
9           being the representative of Elmira being  
10          here, I want to thank you and LECOM for your  
11          strong commitment to the Southern Tier of  
12          New York, particularly in Elmira. And I can  
13          personally attest to everybody here the great  
14          work that you've done at the college and  
15          helping with providing healthcare and  
16          physicians in particular for rural  
17          healthcare, and your commitment to that and  
18          to serve underserved areas in the state.

19                   Now, your ask here for \$250,000 is  
20          very modest, in my opinion. And I thank you  
21          for that, because I think that certainly  
22          makes an easier lift.

23                   DR. TERRY: You can do more if you  
24          want to.

1                   SENATOR O'MARA: I would love to do  
2 more, you know. I've tried.

3                   (Laughter.)

4                   SENATOR O'MARA: But, you know, LECOM  
5 is based in Erie, Pennsylvania, and you say  
6 you have a school in Florida as well --  
7 \$250,000 in the grant scheme of things here  
8 is very modest.

9                   But what are you going to do with  
10 that, and how's it going to help you prepare  
11 physicians for underserved areas? And can  
12 you compare what other type of assistance  
13 you've gotten or you get in Pennsylvania and  
14 Florida at your other institutions?

15                  DR. TERRY: Twenty million from  
16 Pennsylvania, \$5 million from Florida.

17                  What will we do with that money?  
18 We're going to focus on underserved areas of  
19 the state, identify them and recruit students  
20 from there.

21                  The difference about LECOM, it's  
22 workforce development for physicians. It's a  
23 very different admission process. I'm trying  
24 to create doctors so we have them out there,

1           because we don't have them. I'm not trying  
2           to create academicians or researchers. Yes,  
3           I want some of them, but we need more boots  
4           on the ground right now.

5                        As every doctor in their sixties  
6           retires, we need two to three to replace  
7           them. Because they don't do calls like they  
8           used to, they don't go to the hospital, they  
9           don't deliver babies. I'm a family doc.  
10          I've done all of that. The family doc today,  
11          most of the time they're just in the office.  
12          And good luck trying to get an appointment  
13          with them.

14                       That's what we're trying to do. So  
15          it's a very different process holistically.  
16          We're recruiting that kid from an underserved  
17          area so she comes to medical school and goes  
18          back and practices there. Her MCAT could be  
19          a little lower, her GPA may not quite be what  
20          other schools might accept, but we'll get her  
21          there, and she'll be a great doctor. And  
22          that's what we're doing.

23                       And that's why this model works. And  
24          that's why a good number of the doctors now

1 in the Southern Tier and upstate New York are  
2 LECOM graduates. If you look at the stats,  
3 it's almost 20 percent -- and we have only  
4 graduated our first class. These are from  
5 our other campuses.

6 SENATOR O'MARA: Well, I've seen it  
7 firsthand, and I thank you for that  
8 commitment and it certainly seems to work.  
9 So --

10 DR. TERRY: It does.

11 SENATOR O'MARA: -- I'm hopeful we can  
12 get you some assistance for this.

13 DR. TERRY: Thank you.

14 CHAIRMAN PRETLOW: Assemblywoman  
15 Kassay.

16 ASSEMBLYWOMAN KASSAY: Good evening.  
17 Thank you.

18 Ms. Carolina, please do reach out to  
19 my office; I'd like to share these resources  
20 for student loan prevention and assistance  
21 with my constituents as well.

22 So thank you for being here and  
23 presenting and spreading the knowledge about  
24 that.

1                   Dr. Terry, I'll plus-one on what my  
2                   colleagues are saying. I'm really glad that  
3                   we stuck it out. We're definitely going to  
4                   spread -- I can speak for myself, I'll spread  
5                   the word to colleagues, even though I'm on  
6                   the other end of the state.

7                   You know, we hear about the shortage  
8                   of medical professionals all throughout the  
9                   state and -- you know, from unions and  
10                  constituents. So thank you for doing the  
11                  work, and hopefully you could expand the  
12                  program in the future.

13                  DR. TERRY: Thank you.

14                  ASSEMBLYWOMAN KASSAY: Mr. Alessi, I'm  
15                  always looking to understand better how our  
16                  state spending in turn serves the state, how  
17                  it's an investment, so I really appreciate  
18                  the statistic that for every dollar the state  
19                  puts into these programs, it gets \$1.58 back  
20                  in economic activity. So thank you for that.

21                  You know, I'll speak to where you and  
22                  I both come from, Suffolk County. With the  
23                  cost of living -- it's high across the state,  
24                  but, you know, in Suffolk County we really

1           feel this. And so we invest so much money  
2           there in students K-12 education and then, if  
3           they go off to college, it's really hard to  
4           attract them back because they are not -- we  
5           don't have the jobs readily available, there  
6           isn't this opportunity.

7                         So with having Stony Brook University  
8           as well as Brookhaven National Labs, can you  
9           speak specifically to Suffolk County and how  
10          this START-UP program in the past has helped  
11          and the vision for the future?

12                        MR. ALESSI: Sure. Well, this kind of  
13          economic development works best close to that  
14          type of entity, like a Brookhaven National  
15          Lab or a SUNY Stony Brook or higher education  
16          institutions that are creating research that  
17          turns into IP and potentially new products.

18                        And, you know, on Long Island you had  
19          a number of companies that came out of  
20          Cold Spring Harbor Labs or SUNY Stony Brook  
21          that ended up not only at Stony Brook but  
22          Broad Hollow Science Center, and they were in  
23          the -- you know, there was about 20 companies  
24          that were in the START-UP NY program to start

1 with.

2 It was a very bureaucratic program, so  
3 there's only five companies that remain in  
4 the program on Long Island that I'm aware of.  
5 But they're in there because it is a tool for  
6 those companies to recruit employees from  
7 other ecosystems as well.

8 In terms of incubation on Long Island,  
9 you have about eight incubators on  
10 Long Island that house upwards of probably  
11 about 120 companies. And especially in  
12 high-cost-of-living areas, the need to create  
13 high-paying jobs, which these innovation  
14 startups do, is important. One out of 10 --  
15 actually, five out of 10, if it's incubated,  
16 of these companies will succeed.

17 ASSEMBLYWOMAN KASSAY: Excellent,  
18 thank you. Look forward to discussing  
19 further.

20 CHAIRWOMAN KRUEGER: We have no more  
21 Senators. Any other Assemblymembers?

22 CHAIRMAN PRETLOW: Yes,  
23 Assemblywoman Griffin.

24 ASSEMBLYWOMAN GRIFFIN: Thank you,

1 Chair, and thank you for being here this  
2 evening and sticking it out all day.

3 Dr. Terry, I agree with my colleagues,  
4 it doesn't seem like a whole lot to ask for  
5 to really be able to serve the medical needs  
6 of underserved areas and rural areas.

7 And Director Rodriguez, I'd love to  
8 hear more about your programs.

9 And Marc, I was particularly  
10 interested -- you hear so many complaints  
11 about companies leaving New York. And, you  
12 know, there's a never-ending list of  
13 complaints even by some of my colleagues.  
14 And it's so nice to hear someone with an  
15 outlook of how we can turn it around, and how  
16 you can create high-paying jobs and keep  
17 people here in New York. And keep people  
18 here in expensive areas like Long Island, or  
19 in the city, or in Brooklyn or in the Bronx.

20 So I really appreciate that. And I  
21 also think -- I fully support the funding  
22 that you need to build this up and make this  
23 even more successful.

24 But one thing I wanted to raise. What

1 is your role -- do you have the role of doing  
2 the outreach to bring people here or find the  
3 people here that might be interested in this  
4 innovative, in this high-tech arena? Is that  
5 what your role is in like finding them,  
6 bringing them or developing that?

7 MR. ALESSI: So as an association, the  
8 first thing we do is we bring our members  
9 together and let them share their  
10 commonality.

11 Prior to BIANYS existing -- we started  
12 in 2006 -- 15 incubators from around the  
13 state were brought together because they  
14 weren't talking to each other. And when they  
15 find that commonality then you can start  
16 seeing themes that you -- we could come back  
17 to the Legislature, for example, and saying  
18 this is what we're seeing statewide. So  
19 that's why the organization was created.

20 When it comes to recruiting other  
21 entities to New York, we actually do take an  
22 active role as an association to -- we offer  
23 the Soft Landings Program where we advertise  
24 in the international arena that if you're

1 going to come to the U.S. to sell a  
2 high-technology product or an advanced  
3 manufacturing product, New York is one of the  
4 unique places that you could do this because  
5 of the investments that you've all made in  
6 things like, you know, COEs and CATs and  
7 higher education and incubators.

8 And from that standpoint, we try to  
9 advertise the state's assets and introduce  
10 those entities to the appropriate assets. We  
11 try to find them the right incubator to work  
12 with so they can start selling products here.  
13 We don't try to steal the entire company from  
14 a foreign -- you know, but we try to have  
15 them set up a footprint here in New York  
16 which grows jobs.

17 ASSEMBLYWOMAN GRIFFIN: Okay. Well,  
18 it seems like great work, and I appreciate  
19 that that's been done and you're attracting  
20 such a higher level of business here in our  
21 state.

22 MR. ALESSI: Thank you.

23 CHAIRMAN PRETLOW: Assemblyman Friend.

24 ASSEMBLYMAN FRIEND: Thank you,

1 Chairman.

2 Dr. Terry, thank you for taking the  
3 time to come up here and talk a little more  
4 about LECOM. That has definitely been a  
5 great addition to the Southern Tier. We  
6 constantly see a loss of primary care in our  
7 region and all across rural upstate New York.

8 I know that LECOM prides itself on its  
9 student-centered curriculum, and it's great  
10 to know that LECOM leads the nation in the  
11 number of graduates that continue to go on  
12 and practice in primary care and in rural  
13 areas.

14 So maybe you could touch on -- you  
15 mentioned that there are 15 sites that the  
16 residents train at. If you could maybe talk  
17 a little bit about that or -- you just had a  
18 recent graduating class, and where did they  
19 end up? How many of them stayed in the  
20 state?

21 DR. TERRY: Well, about 55 percent  
22 stayed in New York. And actually about 13  
23 stayed right in the Southern Tier, which is  
24 an amazing number.

1                   So we're in places like Dunkirk,  
2                   New York, at a federally qualified health  
3                   center. We're in places in Yonkers and --  
4                   St. John's Riverside in Yonkers and  
5                   St. John's Episcopal actually down by the  
6                   city, another underserved urban area.

7                   Predominantly, as an upstate medical  
8                   school, we're in Western New York, the  
9                   Finger Lakes Region, and the Southern Tier.  
10                  Our primary affiliates are Rochester  
11                  Regional, the largest health system in  
12                  upstate New York; Mohawk Valley, in Utica;  
13                  and then Arnot Ogden Medical Center right in  
14                  Elmira.

15                  So those are the primary, but we have  
16                  a lot of smaller places like Olean, New York.  
17                  We rotate students through there as well. So  
18                  we have a lot of rural exposure that they're  
19                  able to get.

20                  ASSEMBLYMAN FRIEND: That's great to  
21                  hear.

22                  And then on your student-centered  
23                  curriculum, that's a little bit different  
24                  than other medical schools where you give

1           some different pathways for students to  
2           graduate. How do you set that up?

3                   DR. TERRY: We have a problem-based  
4           learning, so it would be a small group, eight  
5           students small and one-to-eight faculty to  
6           student ratio, where they learn the basic  
7           sciences in the context of a case discussion,  
8           as a doctor thinks, with a differential  
9           diagnosis.

10                   It's a very unique approach, but it  
11           better prepares them for the clinical setting  
12           but moreover prepares them very well for  
13           their boards. Our pass rate was 96 percent,  
14           which is excellent for a new school,  
15           actually well above the national average. So  
16           it's a very well vetted and well proven  
17           curriculum that we've used for about 25 years  
18           at LECOM.

19                   ASSEMBLYMAN FRIEND: Well, again,  
20           thank you. You've done wonders for the  
21           Southern Tier, and I hope that the model  
22           continues to grow throughout New York.

23                   DR. TERRY: Thank you.

24                   CHAIRWOMAN KRUEGER: Thank you.

1                   And I believe that comes to the end of  
2                   questioning for the three of you. Thank you  
3                   very much --

4                   PANELISTS: Thank you.

5                   CHAIRWOMAN KRUEGER: -- for being with  
6                   us this evening and for staying this late  
7                   with us.

8                   I'm going to call up Panel D, and  
9                   we're going to ask people on Panel E to also  
10                  head down.

11                  Panel D has lost No. 8, Popular  
12                  Democracy; they had to rush to something  
13                  else. So I am just calling up ACE!-Upstate  
14                  Alliance for the Creative Economy, and the  
15                  New York Film and Television Production  
16                  Industry Council.

17                  (Pause.)

18                  CHAIRWOMAN KRUEGER: Okay, if you  
19                  would just first introduce yourselves so the  
20                  people in the booth behind know who is who  
21                  when you go up on screen.

22                  Hi. There's a sweet spot just above  
23                  the "PUSH." It's a real challenge to master  
24                  these.

1 MR. QUIÑONES: I've got mine up. I've  
2 got mine on.

3 CHAIRMAN PRETLOW: You can't tap it,  
4 just hold it down.

5 MR. QUIÑONES: My name is Santiago  
6 Quiñones. It does say that I am with the  
7 industry council, but I'm not here  
8 representing the Production Council today,  
9 I'm just here on my own volition. I'm a line  
10 producer in New York, executive producer of  
11 television and film.

12 CHAIRWOMAN KRUEGER: Thank you.

13 MR. QUIÑONES: And thank you.

14 CHAIRWOMAN KRUEGER: And you are?

15 MR. ALDRICH: I'll use this one. So  
16 sorry about that. It's my first time, I'm  
17 nervous.

18 My name is Corey Aldrich. I'm the  
19 current executive director of ACE!-Upstate  
20 Alliance for the Creative Economy, which is  
21 based out of Saratoga Springs, New York, and  
22 represents for- and not-for-profit  
23 stakeholders across the Capital Region.

24 CHAIRWOMAN KRUEGER: Thank you.

1                   And why don't you please start. Thank  
2                   you.

3                   MR. QUIÑONES: Thank you.

4                   So I'll just -- I'll tell you briefly  
5                   what a line producer does. I'm sort of the  
6                   guy or the person that hires folks and also  
7                   does the budgeting and that sort of thing.

8                   And I've been doing producing in  
9                   New York for a long time. I've been in the  
10                  film industry for a very long time at this  
11                  point. And I have never seen the level or  
12                  the lack of production coming to New York as  
13                  I've seen in the last -- I would say in the  
14                  last year or so, in the last few months.

15                  The last project I did was  
16                  Blue Bloods. We worked -- it was 15 years of  
17                  employment for a lot of folks. We -- I think  
18                  about 90 percent of my crew is still calling  
19                  me looking for work, about a thousand people  
20                  that we hire.

21                  And I feel, you know, one of -- first  
22                  of all, I should have started by thanking you  
23                  for this opportunity. It feels like this is  
24                  a great privilege to be able to express this

1 situation that I'm not sure everybody's aware  
2 of.

3 And I want to leave you with a example  
4 of something we did with a young man named  
5 Martin P -- I'm not going to say his last  
6 name. His name is Martin. He was a  
7 stock boy at a supermarket. We were filming  
8 about 10 years ago in a supermarket in  
9 Brooklyn, and Martin worked so hard that we  
10 hired him as a PA. And then he worked up the  
11 ranks into the camera department and he  
12 became -- he got into the union, the  
13 Local 600 union, and he's today a  
14 gainfully -- I'm not sure he's gainfully  
15 employed because he's looking for work, but  
16 he's got a pension, he's got retirement, he's  
17 got a high-paying job when he gets the job.  
18 He's got three kids.

19 And we're very -- that's just one  
20 example of the kind of jobs that these  
21 incentives have brought. So I have to thank  
22 you for even having an incentive in New York  
23 State.

24 And with that, I can open up to some

1 questions.

2 CHAIRWOMAN KRUEGER: -- use your last  
3 minute? Oh, no, you've lost it now.

4 MR. QUIÑONES: I'm okay. You've been  
5 here long enough, and I want to thank you for  
6 that, so --

7 CHAIRWOMAN KRUEGER: That's okay.  
8 Thank you.

9 Sir?

10 MR. ALDRICH: Okay. Well, basically,  
11 thank you again for allowing me to be here as  
12 well. I'm going to leap right into it.

13 Creative workers are force  
14 multipliers. Where arts thrive, economic  
15 growth occurs. There is a reason why real  
16 estate developers chase the hotspot locations  
17 of creative economy workers: We are where  
18 everyone else wants to be.

19 Arts and culture add value that is  
20 extended beyond the individual to the  
21 community, and is in fact a sustaining  
22 lifeblood of our economy, mental health and  
23 soul.

24 I am here to help make the case that

1 New York needs a statewide creative economy  
2 plan. And to urge you to allocate resources  
3 to that end, I'll explore three key areas for  
4 consideration.

5 One, art is work. In the  
6 Capital Region we have seen explosive growth  
7 in that job sector. From 2013 to 2023, there  
8 was a 137 percent job growth in the  
9 independent artists, writers and performers  
10 categories. The nearest comparative  
11 non-creative economy industry analyzed was  
12 manufacturing coming in at only 11.4 percent.

13 New York State is a creative economy  
14 leader and needs to have the proper  
15 investment to support this kind of dynamic  
16 growth. Yet less than 5 percent of the  
17 state's major economic development grants  
18 flow to arts-related projects. This needs to  
19 change.

20 Art is also economic development.  
21 Artists and arts-based organizations know how  
22 to leverage resources into real value,  
23 included but not limited to economic value  
24 that impacts beyond themselves. And I

1 encourage you to look, in the documents I  
2 provided, to the Saratoga County IDA study  
3 that showed how SPAC as a single organization  
4 was creating over \$110 million in positive  
5 economic impact in a single calendar year.

6 Arts and artists and the entrepreneurs  
7 that create them are economic development.  
8 We need strategic and consistent allocation  
9 of resources to invest in this important part  
10 of New York's economy and, importantly,  
11 New York's identity as a world-class arts and  
12 cultural hub.

13 Art is also health. Countries across  
14 the world are moving to activate use of the  
15 arts to support health and well-being, saving  
16 on runaway healthcare costs and creating  
17 better quality of life, according to a recent  
18 study by the World Bank.

19 In conclusion, the creative economy  
20 thrives in places with strong arts  
21 infrastructure. That takes investment.  
22 Analysis shows that the creative economy is a  
23 prudent investment for New York and that we  
24 would be irresponsible not to consider that

1 with a more robust funding and strategic plan  
2 approach.

3 New York needs a statewide creative  
4 economy plan. I urge you to allocate  
5 resources for an intergovernmental effort to  
6 advance that initiative, and I thank you so  
7 much.

8 CHAIRWOMAN KRUEGER: (Mic off;  
9 inaudible.) Oh, okay. Assembly?

10 CHAIRMAN PRETLOW: Yes,  
11 Assemblyman Stirpe.

12 ASSEMBLYMAN STIRPE: Thank you, Chair.  
13 Santiago, can you talk a little bit --  
14 I mean, you said you haven't seen I guess a  
15 slowdown like this in a while. And can you  
16 tell us why you think that's happening?

17 MR. QUIÑONES: Sure. Yes, I'd love  
18 to. I think the fundamentals of the --

19 ASSEMBLYMAN STIRPE: Can you bring  
20 that a little closer to you? There you go.

21 MR. QUIÑONES: So I think the -- so  
22 the first thing is we have currently a very  
23 good tax incentive, but it's not competitive.

24 There are states like Georgia that,

1           you know, are sort of the model of what a  
2           competitive is. So for a long time we've got  
3           a -- New York became a television town, and  
4           Georgia became the movie town, because  
5           Georgia had the above-the-line, the actors,  
6           the writers and that sort of thing.

7                     The business has changed  
8           fundamentally. We now have streamers that  
9           want to have above-the-line -- you know, like  
10          Sylvester Stallone and big, big names. And  
11          so in order to afford that, they can't afford  
12          coming to a place like New York which already  
13          has higher -- already has higher rates.

14                    New York's also part of the -- we are  
15          in the majors contract, the union contracts,  
16          where outside of New York places like  
17          Georgia, they're under the area standards  
18          contract. Those are always 30 percent less  
19          on the wages, so we've got to compete. So  
20          it's just an urgent -- urgency to get us to a  
21          competitive level.

22                    ASSEMBLYMAN STIRPE: Let me ask you,  
23          all things being equal, would somebody pick  
24          New York to come and do their project other

1 than Georgia or New Jersey or Connecticut?

2 MR. QUIÑONES: I'm pretty confident.  
3 There are many reasons that New York, if all  
4 things are equal, New York's more efficient  
5 to shoot in. We have the best crews in  
6 New York, we've trained up those crews, we  
7 have the best locations in New York upstate,  
8 downstate. There's no matching New York for  
9 beauty.

10 As far as I'm concerned -- I did  
11 locations in New York for many, many years  
12 and I've traveled all over the world, and I  
13 can tell you with full certainty that  
14 New York is a great place to shoot.

15 ASSEMBLYMAN STIRPE: Okay.

16 Corey, you say we need a statewide  
17 creative plan. It's hard for us up here,  
18 unless somebody tells us how much is that  
19 gonna cost, that we can, you know, try to put  
20 something together. And what are the  
21 components of coming up with this plan?

22 MR. ALDRICH: Well, I think, you know,  
23 this is a discussion that probably doesn't  
24 get resolved in an immediate conversation as

1 simple as some of these other conversations.

2 But I think it's more of a methodology  
3 that we need to begin to consider on how do  
4 we wrap our hands around this \$1 invested  
5 yields back \$7 to \$9, and how can we  
6 distribute that kind of resource allocation  
7 equitably across the state? That needs a  
8 plan.

9 There are several plans that have come  
10 out recently that give us some metrics, but  
11 do not compile them on a statewide level.

12 ASSEMBLYMAN STIRPE: Okay, thank you.

13 CHAIRMAN PRETLOW: Assemblywoman  
14 Hooks.

15 ASSEMBLYWOMAN HOOKS: Good evening.  
16 And it really is evening.

17 Okay, I just have a couple of  
18 questions for Santiago.

19 MR. QUIÑONES: Yes.

20 ASSEMBLYWOMAN HOOKS: How effective  
21 have film tax credits been in keeping  
22 productions in New York?

23 MR. QUIÑONES: In the past they've  
24 been very, very effective. But predominantly

1           for television, not films. We get bits and  
2           pieces of films here in New York.

3                       I think when the upstate tax  
4           enhancement came in, I think we started to  
5           get a few more films and a few more  
6           television shows.

7                       ASSEMBLYWOMAN HOOKS: What can the  
8           state do to better compete with other states  
9           trying to lure away film production?

10                      MR. QUIÑONES: I think the core  
11           proposals that Governor Hochul has put  
12           forward would satisfy that requirement.

13                      ASSEMBLYWOMAN HOOKS: And my last  
14           question is, what workforce development  
15           programs are needed to ensure more local  
16           hiring in the industry?

17                      MR. QUIÑONES: That's a great  
18           question. I'm actually involved in a panel  
19           tomorrow with Reel Works. I think -- I think  
20           the unions in the last couple of years have  
21           been bringing folks in and they have been  
22           cooperating with Reel Works.

23                      And I think it's a matter of  
24           sustaining the work here. That I think

1 eventually will then bring people up. Sort  
2 of like Martin. You know, Martin -- Martin's  
3 a great example of that, and that's why I  
4 bring him up.

5 I feel like I'm a great example of  
6 that. I'm a New Yorker through and through,  
7 born and raised on the Lower East Side. I  
8 went to Syracuse, my daughter's at Syracuse.  
9 I love New York. And I think I don't want to  
10 go to Los Angeles to work.

11 ASSEMBLYWOMAN HOOKS: Thank you.

12 MR. QUIÑONES: Thank you.

13 CHAIRMAN PRETLOW: Assemblywoman  
14 Jackson.

15 ASSEMBLYWOMAN JACKSON: Thank you,  
16 Chair.

17 I'm a mom of an artist, so art is  
18 actually work. And she's on Broadway, so I'm  
19 very happy for that.

20 I actually came from a CTE school in  
21 the city before I became a legislator, a  
22 social worker for a CTE school, and we  
23 taught all the behind the scenes to creating  
24 film. So I get your work. I really

1 appreciate it. And I know how well the  
2 industry needs good staffing.

3 My question is why -- similar to my  
4 colleague, why -- why are we saying that film  
5 is not growing here? Is it because of taxes?  
6 What's happening?

7 MR. QUIÑONES: I think like -- look, I  
8 haven't done a study, I just want to be clear  
9 about that. I'm a producer in New York.

10 But what I've seen, in the 20-some-odd  
11 years that I've been doing this, is that the  
12 fundamentals of our business have changed  
13 dramatically, right?

14 So streaming, when it was -- when we  
15 were doing television shows here that were on  
16 the air that didn't have stars, that was  
17 cheaper, and below-the-line was covered with  
18 the incentive and all the reasons I brought  
19 up why shooting in New York is great was also  
20 in the equation.

21 But now that the above-the-line has  
22 gone up in terms of studio spend, they're not  
23 considering New York.

24 So I think that that's why this

1 above-the-line enhancement is going to make  
2 us -- it's going to level the playing field  
3 with anybody else out there.

4 I also think there's a chance with the  
5 Production Plus to be a leader in the country  
6 in terms of that sort of thing.

7 I hope I answered your question.

8 ASSEMBLYWOMAN JACKSON: Well, the  
9 streaming part, are we talking about like a  
10 Netflix-type streaming?

11 MR. QUIÑONES: Yeah, Netflix and  
12 Amazon, Apple -- but even Paramount. They're  
13 all bringing in big names and big talent.  
14 And unfortunately, we need them to have the  
15 jobs. Otherwise they won't be in New York.

16 I'm very clear on that, because  
17 normally this time of year I'm doing multiple  
18 budgets and talking to multiple people about  
19 certain deals, and that's not happening. And  
20 it's disconcerting.

21 ASSEMBLYWOMAN JACKSON: Got it. Thank  
22 you. Thank you, Chair.

23 CHAIRMAN PRETLOW: Assemblywoman  
24 Griffin.

1 ASSEMBLYWOMAN GRIFFIN: Thank you,  
2 Chair.

3 For Santiago, I find this very  
4 interesting. What -- with companies do you  
5 have -- are there companies that they are --  
6 you're doing the work and then they leave?  
7 Or is it just like a show gets canceled and  
8 then a new show doesn't crop up?

9 MR. QUIÑONES: It's a tricky question.  
10 I think there's a variation of that. It's  
11 hard to retain some of the companies here.

12 ASSEMBLYWOMAN GRIFFIN: Right.

13 MR. QUIÑONES: But when the company  
14 goes so it does the work -- I've never been  
15 in a business where -- I used to be in sales,  
16 you know? And I've never been in a business  
17 where I'm actually in charge of spending and  
18 in charge of writing that check. Which is a  
19 great privilege, but which is also scary at  
20 times.

21 But the fact is that that money is  
22 spent. You know, we spend it at the  
23 steakhouse. I've said that when Blue Bloods  
24 gets canceled, there's going to be a

1 recession in Greenpoint. You know? The  
2 grocery stores, the hair cutting place, the  
3 dry cleaners. The steakhouse that we have  
4 meetings every week at. So those kinds of  
5 things.

6 ASSEMBLYWOMAN GRIFFIN: Was  
7 Blue Bloods the last big show that you were  
8 involved with?

9 MR. QUIÑONES: Yes.

10 ASSEMBLYWOMAN GRIFFIN: And that had a  
11 long run, actually. I actually liked  
12 Blue Bloods myself.

13 MR. QUIÑONES: Mm-hmm. Thank you.

14 ASSEMBLYWOMAN GRIFFIN: So but with  
15 the streaming, it's amazing that with all the  
16 streaming, wouldn't there be some shows that  
17 would not be focused on big-name stars,  
18 just -- there just isn't, like they're not  
19 making those types of streaming shows.

20 MR. QUIÑONES: Probably in -- I'm  
21 sorry to interrupt. But, you know, like I  
22 said, I'm not the expert on what the  
23 programming is and also what's in the  
24 development chain.

1           I think that -- yes, you're absolutely  
2           right, there can be some shows that don't  
3           require those things, and hopefully we'll get  
4           back to that because then we'll have more  
5           shows and it's cheaper, you know.

6           But the thing I'm afraid of is that  
7           when the work goes away, that crew base also  
8           gets trained somewhere else.

9           ASSEMBLYWOMAN GRIFFIN: Right.

10          MR. QUIÑONES: I also know that for  
11          many years -- I worked abroad for seven  
12          years. I didn't want to work abroad. It  
13          sounds very glamorous but there used to be a  
14          reason why I would get hired. It was an  
15          American representing an American company  
16          abroad. These days they're very comfortable  
17          with the -- whoever they're hiring abroad.  
18          Plus their incentives incentivize them to  
19          hire their -- whoever it is, in Canada or  
20          wherever it is.

21          So I think that's the real danger  
22          here, is that we're going to lose that crew  
23          base --

24          ASSEMBLYWOMAN GRIFFIN: Right. Right.

1 Which is such a real professional skill base  
2 here.

3 Now, Georgia is a big competitor or  
4 has taken business away. What other states  
5 are --

6 MR. QUIÑONES: New Jersey,  
7 Massachusetts. There used to be some in the  
8 South. I think Texas has got a new tax  
9 incentive that's coming -- that's been  
10 enhanced as well.

11 But those are the big ones. Georgia  
12 is the model, if I were to model that, yeah.

13 ASSEMBLYWOMAN GRIFFIN: Right. And do  
14 you think the proposals that Governor Hochul  
15 has made will change things in a positive  
16 direction?

17 MR. QUIÑONES: Absolutely. I'm pretty  
18 impressed by the fact that a Governor has put  
19 that forward, yeah.

20 ASSEMBLYWOMAN GRIFFIN: Well, thank  
21 you very much.

22 MR. QUIÑONES: Thank you.

23 CHAIRMAN PRETLOW: A quick -- just a  
24 quick question. I'm a little -- I'm a little

1           confused about this above-the-line and  
2           below-the-line. You say that above-the-line  
3           is making it more expensive. Is that because  
4           the stars are also producers and, you know,  
5           it's always your executive producers as well  
6           as stars so they're getting paid twice and  
7           one gets the subsidy and one doesn't and  
8           it --

9                     MR. QUIÑONES: I'm not so sure that  
10           that is the game that's being played here,  
11           that somebody's trying to game it that way.  
12           I'm not implying that you're saying that.

13                    CHAIRMAN PRETLOW: No, because I've  
14           noticed, every show I've watched -- you  
15           brought up Blue Bloods. You know, Tom  
16           Selleck was the executive producer as well as  
17           the star and that's --

18                    MR. QUIÑONES: Yes, there's a good  
19           reason for that. What they want is control  
20           over the creative. They want control over  
21           the writing and over their own image, you  
22           know, with what's being put forward, they  
23           want control of editing.

24                    So it's not so much about the money,

1           it's about what kind of control that gives  
2           you. And so that's the nature of that piece.  
3           I can't speak for every show, obviously.

4                         But when I say "above the line," I  
5           mean the writers -- we had all our writers  
6           that lived here in New York and spent their  
7           money here and had their kids here and go to  
8           school here. Our editors, you know, they  
9           were all here, post-production, those kinds  
10          of things.

11                        CHAIRMAN PRETLOW: Okay. Because I  
12          know that they are filming in New York. I  
13          mean, the filming of Raising Kane or Raising  
14          Kanan or, right outside my office all the  
15          time in Mount Vernon, some serious -- you  
16          know.

17                        But they really don't do much shopping  
18          in the neighborhood, they bring their own  
19          food truck and they've got a lot of people  
20          cued up in the parking lot, they do their  
21          thing, get in their cars and they leave.

22                        MR. QUIÑONES: Yeah. But they  
23          probably spent money at the local church. I  
24          hope they did a donation, because they should

1 have given a donation --

2 CHAIRMAN PRETLOW: Well, the city  
3 charges them to close the streets, that's  
4 about it.

5 MR. QUIÑONES: Yeah, but they should  
6 do a donation. And if they don't, I'd like  
7 to call them up.

8 (Overtalk.)

9 MR. QUIÑONES: There's police that's  
10 hired. You know, the local police is hired,  
11 the police chief. And there's money spread  
12 around. I'm sure the food -- I'm sure you  
13 hear from the retailers and that sort of  
14 thing and they're complaining, but there's  
15 also loss of business that we'd pay out  
16 whenever we impact a business.

17 Those things that only get calculated  
18 when anybody considers what kind of money is  
19 being given back. But things do happen. I  
20 mean, we spend it.

21 We also buy fuel in the area when  
22 we're there. We park, so we pay for parking.  
23 I mean, individual parking, right? There's  
24 tolls that go to New York State. And now

1 congestion pricing.

2 CHAIRMAN PRETLOW: And you're saying  
3 that the Governor's proposal is something  
4 that you could live with or it would be --

5 MR. QUIÑONES: I don't want to speak  
6 for everybody. I'm impressed by it. I am  
7 impressed that it would be a vanguard in the  
8 industry, and it's -- the Production Plus is  
9 impressive.

10 CHAIRMAN PRETLOW: Okay. And does the  
11 community make any money if the production  
12 only does exteriors?

13 MR. QUIÑONES: Yes.

14 CHAIRMAN PRETLOW: So they'll do the  
15 exteriors, but they'll do all the filming in  
16 Toronto, but they'll shoot the outside of a  
17 building in New York and call it a New York  
18 scene.

19 MR. QUIÑONES: Right. So that -- that  
20 is --

21 (Time clock sounds.)

22 MR. QUIÑONES: I can get back to you  
23 on that. I've been here long enough to know  
24 you can say that.

1 (Laughter.)

2 CHAIRMAN PRETLOW: Thank you.

3 CHAIRWOMAN KRUEGER: Thank you.

4 All right, with that, we're going to  
5 thank both gentlemen for staying with us  
6 through tonight.

7 MR. QUIÑONES: Thank you. This is a  
8 great privilege. This is my first time doing  
9 it.

10 MR. ALDRICH: Thank you so much.

11 CHAIRMAN PRETLOW: Oh, I'm sorry.  
12 Assemblywoman Shimsky.

13 CHAIRWOMAN KRUEGER: Excuse me, you  
14 don't get away.

15 CHAIRMAN PRETLOW: Sorry. Sorry.

16 CHAIRWOMAN KRUEGER: His fault.

17 CHAIRMAN PRETLOW: My fault.

18 ASSEMBLYWOMAN SHIMSKY: Thank you,  
19 Mr. Chairman.

20 I wanted to talk to Mr. Quiñones  
21 first. I represent Yonkers and Hastings, and  
22 we are seeing a lot of expansion in terms of  
23 land use with film and television production.

24 Is that -- so I assume that we're

1 really an outlier? Or is there something  
2 else here that needs to be seen?

3 MR. QUIÑONES: So when you say  
4 expansion, I think you're talking about  
5 footprint of studios, right?

6 ASSEMBLYWOMAN SHIMSKY: Yes. Yes.

7 MR. QUIÑONES: Those are private  
8 investors or supplier speculators who built  
9 those studios. But they also rely on the  
10 films to come, and that doesn't always  
11 happen.

12 So they've put a great -- you know,  
13 whether it's borrowed money or whatever it  
14 is, they've invested in that. And we'd like  
15 to see them stay, for sure. It's a great  
16 thing. And that's because of the enhancement  
17 that was done for upstate.

18 ASSEMBLYWOMAN SHIMSKY: Okay.

19 MR. QUIÑONES: Right? So --

20 ASSEMBLYWOMAN SHIMSKY: Okay.

21 MR. QUIÑONES: And thank you for  
22 pronouncing my name correctly.

23 (Laughter.)

24 ASSEMBLYWOMAN SHIMSKY: Also is

1 post-production a big part of the sector in  
2 New York, or does that work tend to go to  
3 other places?

4 MR. QUIÑONES: So pre-COVID we saw  
5 that incentive working the way it should.  
6 Post-COVID got a little tricky.

7 But I know that shows do require their  
8 folks here -- because when that person works  
9 in Los Angeles or wherever they may work, we  
10 don't get that money back. So -- or when I  
11 say "we," I mean the show doesn't get that  
12 money, that tax incentive money back.

13 So in the case of Blue Bloods, we did  
14 all our post work here, including the  
15 processing of -- the digital processing and  
16 that sort of thing.

17 ASSEMBLYWOMAN SHIMSKY: Is there a  
18 chance that with the result of the wildfires  
19 we might see more post-production moving out  
20 here? I happen to say that because I know a  
21 film editor who lost her house.

22 MR. QUIÑONES: No, it's a very, very  
23 sad situation. I know a lot of people that  
24 have been affected by it.

1 I can't speculate on that. I do --  
2 you know, the work has become more remote and  
3 off of a laptop more than it ever has been.  
4 But I think when the work comes here, it  
5 brings that in with it, because there is an  
6 incentive, there's a large incentive to  
7 bring -- to keep post here in New York. At  
8 least I've seen it on day-to-day when we were  
9 doing budgeting.

10 ASSEMBLYWOMAN SHIMSKY: Okay. Thank  
11 you to you. Thank you, Mr. Aldrich. You're  
12 doing such wonderful, visionary things by  
13 coming here and making us think about these  
14 things. And I hope that we'll be able to  
15 continue to move forward, because New York  
16 has always been a great arts place and now we  
17 need to do -- to move into the next century.

18 MR. QUIÑONES: Well, I'm pretty  
19 impressed by how late and how hard you all  
20 work, so this is my first time seeing this.  
21 Thank you so much.

22 ASSEMBLYWOMAN SHIMSKY: Thank you.

23 CHAIRWOMAN KRUEGER: Thank you.

24 Now I'm going to excuse you, and I am

1 going to call up Panel E. We'll see how many  
2 people are left. I know by now often people  
3 have had to leave.

4 So I think we are calling  
5 Rachael Lorimer, Studio OSYARI;  
6 Rafael Espinal, from Freelancers Union;  
7 Sarah Calderon, from Creatives Rebuild  
8 New York; Gully Stanford, the replacement for  
9 William Jones, New York State Alliance for  
10 Arts Education; Candace Thompson-Zachery,  
11 DanceNYC; and Elizabeth Lane, ArtsNYS.

12 And we've got a pile of people here,  
13 so maybe they really did all stay.

14 Good evening. Okay, six for six.  
15 Very impressive. Okay, we're going to start  
16 at the right side. You're just going to say  
17 your name first so the folks who are still up  
18 there in the booth -- they're still alive --  
19 know what name to put with what picture.

20 Please.

21 MS. SWAN: Good evening. I am  
22 Jen Swan, and I am with ArtsNYS, in place of  
23 Elizabeth Lane for ArtsNYS.

24 MS. THOMPSON-ZACHERY: Candace

1 Thompson-Zachery, DanceNYC, co-executive  
2 director.

3 MR. ESPINAL: Rafael Espinal,  
4 president of Freelancers Union, former  
5 State Assemblymember.

6 CHAIRWOMAN KRUEGER: Right. I knew he  
7 looked familiar.

8 MS. CALDERONE: Sarah Calderone, the  
9 executive director of Creatives Rebuild  
10 New York.

11 MS. LORIMER: I'm Rachael Lorimer, I'm  
12 an independent artist and owner of a small  
13 print shop called Studio OSYARI in Troy,  
14 New York.

15 MR. STANFORD: Good evening. Gully  
16 Stanford from Dutchess County, representing  
17 the New York State Alliance for Arts  
18 Education.

19 CHAIRWOMAN KRUEGER: Thank you.

20 So now we're going to go back to my  
21 right and start there, and you're each going  
22 to go down. And you press the button until  
23 it turns green; it's a little challenging.

24 Okay.

1 MS. SWAN: Good evening, everyone. I  
2 am Jen Swan. I am actually the director of  
3 Arts Services, Inc., of Western New York, in  
4 Buffalo, but I'm here tonight representing  
5 ArtsNYS as the president.

6 ArtsNYS wants to thank the Governor,  
7 the Senate and the Assembly for your ongoing  
8 leadership and support for the millions of  
9 artists, designers, and the creative economy  
10 in New York State.

11 We urge the Legislature to invest in  
12 the arts and fund NYSCA at \$200 million.  
13 This investment supports over 1600  
14 organizations and thousands of artists  
15 through direct NYSCA grants who then fuel  
16 local business spending, drive tourism, and  
17 enhance the quality of life for all  
18 New Yorkers.

19 We also support NYSCA's Statewide  
20 Community Regrant Program, which was  
21 discussed earlier, which empowers local arts  
22 councils to distribute grants through a local  
23 decision-making process, ensuring that state  
24 arts funding reaches communities in all

1           62 counties, especially to those counties  
2           that don't receive direct NYSCA support.

3                   The arts are more than part of  
4           New York's identity; they're a pillar of our  
5           economy, delivering a powerful return on  
6           investment. And let me give you some  
7           examples of that. The arts contribute  
8           151 billion annually to New York's economy,  
9           accounting for 7.4 percent of the gross state  
10          product and employing over 461,000 people.

11                   In my region of Western New York  
12          specifically, the nonprofit arts sector  
13          generates \$381 million annually and supports  
14          over 8,200 jobs. This produces \$22.5 million  
15          in state tax revenue. That's more than six  
16          times the amount of what the Western New York  
17          region receives in NYSCA funding.

18                   On the other side of the state, on  
19          Long Island, arts organizations generate  
20          \$330 million and return \$12.4 million in  
21          state tax revenue -- five times the amount  
22          the region receives from NYSCA.

23                   This investment in NYSCA pays for  
24          itself many times over, not only financial

1 but also through job consideration creation  
2 and encouraging residents to stay here and  
3 others to call New York State their new home.  
4 We talked about this earlier, but when Micron  
5 chose Central New York for its \$100 billion  
6 semiconductor facility, they cited the  
7 region's vibrant arts scene as a key factor  
8 in their decision.

9 In every region of the state, artist  
10 populations have been rising, even in regions  
11 where the total population is going down.  
12 The Mohawk Valley artist population has grown  
13 over 49 percent, and in the Capital Region  
14 and in the North Country, by over 41 percent.

15 In closing, we support the creation of  
16 a creative economy plan in New York State as  
17 well, to explore innovations in culture  
18 funding and assess potential new revenue  
19 streams. At a time when corporate, federal  
20 and private arts funding is retreating,  
21 New York State must continue to be the  
22 leader.

23 The Leg has the power to secure  
24 New York's creative future. By funding NYSCA

1 at 200 million, you will ensure that the arts  
2 continue to drive economic growth and ensure  
3 that every New Yorker has access to art.

4 Thank you.

5 MS. THOMPSON-ZACHERY: Thank you for  
6 your time today. My name -- you already know  
7 my name. I work at Dance/NYC, which is a  
8 service organization for the dance industry  
9 in the New York City metro area.

10 So I'm here to make the case for a  
11 statewide creative economy plan to  
12 strategically build a stronger safety net for  
13 our workers, and to create new revenue  
14 streams for arts and culture, to support the  
15 200 million budget allocation for NYSCA to  
16 support organizations, individuals and  
17 localities, to support arts and dance  
18 education by passing S285/A1502 bills to  
19 ensure that the next generation has access to  
20 dance, music and the arts, and finally to  
21 support Bill A2607 to increase resources for  
22 culturally diverse arts and culture  
23 organizations.

24 2025 has only intensified challenges

1 for the arts and dance industries, while we  
2 are still grappling with the pandemic's  
3 impact on our economic model and on how our  
4 schools and communities engage with and  
5 support the arts. These new challenges  
6 include a disastrous federal climate and  
7 rhetoric turned policy that attacks DEI and  
8 LGBTQIA+ rights and equity-centered  
9 practices. And above all, the arts continue  
10 to be infantilized, seen as something extra  
11 rather than essential.

12 In times of instability we need our  
13 local governments to be leaders, to step up,  
14 to fill gaps and to create solutions that  
15 safeguard us now and against future threats.  
16 The arts, dance and its workers deserve their  
17 due. What we bring to society has real  
18 value, value that must be backed by dollar  
19 signs.

20 Sixty-four percent of New York City  
21 dance workers fund their own work from their  
22 pockets, earning 24 percent below New York  
23 City's living wage; 40 percent of dance  
24 organizations report weak or very weak

1 financial health, while reliance on  
2 contributed income is rising; 37 percent of  
3 dance workers lack medical coverage, and  
4 82 percent are not unionized; and statewide,  
5 41 percent of artists report that they are  
6 one medical emergency away from crisis.

7 With our workforce being mostly  
8 freelance, we are particularly vulnerable,  
9 and New York must meet them where they're at  
10 through strong funding, creative economy  
11 planning, and arts education policy.

12 There are real solutions to be had for  
13 funding if we look to other jurisdictions.  
14 Minnesota passed a constitutional amendment  
15 creating a 3/8th percent sales tax,  
16 permanently funding its arts and cultural  
17 heritage fund. A local government in  
18 Northern California is rethinking how to use  
19 publicly owned vacant buildings to regenerate  
20 new revenue for its arts and culture  
21 programs, and New York is not short on  
22 options. But failing to act means neglecting  
23 a very powerful revenue-generating industry  
24 and its impactful community leaders who are

1 fighting social isolation, fostering social  
2 and emotional learning, and elevating  
3 diverse, rich cultures.

4 Thank you.

5 MR. ESPINAL: Good evening,  
6 Chairpersons Krueger, Pretlow and members of  
7 the committee. My name is Rafael Espinal,  
8 and I am the president of the  
9 Freelancers Union.

10 Thank you for the opportunity to allow  
11 me to speak today on behalf of the union and  
12 the over 150,000 self-employed workers we  
13 represent across the state -- especially the  
14 creative professionals who are the heartbeat  
15 of our state's economy and culture. From  
16 artists, writers and photographers to  
17 musicians, designers and so many more, these  
18 workers drive billions in revenue and give  
19 New York its unique energy and vibrancy.

20 Just last August we celebrated a  
21 historic victory with the "Freelance Isn't  
22 Free" Act. Thanks to the leadership of  
23 Senator Andrew Gounardes and Assemblyman  
24 Harry Bronson, we secured vital protections

1 for freelance creatives, making New York one  
2 of the first states in the country to  
3 safeguard workers from nonpayment. This was  
4 a huge win, and we should be proud, but we  
5 all know that that fight doesn't end there.

6 Alongside Sarah Calderon and the  
7 incredible team at Creatives Rebuild  
8 New York, we are pushing for a statewide  
9 creative economy plan because too many  
10 creatives are being pushed out of the state,  
11 squeezed by skyrocketing living costs and  
12 unstable income.

13 Creative workers, like so many in our  
14 state, are denied the basic protections --  
15 healthcare, paid leave, retirement savings  
16 should not be viewed as luxuries but as  
17 necessities. A recent survey from Creatives  
18 Rebuild New York revealed that 41 percent of  
19 artists in New York are just one medical  
20 emergency away from financial ruin.

21 This isn't just a statistic, it's a  
22 crisis we can no longer ignore. When I  
23 became president of the Freelancers Union  
24 five years ago, I saw firsthand how fragile

1 our system was, especially when the pandemic  
2 hit. It exposed just how vulnerable  
3 freelancers are without a safety net, but it  
4 also showed us what's possible. When we  
5 advocated for pandemic unemployment  
6 assistance, we were able to extend benefits  
7 to independent workers for the first time in  
8 this state's and country's history. It  
9 proved that with the right policies we can  
10 protect workers and lift up the most  
11 vulnerable.

12 But we need more than just temporary  
13 fixes. All workers need a system that works  
14 for them no matter where their next job comes  
15 from. This is why portable benefits are so  
16 critical. No one should have to worry about  
17 not being able to afford healthcare or paid  
18 time off or how to build retirement savings.  
19 Benefits should follow the worker, not the  
20 job.

21 This is about fairness, dignity and  
22 building a system that works for all workers  
23 in New York. It's a smart American solution  
24 to an urgent problem. We've made important

1           strides, but the work is far from finished.  
2           This Legislature has taken significant steps  
3           to expand benefits for creative workers, but  
4           we now must complete the job.

5                     I urge the Legislature to fund and  
6           implement a statewide creative economy plan  
7           that includes portable benefits for all  
8           New Yorkers -- for all workers in New York.  
9           Investing in the future of our creative  
10          economy isn't just an economic decision,  
11          it's an investment in the very soul of  
12          New York.

13                    Thank you all.

14                    MS. CALDERON: Good evening, and thank  
15          you for having us this evening.

16                    I'll skip some of the data that's  
17          already been repeated over and over again.

18                    Creatives Rebuild New York for the  
19          past three years has provided 2700 artists  
20          with guaranteed income and with jobs. And  
21          then also did a survey for 13,000 artists,  
22          and that's where a lot of this data is coming  
23          from.

24                    I'll skip to the part about sort of

1 the creative economy plan. So we believe  
2 that a statewide creative economy plan can  
3 help government study new opportunities to  
4 address the needs of creative organizations,  
5 businesses and workers, and include concrete,  
6 coordinated proposals for new investments,  
7 programs and legislative initiatives.

8 New York will not be alone in this  
9 endeavor. Washington, Illinois, Delaware,  
10 Massachusetts and California have these  
11 plans. California passed legislation to  
12 formalize its creative economy planning  
13 process. Supported by a legislative  
14 appropriation of a million dollars, they have  
15 a working group that's mandated to draw upon  
16 cross-sector expertise, including  
17 representation from county and city  
18 associations, multiple arts disciplines,  
19 higher education institutions, state economic  
20 and workforce development agencies, a  
21 federally recognized Indian tribe, and other  
22 relevant parties.

23 New York's plan can take a  
24 cross-sector approach, and the plan can

1 identify opportunities to expand benefits and  
2 labor protections for creative workers, as  
3 Rafael mentioned; portable benefits pilots;  
4 new existing ways to use existing economic  
5 development tools -- so increasing funding  
6 for economic development projects that  
7 integrate arts and culture; opportunities to  
8 build a strong pipeline for creative workers  
9 to access quality jobs; creating artist  
10 employment programs to address environmental,  
11 health and safety needs in communities;  
12 potential innovations in arts and cultural  
13 funding, as Candace mentioned, creating new  
14 revenue streams for arts and culture and  
15 opportunities to ensure creative New Yorkers  
16 can meet their basic needs; incentivizing the  
17 development of affordable housing in places  
18 in New York with high concentrations of  
19 creative workers.

20 A statewide creative economy plan  
21 should be supplemented by increased funding  
22 for NYSCA: A budget of \$200 million, which  
23 includes \$150 million for programming and  
24 \$50 million for capital.

1                   These investments will help further  
2                   the activities needed in a statewide creative  
3                   economy plan. Advancing these policies and  
4                   strategies in an integrated, coordinated way  
5                   is a more cost-efficient approach than  
6                   piecemeal solutions.

7                   We are grateful for the organizations  
8                   standing with us today and those that  
9                   provided written testimony, including the  
10                  Creative States Coalition, New Yorkers for  
11                  Culture and Arts; Entertainment Community  
12                  Fund; Black Artists Collective; and  
13                  Henry Street Settlement.

14                  Thank you.

15                  MS. LORIMER: Thank you. My name is  
16                  Rachael Lorimer. I'm a painter and  
17                  printmaker and earned my BFA from the  
18                  Cooper Union in 2006. I'm a homeowner and  
19                  small business owner, operating a printmaking  
20                  studio in downtown Troy, where I live with my  
21                  husband and son.

22                  I'm also here to help make the case  
23                  that New York needs a statewide creative  
24                  economy plan and urge you to allocate

1 resources to advance this work and to support  
2 sustainable employment for artists.

3 So what do artists even do? It's a  
4 big variety. I am here today as an artist to  
5 share just one example of what our work can  
6 entail and look like. In 2022, CRNY's Artist  
7 Employment Program established a framework  
8 for my employment as an artist in a non-arts  
9 organization, to our mutual benefit. Our  
10 project also received additional funding from  
11 NYSCA's Statewide Community Regrant Program.

12 Our community development and arts  
13 partnership addressed housing challenges in  
14 Hillside North, a long disinvested  
15 neighborhood in Troy negatively impacted by  
16 redlining, the continued loss of employment  
17 opportunities, and physical fracturing by the  
18 DOT's development of the Collar City Bridge  
19 in the 1970s.

20 Our partnership amplified the voices  
21 of Hillside North residents by exploring  
22 their relationship to their homes and  
23 community. We built trust and engagement  
24 through interviews, with group conversations

1 with neighbors, intergenerational arts  
2 programming, and over 300 voluntary hours  
3 from residents of all ages. We leveraged  
4 music and art to center community voice as a  
5 true and valid historical record, and invited  
6 residents to view themselves as agents of  
7 change in their neighborhood.

8 We curated space for nuanced  
9 listening, tolerance, and reclaiming  
10 ownership of their neighborhood story and  
11 identity. This is how you build belonging.

12 CRNY's Artist Employment Program  
13 provides a glimpse of what could be  
14 accomplished with consistent employment  
15 opportunities and statewide recognition of  
16 our impact as a creative workforce. It  
17 offers a roadmap for government agencies and  
18 community-based organizations to explore  
19 extended partnership with artists in  
20 addressing shared goals.

21 Our creative work is often aligned  
22 with government efforts to address  
23 environmental, health and safety issues in  
24 our communities, particularly gun violence.

1 Artists and culture workers are a grossly  
2 underutilized workforce. We interpret and  
3 evaluate our world in ways that increase  
4 civic engagement and community investment.

5 I urge you to support a statewide  
6 creative economy plan, including a  
7 feasibility and benefits analysis of artists  
8 employment programs. We're specifically  
9 trained to create something from nothing, an  
10 incredibly critical skill set in a time of  
11 rapid change. We encourage you to examine  
12 the ongoing investment and contribution from  
13 artists and our role in sustaining an  
14 economically robust, safe and vibrant  
15 New York.

16 CHAIRWOMAN KRUEGER: Thank you.

17 And last but not least.

18 MR. STANFORD: Thank you. Esteemed  
19 chairs, honorable legislators, on behalf of  
20 the New York State Alliance for Arts  
21 Education, we wish to lend our voice to the  
22 chorus you have heard of creative advocates  
23 urging you to support the \$200 million  
24 appropriation to the New York State Council

1 on the Arts.

2 We also endorse your embracing the  
3 proposal to create a cultural economic plan  
4 for the state.

5 While acknowledging that advocating  
6 for a state investment in public education  
7 through the education budget remains our  
8 priority, as the New York State Alliance for  
9 Arts Education we appreciate the opportunity  
10 to testify to the immense value that NYSCA  
11 funding brings to key intersections between  
12 the informal world of community artists and  
13 the formal world of lifelong arts education.

14 Firstly, community collaborations  
15 deliver hundreds of enrichment programs to  
16 millions of lifelong learners in our schools,  
17 colleges and trade schools. As you know, the  
18 New York Regents are in the process of  
19 adopting new pathways to post-secondary  
20 success, the Portrait of a Graduate whose  
21 success will depend in large part on such  
22 collaborations.

23 Secondly, as the artistic capital of  
24 the United States, we must sustain a pipeline

1 of talent in every arts discipline to ensure  
2 the continued health of our creative economy  
3 and equality of opportunity for all our  
4 creative learners. Recent budgets have  
5 rightfully singled out Broadway and the film  
6 industry for key support. But without arts  
7 education, that pipeline of talent will fail.  
8 Such talent sparks the intrinsic human link  
9 to the creative workforce and blossoming  
10 communities which we all celebrate, nurtured  
11 by the grants that your NYSCA appropriations  
12 provide.

13 As the Governor puts it, "New York's  
14 creative sector is a key driver of economic  
15 growth that employs hundreds of thousands of  
16 New Yorkers."

17 We're grateful to you and to the  
18 Governor for your efforts to restore and  
19 expand arts funding, including the  
20 implementation of the Arts Pluribus Unum  
21 Fellowship Program; additional staffing, as  
22 the Governor proposes, for NYSCA; and  
23 enactment of the state's first Regions of  
24 Cultural Significance bill.



1           you're looking for now, I think, is like more  
2           of a public/private partnership, where the  
3           state contributes some, the foundations or  
4           whoever else will also contribute to that.

5                     Do you have a budget of how much that  
6           would all cost?

7                     MS. CALDERON: Sure. CRNY was  
8           established during the Reimagine New York  
9           Commission and then funded with a  
10          \$125 million investment from the Ford,  
11          Niarchos and Mellon foundations.

12                    And I think for sustainability and  
13          really thinking about how to make this work  
14          stick, right, we demonstrated that guaranteed  
15          income for artists worked, we demonstrated  
16          that artists' employment worked.

17                    We are looking for a public-private  
18          partnership. California did invest a million  
19          dollars in their creative economy plan. But  
20          I think that the state could do something  
21          that's maybe not quite -- you know, we have a  
22          lot of data across the state. It's a lot  
23          about gathering it and then talking to  
24          appropriate people and thinking about sort of

1           how to roll out that plan. But I think that  
2           you could think about something sort of half  
3           of that. That might be more appropriate.

4                     ASSEMBLYMAN STIRPE: Five hundred  
5           thousand dollars.

6                     MS. CALDERON: Five hundred thousand.

7                     ASSEMBLYMAN STIRPE: Okay, thank you.

8                     CHAIRMAN PRETLOW: Assemblywoman  
9           Shimsky.

10                    ASSEMBLYWOMAN SHIMSKY: Thank you very  
11           much. And thanks to all of you.

12                    My younger child was a dance major. I  
13           cannot imagine how dancers can go without  
14           health insurance.

15                    Now, that leads into the whole concept  
16           of portable benefits. I assume there may be  
17           different models in different locations, but  
18           what are some of the possibilities for  
19           structuring a portable benefits program for a  
20           large number of disparate workers?

21                    MS. CALDERON: I'll start, and then I  
22           think Rafael knows quite a bit about this  
23           subject as well.

24                    When we had -- when CRNY ran our

1 Artists Employment Program, we had 300  
2 artists employed; 170 of them were part of a  
3 portable benefits platform called Tribeworks.  
4 Tribeworks held the employment, the W-2  
5 employment, all of the insurance, and  
6 provided healthcare benefits for small  
7 organizations that could not do that. That  
8 was part of a requirement of the funding. In  
9 order to make it happen, we worked with  
10 Tribeworks.

11 Tribeworks also was able to take  
12 1099 workers and take all of their 1099s from  
13 various jobs and then convert them to W-2  
14 employment and provide benefits as well.

15 But then there are other models out  
16 there as well, like Stride Health has been  
17 working with DoorDash and Uber, and they've  
18 been providing what they're also calling  
19 portable benefits, but it doesn't come with  
20 any worker protections. But it does come  
21 with sort of portable savings accounts that  
22 folks can use for their benefits.

23 And CRNY in the next -- before June is  
24 doing a sort of small feasibility study of

1           what the options for creative workers could  
2           be.

3                       But Rafael?

4                       ASSEMBLYWOMAN SHIMSKY: You have a  
5           minute and six seconds.

6                       MR. ESPINAL: I think Sarah had a lot  
7           of great points, especially overseeing them  
8           on the private side.

9                       But on the public side, right,  
10          government already has done some of this  
11          work, right? Here in the State of New York,  
12          we do have a paid leave program in which  
13          independent workers, which includes creatives  
14          and artists, can pay into in order to take  
15          paid family leave to take care of a sick  
16          family member for themselves.

17                      So how do we replicate those models  
18          and expand that to retirement, looking at  
19          healthcare -- of course we have our own  
20          healthcare system that exists, but you can  
21          talk to a lot of artists, healthcare truly is  
22          not affordable for a lot of folks. We can  
23          look at the unemployment program that I  
24          mentioned earlier, pandemic unemployment

1 assistance, right? That was a government-led  
2 program that for the first time freelancers  
3 and artists were able to tap into  
4 unemployment insurance.

5 So really looking at those models,  
6 finding a way in which independent workers  
7 and their clients can pay into so that at the  
8 end of the day when they need to tap into  
9 that, they have access to those programs.

10 ASSEMBLYWOMAN SHIMSKY: Okay, great.

11 Six seconds. Mr. Jones, one day we  
12 are going to have to meet.

13 (Laughter.)

14 CHAIRMAN PRETLOW: Assemblywoman  
15 Hooks.

16 ASSEMBLYWOMAN HOOKS: Good evening,  
17 everyone. My questions are for  
18 Rafael Espinal.

19 One is what legislative changes can  
20 help freelancers get better protections,  
21 especially in creative industries?

22 MR. ESPINAL: What legislative  
23 protections? Well, you know, just last year  
24 we passed the "Freelance isn't Free" Act.

1 That created nonpayment protections for  
2 independent workers for the first time in the  
3 State of New York. And the State of New York  
4 became one of the first three states in the  
5 country, just last year, to do that.

6 We mentioned earlier portable  
7 benefits, right? How do we create paid leave  
8 or a paid leave model looking at the  
9 unemployment insurance program and expanding  
10 that to include independent workers.

11 We look at the retirement, right, the  
12 state passed the Secure Choice Act, I think  
13 that's the name of the program. Right? It  
14 does not currently include independent  
15 workers or creatives. How do we expand that  
16 to include those folks as well?

17 So as I mentioned, there are a few  
18 models and I'd love to talk more about that  
19 with you, of how we can do that  
20 legislatively.

21 ASSEMBLYWOMAN HOOKS: Great, thank  
22 you. And the second question, last question,  
23 is what policies can help ensure fair pay and  
24 legal protections for gig workers?

1 MR. ESPINAL: (Pause.) It's a very  
2 tough, complicated question, right? And, I  
3 mean, there -- I think that it's become a  
4 very convoluted conversation because there is  
5 app-based work. There are professional  
6 independent workers who are out there on  
7 their own, building their client base. You  
8 have the creatives who -- dancers and workers  
9 who are out in their industries securing  
10 jobs, placement for themselves, right.

11 So I think we have to look at -- and  
12 there's some models that were done in  
13 New York City, right. If you look at how we  
14 were able to rein in -- when I say "we," I  
15 was in the New York City Council at the  
16 time -- we were able to rein in Uber to pay a  
17 minimum wage for the drivers who they  
18 classified as independent contractors.  
19 Right?

20 How do we look at those policies and  
21 expand that so that dancers or other creative  
22 workers, when they're putting in their time  
23 at the end of the day they are not being left  
24 in a position where they're earning less than

1 the minimum wage. Right? I think that's a  
2 good start, and then building from there.

3 ASSEMBLYWOMAN HOOKS: Thank you.

4 MS. THOMPSON-ZACHERY: Hi. Yeah, I  
5 might also add there's a role for I guess  
6 like industry advocates like my organization  
7 to create industry standards. We do fall  
8 into this place where because there isn't  
9 enough general funding in the arts, small  
10 dance organizations and companies can't  
11 afford to pay what a living wage actually  
12 would be to their workers, and so their  
13 workers are basically subsidizing their labor  
14 because of their passion and how much they  
15 believe in the projects.

16 So it's a tricky situation. But I  
17 think the other angle that we can look at it  
18 is trying to enforce more of a living wage  
19 across the board, right? Like the living  
20 wage for New York City right now is \$29 an  
21 hour, whereas the minimum wage is nowhere  
22 near that.

23 CHAIRMAN PRETLOW: Thank you.

24 Assemblywoman Kassay.

1 ASSEMBLYWOMAN KASSAY: Very good.

2 Thank you, Chair.

3 Good evening. Even in this very late  
4 hour I was very energized by the melodic and  
5 poetic testimony of Mr. Jones. So thank you  
6 for that.

7 Too often we talk about arts in a  
8 vacuum. And additionally, as one of my  
9 colleagues pointed out earlier, there's --  
10 sometimes the arts are perceived as not  
11 having a valuable product. They're minimized  
12 in this way. Not my opinion. I'm a great  
13 appreciator of the arts as well as a women  
14 with a science background.

15 So does anyone want to touch upon  
16 New York's efforts to keep the A in STEAM  
17 education? Let's hear it, Mr. Jones.

18 MR. STANFORD: Absolutely, thank you  
19 very much.

20 Yes, the arts being defined as art,  
21 music, theater, dance and the media arts in  
22 our public education through NYSED, we are  
23 seeing in this new Portrait of a Graduate  
24 from the Regents a coming together of

1           proficiencies and abilities, post-secondary  
2           readiness. Because of course the big blame  
3           on public education is that we're not  
4           preparing our high school graduates for  
5           success either in the workforce or as  
6           entrepreneurs, as has been discussed here  
7           today, all moving on to post-secondary.

8                        So by weaving the creativity into the  
9           science, technology, engineering and math, we  
10          are seeing some remarkable -- there's a group  
11          that presented here for the work session that  
12          Senator Serrano and Assemblymember Kim did.  
13          They're from Patchogue, in Long Island, and  
14          they do a brilliant job of bringing together  
15          science, education and -- because it's really  
16          about educating the child. The child is not  
17          divided into 10 subject areas. The child is  
18          a person, a whole person.

19                       And we believe -- and the Regents have  
20          actually prioritized arts education, and you  
21          will be seeing a proposal from them to be  
22          able to do a study. Because what really  
23          concerns us is for our two and a half million  
24          students across the state in 62 counties,

1           there is not a consistent delivery of arts  
2           education. Whereas math, yes, absolutely is  
3           being delivered consistently.

4                        So you'll be seeing a small proposal  
5           from them and, as was alluded to earlier,  
6           you'll be seeing I think from Senator May a  
7           revival of this codification of the arts into  
8           the state's legislation identifying the arts  
9           as key subjects. But that interaction,  
10          integration is really the -- it's really the  
11          future of a public education.

12                       ASSEMBLYWOMAN KASSAY: Very good.  
13          Thank you so much. Does anyone else -- we  
14          have 18 seconds. Anyone want to jump in?

15                       MS. LORIMER: I'd like to add that  
16          there are certain skills that artists bring  
17          and teach and carry forward. And as an  
18          educator myself, and also as the mother of a  
19          young son who's STEAM-inclined, there -- they  
20          support each other.

21                       ASSEMBLYWOMAN KASSAY: Thank you very  
22          much.

23                       CHAIRMAN PRETLOW: Assemblywoman  
24          Jackson.

1 ASSEMBLYWOMAN JACKSON: Thank you,  
2 Chair.

3 I mentioned earlier that my daughter  
4 is now on Broadway, she's a dancer. And in  
5 this space I have to lift up her friend Dana.  
6 She goes -- on IG, she's known as  
7 Dana\_Lioness. Also a dancer. In June 2024  
8 she posted about having cancer in her soft  
9 tissues. And on January 26th of this year  
10 she passed away. And you can imagine how  
11 hard it was.

12 The only reason why we found out about  
13 her cancer is because she posted a Go Fund  
14 Me. And that makes me really sad to know.  
15 And so I'm going to do what it takes to make  
16 sure that artists are taken care of.

17 But I do want to ask  
18 Ms. Thompson-Zachery, you had mentioned some  
19 bills. And I just need to catch those bill  
20 numbers. Can you just say the bills again?

21 MS. THOMPSON-ZACHERY: Sure can. The  
22 first one is S285/A1502, which is --

23 MR. STANFORD: And if I may interrupt  
24 for one moment, back in 2023 that was May and

1 Jean-Pierre. They are poised to be  
2 introduced; we're just looking for the  
3 Assembly sponsor. But it will be Senator May  
4 again.

5 ASSEMBLYWOMAN JACKSON: That's okay, I  
6 can look it up.

7 MR. STANFORD: We'll get you the  
8 numbers.

9 MS. THOMPSON-ZACHERY: Perfect. Thank  
10 you, yes. Because we believe in the marriage  
11 between dance and education.

12 And then the last one was A2607. It's  
13 Cunningham's bill to support resources for  
14 culturally diverse arts and cultural  
15 organizations.

16 ASSEMBLYWOMAN JACKSON: Thank you.  
17 And Mr. Jones, you had mentioned a  
18 \$200 million appropriation, but I didn't  
19 catch what it was for.

20 MR. STANFORD: We're just joining the  
21 chorus of those calling for \$200 million to  
22 the New York State Council on the Arts.  
23 One hundred fifty million for grant programs  
24 and initiatives -- the Governor has suggested

1 I think \$60 million in there. But  
2 200 million we believe -- in fact it doesn't  
3 even match the -- as you heard earlier today,  
4 it doesn't even match the inflation from the  
5 time that the State Arts Council was created.

6 But 200 million; \$150 million for  
7 grants programs, including sustained  
8 commitment to regional arts councils for  
9 regranting through decentralized local  
10 decision making, and \$50 million for capital  
11 projects.

12 ASSEMBLYWOMAN JACKSON: Thank you.  
13 It's a drop in the bucket for the  
14 \$252 billion budget we're talking about.

15 Thank you, everyone, for being here.  
16 Thank you.

17 CHAIRMAN PRETLOW: Well, thank you.  
18 And I want to thank you all for all that you  
19 do. It's unfortunate that we have so many  
20 shortsighted people, especially those running  
21 our government right now, that don't see the  
22 value in arts. I mean, arts are a form of  
23 expression. It goes back to the Neanderthal  
24 ages when it was used as a form of

1 communication.

2 You know, dancing was generally done  
3 for someone, not with someone. Dancing with  
4 man and women, that's a Western thing. But  
5 the original dance was a dance for someone,  
6 to impress them.

7 I grew up in the arts, believe it or  
8 not. I used to spend the summers with Eric  
9 Preminger, better known as Eric Lee, Gypsy  
10 Rose Lee's son. My grandmother was involved,  
11 and she was a costume-maker, and she made  
12 most of Gypsy's costumes. So I was part of  
13 that.

14 I have an appreciation for the arts.  
15 I have zero talent. I can't draw a line  
16 without a ruler. I can't draw a circle  
17 without a compass. I can't sing a tune  
18 unless it had handles. If it did have  
19 handles, I couldn't carry the tune. But I  
20 try. You know, my wife, she started with  
21 Susan Batson. She does singing and dancing  
22 and all that good stuff I can't -- I can't  
23 do, but I appreciate it.

24 And, you know, we mentioned in this

1 conversation NYSCA. You know, that was  
2 formed not to help you but to hurt you.  
3 because what was happening prior to when, you  
4 know, the New York State Arts Council being  
5 created, all of us legislators all had arts  
6 entities in our districts and we would get  
7 all kind of money for it. And the state was  
8 actually going broke funding the arts. And  
9 they got Kitty Carlisle and threw her out  
10 there and started NYSCA, they put in a small  
11 pot of money and they made all you guys fight  
12 over it.

13 You know, that's really what happened.  
14 That's the history there.

15 But we still try to increase the  
16 amount of funding that goes there. I know  
17 you all appreciate what it is. And I  
18 appreciate what you do, and keep up the good  
19 work. Thank you.

20 PANELISTS: Thank you.

21 CHAIRWOMAN KRUEGER: Thank you. I was  
22 staying silent, but I want to tell you how  
23 much I appreciate Gary Pretlow, because he's  
24 a historian of the city. And every hearing I

1 learn something new from him that I did not  
2 know, as we just learned right now. Not that  
3 he can't do art, but about NYSCA.

4 So I want to thank you all for staying  
5 with us all day and evening. Appreciate your  
6 work. Thank you.

7 We're going to call up the last panel.  
8 And I thought they had all gone, but then  
9 they magically reappeared.

10 CHAIRMAN PRETLOW: Could have been out  
11 there smoking a joint.

12 CHAIRWOMAN KRUEGER: They were out  
13 smoking a joint.

14 (Laughter.)

15 CHAIRWOMAN KRUEGER: But if they  
16 didn't bring enough for everyone, it's not  
17 really --

18 (Laughter.)

19 CHAIRWOMAN KRUEGER: The Association  
20 of New York Cannabis Processors; the New York  
21 Cannabis Retail Association; the Cannabis  
22 Farmers Alliance; and the New York Medical  
23 Cannabis Industry Association.

24 Let's see who wants to show up in the

1 front.

2 (Pause; off the record.)

3 CHAIRWOMAN KRUEGER: And let's  
4 remember it is evening, people. So do we  
5 want to start to the right or -- why don't we  
6 start -- oh, you're each pointing at each  
7 other.

8 Some of you just introduce yourselves  
9 so the people in the booth know what name to  
10 match with what face. Please.

11 MS. ABEBE: Good evening. My name is  
12 Ngiste Abebe, and I am speaking on behalf of  
13 the New York Medical Cannabis Industry  
14 Association. So thank you, Madam Chair and  
15 Chairman Pretlow, for the opportunity to  
16 testify --

17 CHAIRWOMAN KRUEGER: No, don't testify  
18 yet. We're just going to go right down so  
19 they know who you are when you do testify.

20 MS. ABEBE: Oh, sorry. Good to know.

21 CHAIRWOMAN KRUEGER: Hi.

22 MS. TANTALO: Hi, good evening.

23 Britni Tantalo, the New York Cannabis Retail  
24 Association.

1 MR. CALDERONE: Joseph Calderone, the  
2 Cannabis Farmers Alliance.

3 MR. VAVALO: And I'm John Vavalo, with  
4 the Association of New York Cannabis  
5 Processors.

6 CHAIRWOMAN KRUEGER: Okay. So now  
7 would you like to start?

8 MS. ABEBE: I'm happy to, Senator.  
9 Thank you, Madam Chair and Chairman Pretlow.  
10 I'm happy to be here representing the  
11 New York Medical Cannabis Industry  
12 Association, which represents the medical  
13 cannabis operators or ROs.

14 The ROs have been operating for nearly  
15 a decade in New York and remain committed to  
16 providing New Yorkers with high-quality  
17 medicine, despite the challenging environment  
18 we're all operating in at this point in time.

19 The MRTA wisely strove to expand the  
20 medical program -- at this point we were  
21 hoping to have over 80 dispensaries, and we  
22 have seen some more ROs licensed recently but  
23 not yet operational -- and, critically, to  
24 ensure that the additional dispensaries were

1 in underserved parts of the state.

2           However, the dispensary count has  
3 shrunk to 31. Eleven medical dispensaries  
4 have closed in the last 12 months and more  
5 are likely. The patient count is down from a  
6 high of 150,000 to under 100,000. That's bad  
7 news for the patients who remain because,  
8 contrary to popular belief, patients cannot  
9 just jump to the adult-use program.

10           Parents of pediatric patients  
11 suffering from severe epilepsy cannot legally  
12 buy their children adult-use products.  
13 Immunocompromised patients cannot risk some  
14 of the different testing standards in the  
15 adult-use market, and high-CBD formulations  
16 which ROs are required to keep in stock are  
17 nowhere to be found in recreational  
18 dispensaries.

19           In addition to seeking regulatory  
20 relief from the state the association has,  
21 for the better part of a decade, advanced a  
22 legislative agenda that will broaden access  
23 to and affordability of medical cannabis  
24 products and help patients.

1                   This session, the association is  
2                   seeking a complete repeal of the medical  
3                   excise tax that last year was reduced from  
4                   7 percent to 3 percent; legalization of  
5                   out-of-state reciprocity in New York's  
6                   medical cannabis program; authorizing  
7                   pharmacists to do same-day patient  
8                   certifications; authorization of insurance  
9                   coverage for medical cannabis -- which New  
10                  York has remained the leader in trying to get  
11                  across the finish line, but we really would  
12                  love to see New York be the first state to  
13                  get that across the finish line.

14                 And lastly, something that I know my  
15                 other panelists here will be speaking to, is  
16                 the right of private action so that private  
17                 dispensaries can also assist in the crackdown  
18                 on unlicensed dispensaries across the state.

19                 And so, you know, this pro-patient  
20                 philosophy has served as the foundation for  
21                 our legislative agenda during this session  
22                 and the basis of our mission since day one.

23                 So I want to thank you all for your  
24                 time, and I'm happy to answer any questions,

1           though I think we all look forward to  
2           finishing the due diligence of today's work.

3                       (Laughter.)

4                       CHAIRWOMAN KRUEGER: Thank you.

5                       CHAIRMAN PRETLOW: Thank you.

6                       CHAIRWOMAN KRUEGER: Next? You have  
7           to press it to green -- got it.

8                       MS. TANTALO: Thank you. Good  
9           evening. My name is Britni Tantalo. I am  
10          president and cofounder of Flower City  
11          Dispensary, a CAURD dispensary located near  
12          Rochester, New York. I'm also president and  
13          cofounder of the New York Cannabis Retail  
14          Association that represents over 350 invested  
15          stakeholders statewide.

16                      Thank you for the opportunity to  
17          present testimony today. On behalf of NYCRA,  
18          I want to thank you for the significant  
19          actions you took in last year's state budget.  
20          However, much work remains to be done.

21                      NYCRA urges you to consider the  
22          following initiatives that our members feel  
23          are necessary to improve this market. First,  
24          close down the illegal market. The New York

1           cannabis market is estimated to be five to  
2           \$7 billion. Current annual sales are  
3           approximately 1 billion. That means anywhere  
4           from 80 to 85 percent of cannabis sales are  
5           still occurring in the illegal market.

6                     If New York is serious about closing  
7           these stores, we recommend the Legislature  
8           consider the following:

9                     Increase the budget for OCM  
10           enforcement staff. The Governor has proposed  
11           expanding OCM staff in her budget. NYCRA  
12           believes her recommendations should be  
13           doubled.

14                    Consider a limited asset forfeiture  
15           system targeted at the largest illegal  
16           operators. According to Manhattan  
17           prosecutors, large operators who have the  
18           legal bandwidth and financial resources to  
19           make their closure next to impossible can  
20           only be shut down if they have the ability to  
21           go after their money.

22                    The money seized should go into a  
23           special revenue account to provide grants to  
24           help social equity cannabis licensees open

1           and sustain their business.

2                   And lastly, establish a private right  
3           of action. OCM and local law enforcement can  
4           never do this alone. Individuals who suffer  
5           financial harm due to illegal operators  
6           should have the right to seek damages in  
7           court if they intend to do so.

8                   NYCRA's next initiative is to reform  
9           the DASNY Social Equity Fund. The DASNY fund  
10          has been a failure. We ask that the  
11          Comptroller audit the DASNY Fund so the  
12          stakeholders and policymakers can assess the  
13          problem and implement needed reforms -- and,  
14          in addition, that the 24 CAURD licensees that  
15          are participating in this fund deserve some  
16          form of relief from these predatory loans.

17                   And finally, I want to draw the  
18          Legislature's attention to two significant  
19          challenges retailers face. We must establish  
20          proximity protection guardrails. The  
21          Legislature should consider legislation to  
22          limit the extent to which proximity  
23          protection waivers can be issued, require  
24          that a public process be established to

1 enable licensees and community input, and  
2 establish an appeal process for adverse  
3 decisions. Such provisions currently exist  
4 in alcohol.

5 And second, codify the CAURD program.  
6 The program has been targeted for illegal  
7 challenges since inception. The recent  
8 lawsuit that has frozen consideration of the  
9 conditional retail licenses confirms the need  
10 for this action.

11 Thank you again for the work the  
12 Legislature has done to improve New York's  
13 cannabis market. I'd be happy to answer any  
14 questions you may have. Thank you.

15 CHAIRWOMAN KRUEGER: Thank you.

16 Good evening.

17 MR. CALDERONE: Good evening. I'm  
18 Joseph Calderone, president of Cannabis  
19 Farmers Alliance and COO of woman-owned  
20 Grateful Valley Farm in Steuben County, and a  
21 member of Farm Bureau.

22 The -- yeah, entertainment and  
23 cannabis kind of goes together, so I think  
24 it's a nice choice at the end there.

1                   So where do I start. On behalf of  
2 Cannabis Farmers Alliance, I want to first  
3 thank you for all of the work that you've  
4 done last year with the Legislature --  
5 repealing the potency tax and passing the  
6 bills of -- legislative bills of Cannabis  
7 Growers Showcase and other pivotal actions.  
8 That's really helped out our farmers.

9                   But it's helped out some of our  
10 farmers on the margins. We're still besieged  
11 by a lot of supply-side issues, inversion  
12 being one of them, of out-of-state product.  
13 And also just the competition from the  
14 Indigenous Nations as well as, you know, just  
15 THCA and the distillate coming across our  
16 state borders.

17                   So in order to try to remedy that and  
18 to bring some integrity to the market, we  
19 suggest in the budget negotiations that the  
20 cost of seed-to-sale be transferred to the  
21 tracking from supply side to the OCM.

22                   That seed-to-sale is critical for  
23 market integrity. It should have been  
24 implemented by now; it's been a couple of



1 know. Thank you.

2 CHAIRWOMAN KRUEGER: Thank you.

3 MR. VAVALO: Thank you so much. Thank  
4 you for your time, thank you for your effort.

5 We know this has been a daunting few  
6 years of listening to us and having us come  
7 back and continually ask for revisionment, and  
8 we do really applaud everything that you've  
9 all done for us.

10 The one thing that we've heard over  
11 and over again over the last few years is  
12 unity -- unity within the industry. We stand  
13 here as the, you know, really the entire  
14 supply chain. You know, we've got the  
15 growers, we've got the processors and we've  
16 got the retailers. We have other multiple  
17 organizations with us when we're going to  
18 your offices and visiting and talking about  
19 what we're trying to do. But the underlying  
20 theme is we are united.

21 And we know that we've got to get  
22 louder. That's why we're trying to take  
23 these opportunities to, you know, really  
24 educate and let everybody understand the

1 things that we're facing so we can have a  
2 more robust marketplace.

3 I also want to thank you for fixing  
4 the potency tax. The 21 percent to the  
5 9 percent was a massive lift.

6 We have a bill that's been introduced  
7 or is going to be introduced that addresses  
8 that a little bit. We're asking for  
9 something that would essentially offset some  
10 of the tax liability on the folks that were  
11 very, very early in that process. It's up to  
12 \$400,000. It's really just a rebate for some  
13 of the people that were active in 2023, the  
14 very, very early processors. So we're  
15 excited about that as well.

16 Most of the other stuff that we're  
17 here, just like our place in the industry,  
18 we're in the middle. So the processors, the  
19 manufacturers sit between the farmers and we  
20 sit between them and the retail outlets. And  
21 our job is to, you know, try to make that  
22 seamless transition from raw materials to  
23 finished products. And so we really want to  
24 support them in everything that they're

1           doing.

2                       We need canopy cap increases for the  
3 farmers. We definitely need that because if  
4 they aren't producing enough and they're  
5 saddled with issues, then we can't survive,  
6 or we can't actually buy material at the  
7 right pricing to then turn around and supply  
8 it to the retail side.

9                       And their proximity protection, same  
10 thing. Right? If they're all battling each  
11 other in very small proximities, we're going  
12 to have real problems. Like most of those  
13 folks will not make it. And I just don't  
14 think that we need to -- we've got such a  
15 huge state, we've got ample opportunities for  
16 folks to spread out. So I think the  
17 proximity protection is very important.

18                      The last one that Joe just mentioned  
19 is enforcement. We need enforcement across  
20 the entire spectrum. We need enforcement on  
21 the gray-market stores and kind of what  
22 they're doing. We've all heard that.

23                      But we really need enforcement inside  
24 the program as well. We need -- we need to

1 be regulated, we need to be reviewed, we need  
2 to be looked at to make sure that all of this  
3 product is in fact grown by New York farmers.  
4 Doing a billion dollars was exciting, right?  
5 We were happy about that. That's a great  
6 milestone, we love to talk about it. But  
7 there are farmers still sitting on product  
8 that they grew in 2023, you know. So a  
9 billion dollars in product, we really  
10 shouldn't have that. They should all be out  
11 of material.

12 And so I believe that the trade  
13 practices group is really going to really  
14 expedite that process. We're very excited  
15 for that.

16 So thank you.

17 CHAIRWOMAN KRUEGER: Thank you.

18 Just quickly, I probably do have many  
19 questions, although I confess we've been here  
20 about 12 hours and I'm nodding a little bit  
21 off. But I think if you were here earlier,  
22 you heard a lot of the questions that many of  
23 us were trying to raise with OCM and I think  
24 it's very much along the same line as all the

1 issues you raised with us tonight.

2 So I look forward to continuing to  
3 work together in the future.

4 MALE PANELIST: Yes, thank you.

5 CHAIRWOMAN KRUEGER: Thank you.  
6 Assembly.

7 CHAIRMAN PRETLOW: Assemblyman Stirpe.

8 ASSEMBLYMAN STIRPE: Sure. Let me ask  
9 you a little bit about the tax credit that  
10 you're proposing. It's for people who had  
11 been in early when the tax rate was really  
12 high.

13 So is it for a defined period of time,  
14 like one year, two years?

15 MR. VAVALO: It's a one and done. So  
16 it's a one-shot deal. And it is for the hemp  
17 farmers that transitioned into the program  
18 only.

19 And we have members that certainly  
20 don't qualify for that, they're newer  
21 processors, newer licensees, and obviously  
22 they understand the importance to make sure  
23 that the older members are able to survive  
24 and thrive.

1 ASSEMBLYMAN STIRPE: You know, as far  
2 as the enforcement part, when we were talking  
3 earlier we talked about online purchasing.  
4 And that's a little different than going and  
5 locking up a store.

6 How big is that compared to the  
7 illegal shops that are open? Do you think  
8 it's the same, 10 times as much or, you  
9 know -- anybody?

10 MS. TANTALO: To my knowledge, it's  
11 pretty comparable. You know, what I was told  
12 is if you Google dispensaries it will pull up  
13 a ton of ones that are not legal. And people  
14 are finding out about this, right, because  
15 you can do delivery. You know, you can just  
16 have it dropped off. You know, I heard  
17 conversations about in the mail.

18 So I think that people will become  
19 more creative and tactful in how they, you  
20 know, pursue illegal cannabis sales other  
21 than just a storefront. So I think it's  
22 definitely something we should get in front  
23 of. It's already occurring, but I can  
24 imagine it will just grow in the online

1 world.

2 MR. VAVALO: The largest concentration  
3 is on Long Island for sure, because they have  
4 the moratoriums. I mean, there's 40 miles of  
5 Long Island that has no stores because they  
6 opted out. And so, you know, that area is  
7 ripe for it -- high population density, you  
8 know, and no stores. So that area is riddled  
9 with it.

10 MR. CALDERONE: There's a California  
11 brand that actually has a store in Brooklyn  
12 that -- called Honey, and they have sold  
13 online across the United States. And they  
14 also have a license, by the way.

15 CHAIRWOMAN KRUEGER: You said no  
16 license, is that --

17 MR. CALDERONE: They have a New York  
18 State license, yeah. Processor 2, I think.

19 ASSEMBLYMAN STIRPE: I mean, is this  
20 something you think probably needs assistance  
21 from the federal government too? I mean, you  
22 know, you've got all these out-of-state  
23 websites.

24 MR. CALDERONE: That's if you want the

1 justice department involved in cannabis in  
2 New York State.

3 (Laughter.)

4 ASSEMBLYMAN STIRPE: Maybe they need  
5 to start using, then it'd be better.

6 MR. VAVALO: I would respond to that  
7 only and say that most of that is still  
8 occurring here in the state.

9 When we talked earlier -- when Britni  
10 mentioned that there is a \$10 billion market  
11 of cannabis here, and we did a billion, so --  
12 you know, I think she said 7 billion is being  
13 done in the gray market. There is a very  
14 sophisticated system here of cultivators,  
15 processors, manufacturers and retailers that  
16 are not licensed.

17 CHAIRMAN PRETLOW: Assemblyman Otis.

18 ASSEMBLYMAN OTIS: With Mr. Stirpe's  
19 last question about the federal government  
20 helping out on this, I was beginning to think  
21 he was using product.

22 (Laughter.)

23 ASSEMBLYMAN OTIS: But my question is  
24 for Mr. Calderone about the farmers.

1                   And so many of your members, many of  
2                   the farmers had to in a sense grow and then  
3                   eat product like two and a half, three years  
4                   ago. Could you give a little more detail  
5                   about what happened with those businesses,  
6                   how many survived, how many did not? And  
7                   does the tax credit thing try and alleviate  
8                   some of that problem for some of those  
9                   individuals, or different issue? Just share  
10                  a little more detail.

11                  MR. CALDERONE: Everything that the  
12                  legislation has done has helped out the  
13                  farmers in the last year. And a tax credit  
14                  would also help because there have been a lot  
15                  of taxes that have accrued over those two  
16                  years. So that's for sure.

17                  There's some improvement on the  
18                  margins, I would say. But we still have  
19                  probably, you know, around 85 percent of our  
20                  farmers are either working in the red or, you  
21                  know, just barely profitable. So we'd like  
22                  to see that hopefully turn around for those  
23                  small and medium-sized businesses.

24                  We haven't been able to do a survey

1 recently. The survey is over a year old.

2 That was in our last testimony last year.

3 But they're still struggling. And  
4 with the price of distillate dropping because  
5 of -- you know, from around \$6,000 to  
6 \$3,000 because of what we feel is  
7 out-of-state distillate coming -- you know,  
8 it's being bought for \$650 a liter in another  
9 state and then being sold and arbitrated in  
10 New York State for \$3,000. The processors  
11 can attest to that.

12 But that's going to hurt the farmers.  
13 That's going to compress the prices quite a  
14 bit. So right when we start getting a little  
15 bit of air, you know, and get our head above  
16 water, we're kind of getting like pulled down  
17 again.

18 ASSEMBLYMAN OTIS: Thank you very  
19 much. Thank you for telling the story.

20 CHAIRMAN PRETLOW: Assemblywoman  
21 Hyndman.

22 ASSEMBLYWOMAN HYNDMAN: Thank you,  
23 Chair.

24 Some of my questions were asked, but

1           for the farmers that you said still have  
2           product from 2023, how much are you talking?  
3           Is that tonnage or can you estimate? I mean,  
4           and how -- excuse me, I don't know. How long  
5           is it good for?

6                           (Laughter.)

7                   MR. CALDERONE: There's some formulas  
8           about THC oxidation and, you know, every  
9           quarter it might lost a point or something,  
10          of a percentage. So if you have a 20 percent  
11          biomass, it might lose 1 percent each  
12          quarter. So it would be like 16 percent at  
13          the end of the year.

14                   But I have no way of knowing how much  
15          is left. I think most of it is probably  
16          gone, but people are still -- he was just  
17          using an example that there's still some  
18          people that have not been able to get rid of  
19          some of their product from two years ago.

20                   ASSEMBLYWOMAN HYNDMAN: Okay.

21                   MR. CALDERONE: But I don't have an  
22          exact number.

23                   ASSEMBLYWOMAN HYNDMAN: Thank you.

24                   Britni, you said that one of the

1            recommendations is establish proximity  
2            protection guardrails, limit extent to which  
3            proximity waivers can be issued, and ask for  
4            community input.

5            Can you talk about that a bit more,  
6            please?

7            MS. TANTALO: Currently as, you know,  
8            it had existed there was nothing put in place  
9            in terms of quantifying or granting these  
10            waivers.

11            So I'm a CAURD dispensary operator,  
12            I've been open just over 90 days. This  
13            waiver, if you wanted to open a dispensary  
14            and, you know, break that thousand-foot rule  
15            between us that was there, you could submit  
16            for a waiver. There's nothing there that  
17            allows me to speak up and say, This could  
18            hurt my business, involve the community  
19            board. If there, you know, was an adverse  
20            decision to have an appeal, there's no due  
21            process. It is very arbitrary.

22            These waivers have already started to  
23            be issued. Some of them have received a  
24            70 percent reduction. You know, that's very

1           significant. Not a lot of municipalities  
2           have opted in.

3                        So now you're talking taking a smaller  
4           New York cannabis pool and now you're putting  
5           everybody next to each other. To me, that's  
6           a risk of cannibalizing each other. And it's  
7           really not necessary, like to John's point,  
8           when we haven't even really seen the full  
9           capacity of New York State in cannabis.

10                      I think when you have failures like  
11           that that could occur, it could deter other  
12           municipalities from wanting to opt in, as  
13           well as take investor confidence out the  
14           door. It reduces the security of their  
15           investment, right, knowing that now somebody  
16           who guaranteed a thousand feet away can come  
17           in 30 feet.

18                      We need money to come into New York  
19           and stay and build this market. We're  
20           already having trouble having people give us  
21           money just to build our dispensaries. So  
22           we're trying not to work backwards and  
23           oversaturate but actually let this market  
24           grow naturally.

1                   CHAIRMAN PRETLOW:  Assemblywoman  
2                   Kassay.

3                   ASSEMBLYWOMAN KASSAY:  Thank you,  
4                   Chair.

5                   Thank you for sticking it out to the  
6                   last panel here.  And I really appreciate  
7                   hearing an entire panel of cannabis industry  
8                   professionals coming and asking for more  
9                   regulation -- not just for the illegal  
10                  producers and sellers, but for yourselves.

11                  I think that's something the  
12                  communities really need to hear as well, you  
13                  know, to know that you're working with us to  
14                  make sure this -- you know, that this product  
15                  is going to be legal in New York State, it's  
16                  going to be done right, it's going to stay  
17                  out of the hands of underage people, the  
18                  product is going to be tested, regulated, all  
19                  of this.

20                  So Ms. Tantalò listed quite a number  
21                  of items for the Legislature to consider in  
22                  this session, ways to help clamp down both on  
23                  illegal producers and sellers as well as  
24                  things to focus on within the industry for

1 greater regulation of those who are playing  
2 by the rules.

3 You want to maybe identify the top one  
4 or two, either yourself and if your  
5 colleagues want to chime in? Because there's  
6 always lots to focus on, but just as someone  
7 who's not as knowledgeable about the industry  
8 as we look at this with our colleagues.

9 MS. TANTALO: I would honestly say the  
10 two most pressing issues is definitely  
11 proximity protection for us retailers. These  
12 waivers are currently being granted right  
13 now. So it's something we need to address --  
14 or have been, I don't know if they continue  
15 to be.

16 But, you know, we have dispensaries  
17 that are a thousand feet away and now there's  
18 somebody right in between next to a  
19 Trader Joe's in Brooklyn. So they haven't  
20 even yet to open -- I think one's soft-opened  
21 and one is in buildout. So imagine the  
22 detriment, and they haven't even actually  
23 became fully operational.

24 Second is definitely the illegal

1 market. I know a lot of work has been done,  
2 but the reality is they're just opening back  
3 up. And it's evolving, right? It's not just  
4 mom-and-pop people -- these are people that  
5 are highly capitalized, that have the money  
6 and the bandwidth to seek legal help and  
7 really almost, you know, impossible to close.

8 So this is the feedback that we had  
9 received from the Manhattan prosecutors, and  
10 we really like for you guys to look at the  
11 ability for a limited asset forfeiture for  
12 larger operators to really go after their  
13 money to hurt them or damage them enough to  
14 take us seriously. Because, again, they're  
15 just reopening and tons of dispensaries  
16 across the state are still being impacted by  
17 the illegal market.

18 ASSEMBLYWOMAN KASSAY: That's what I  
19 hear. And I come from Suffolk County on  
20 Long Island, and we do -- I mean, in any  
21 given village, any given couple of square  
22 miles, you have multiple, multiple shops. So  
23 we're being very aggressive about trying to  
24 crack down on them locally.

1                   So if you have seen any very effective  
2 methods of doing so, I invite you to reach  
3 out to our office and help us with that.

4                   MR. VAVALO: And also, for the  
5 retailers, there's no question about  
6 legislative intent. It's in the law. They  
7 did it right the first time. They set  
8 boundaries, and we're not really sure why  
9 they're going against those boundaries now.

10                  CHAIRMAN PRETLOW: Assemblywoman  
11 Jackson.

12                  ASSEMBLYWOMAN JACKSON: Thank you,  
13 Chair. Good evening, everyone.

14                  Mr. Calderone, you mentioned that the  
15 farmers still have product from 2023, and I  
16 heard my colleague ask this question. But  
17 does it expire? Does product expire?

18                  MR. CALDERONE: Flower, like something  
19 that someone will have to inhale, will expire  
20 after -- it depends on the curing and the  
21 different growing methods. Some people can  
22 keep it fresh for -- you know, for years, you  
23 know. But really most of it after a couple  
24 of years will probably just go to biomass

1           that will be extracted by a processor.

2                   ASSEMBLYWOMAN JACKSON: And then  
3           Ms. Britni -- sorry, I don't remember your  
4           last name -- you had mentioned predatory  
5           loans. Are you suggesting that those loans  
6           came from DASNY? I just didn't -- I wanted  
7           to make sure I heard that correctly.

8                   MS. TANTALO: Yes. I think --

9                   ASSEMBLYWOMAN JACKSON: Can you give  
10          me like rates or anything that --

11                   MS. TANTALO: Sure. So I know myself,  
12          I would have been interested initially to get  
13          DASNY, because it was intended to be a  
14          built-out dispensary that, you know, favored  
15          us, preferential rates, you know, grants,  
16          et cetera.

17                   Once the implementation actually  
18          occurred, what was discovered is the bids  
19          that were being provided were not what the  
20          numbers ended up being. So people now have  
21          extremely high debt and at not a decent  
22          interest rate.

23                   And so what does that mean? It means  
24          failure for them. It means they can never

1 catch up. It means it -- you know, already  
2 have a higher tax rate, right, being legal  
3 here in New York, just on cannabis alone.  
4 Now they're sort of chained to this  
5 dispensary that they owe maybe \$2.1 million  
6 paying 13 percent on.

7 So those types of things are just  
8 really unrealistic. And a lot of them,  
9 retailers who have received that money are  
10 failing. And that's why we asked for reform,  
11 to help them so they can survive.

12 Because this is what was presented to  
13 all of us. Some of us did not take that and  
14 we borrowed from family and friends or took  
15 out mortgages or -- whatever we had to do --  
16 call their uncle -- to help us build.

17 But some, you know, individuals early  
18 on did take that, that are part of social  
19 equity and from disenfranchised communities,  
20 and we cannot forget that. And I think that  
21 we should pay attention to that and help  
22 them.

23 ASSEMBLYWOMAN JACKSON: Thank you.

24 And then with my last 32 seconds,

1 Ms. Abebe, why wouldn't someone want to  
2 quantify the whole flower as an improved  
3 medical cannabis?

4 MS. ABEBE: Sorry, can you repeat the  
5 question?

6 ASSEMBLYWOMAN JACKSON: Why wouldn't  
7 somebody want to codify the whole flower as  
8 an approved medical cannabis form? Because  
9 you said it would lower the cost for  
10 patients.

11 MS. ABEBE: Yes. I think that has  
12 been approved now. Is this -- I think there  
13 was a slight bureaucratic error and my 2020  
14 testimony got uploaded instead of my current  
15 one, so we provided paper.

16 Whole flower has been codified. So  
17 yes.

18 ASSEMBLYWOMAN JACKSON: Thank you.

19 MS. ABEBE: Sorry, I was like ooh, we  
20 solved that problem.

21 (Overtalk.)

22 CHAIRMAN PRETLOW: Ms. Abebe, I'll  
23 start with you. I'll try to be quick.

24 You do medical marijuana. Is that

1 cannabis with the THC removed?

2 MS. ABEBE: No, it has THC. But the  
3 medical program, because patients have a wide  
4 variety of needs and cannabinoids, the  
5 medical program requires that all ROs provide  
6 high-CBD options: So like high CBD, low THC;  
7 1-to-1 CBD to THC; and high-THC options  
8 across flower -- or flower is a little bit  
9 trickier because of the growing process. But  
10 across like edibles, extracts, suppositories,  
11 and a number of other formats that are not  
12 widely popular for recreational consumption.

13 CHAIRMAN PRETLOW: Okay. And what is  
14 your ask of us now?

15 MS. ABEBE: Our four -- or five asks,  
16 I guess, are reducing or removing the excise  
17 tax from 7 percent -- or it was at 7, you  
18 brought it down to 3 last year, we're asking  
19 for it to be made zero because no other  
20 medicine is taxed in New York State. You  
21 don't pay a tax on Tylenol or any other  
22 prescription you fill.

23 Two, also we support the right of  
24 private action.

1                   We also were asking around pharmacist  
2                   certification. And I think one of the  
3                   biggest lifts that, you know, this body has  
4                   been trying to do for some years now is  
5                   insurance coverage. Because one of the  
6                   biggest obstacles to access for patients is  
7                   that they have to pay for this entirely out  
8                   of pocket. And while ROs are striving to  
9                   provide the most cost-effective product they  
10                  can, without insurance coverage that will  
11                  always remain a barrier.

12                 CHAIRMAN PRETLOW: It's so expensive.  
13                 Thank you.

14                 And Mr. Calderone, you said "ensure  
15                 that it's New York-grown." How can you tell  
16                 the difference between Pennsylvania,  
17                 California and New York cannabis?

18                 MR. CALDERONE: Do you want to answer  
19                 that?

20                 MR. VAVALO: I mean, I can.  
21                 You know, certainly in the program the  
22                 way it has been done to date, there wasn't  
23                 indoor product allowed. Now you can get it  
24                 from the ROs, but there's still a very, very

1           limited supply of indoor flower.  When that  
2           flower comes in from out of state and you  
3           look at it, if you -- if you're familiar with  
4           cannabis, you can tell immediately that that  
5           was grown indoors, under lights, in a  
6           controlled environment.

7                        Today the closest thing we have to  
8           that is a mixed-light greenhouse situation  
9           where we have lights, minor controlled  
10          atmosphere and environmental conditions, but  
11          it does not meet that same standard as a  
12          purely indoor product.  You can tell  
13          immediately.

14                      CHAIRMAN PRETLOW:  So New York only  
15          grows outdoor product.

16                      MR. VAVALO:  Outdoor and greenhouse,  
17          yup.  And now mixed-light, which is --

18                      CHAIRMAN PRETLOW:  And no other state  
19          does that?

20                      MR. VAVALO:  There are other states  
21          that do that, yes.  Yup.

22                      And we're just starting to allow lit  
23          indoor facilities -- those are new licensees,  
24          though.  That's just coming online now.

1 MS. ABEBE: If I could just say one  
2 thing. There is something called --

3 CHAIRMAN PRETLOW: I only have  
4 20 seconds, but --

5 MS. ABEBE: -- origin testing that can  
6 also help confirm beyond what my fellow  
7 panelist just said.

8 CHAIRMAN PRETLOW: And you know, what  
9 we tried to do was take away the criminality  
10 of cannabis. And what's happened now is that  
11 people that are breaking the law they don't  
12 want to arrest because we're going back to  
13 where we were. And that's where the issue  
14 is, so --

15 You can cut me off.

16 CHAIRWOMAN KRUEGER: All right, I'm  
17 cutting you off.

18 Again, thank you very much and thank  
19 you for staying here so late to finally get a  
20 chance to testify. And I think this  
21 Legislature's very interested in trying to  
22 address many of the issues that you are  
23 bringing to us.

24 So appreciate your time and your work

1           and sticking with us. Thank you.

2                   MR. VAVALO: Thank you very much.

3                   MS. TANTALO: Thank you.

4                   CHAIRWOMAN KRUEGER: And with that, I  
5           am officially closing down this hearing.

6           Those of us who want to sleep here, we can,  
7           but we will be back in the morning at 9:30  
8           for Taxes. Thank you.

9                   (Whereupon, the budget hearing  
10          concluded at 9:37 p.m.)

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