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

JOINT LEGISLATIVE HEARING

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

Hearing Room B
Legislative Office Building
Albany, New York

February 26, 2025
2:50 p.m.

PRESIDING:

Senator Liz Krueger
Chair, Senate Finance Committee

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

PRESENT:

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

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

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

Assemblyman Al Stirpe
Chair, Assembly Committee on Economic
Development, Job Creation, Commerce
and Industry

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

2025-2026 Executive Budget
Economic Development/Arts
2-26-25

PRESENT: (Continued)

Senator Jeremy Cooney
Chair, Senate Subcommittee on Cannabis

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

Assemblywoman Carrie Woerner
Chair, Assembly Committee on Racing and Wagering

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

Assemblywoman Marianne Buttenschon
Chair, Assembly Committee on Small Business

Assemblyman Steven Otis
Chair, Assembly Committee on Science and Technology

Assemblyman Billy Jones

Assemblyman Christopher S. Friend

Senator George M. Borrello

Assemblywoman Patricia Fahy

Assemblywoman Yudelka Tapia

Assemblyman Edward C. Braunstein

Senator Dean Murray

Assemblywoman Mary Beth Walsh

Assemblywoman Chantel Jackson

Assemblywoman Jo Anne Simon

Assemblyman Tony Simone

2025-2026 Executive Budget
Economic Development/Arts
2-26-25

PRESENT: (Continued)

Senator Andrew Gounardes

Assemblywoman Nikki Lucas

Assemblyman Alex Bores

Assemblyman John Lemondes

Assemblywoman Judy Griffin

Senator Christopher J. Ryan

Assemblywoman Larinda C. Hooks

Assemblywoman Emérita Torres

Assemblyman Angelo Santabarbara

Senator Toby Stavisky

Assemblywoman MaryJane Shimsky

Assemblyman Scott Bendett

Senator Stephen T. Chan

Assemblywoman Rebecca Kassay

Senator April Baskin

Assemblywoman Jodi Giglio

Assemblyman Landon C. Dais

Assemblywoman Stefani Zinerman

Senator Steven D. Rhoads

Assemblywoman Alicia Hyndman

Senator Jabari Brisport

2025-2026 Executive Budget
Economic Development/Arts
2-26-25

LIST OF SPEAKERS

	STATEMENT	QUESTIONS
Hope Knight Commissioner New York State Department of Economic Development President & CEO Empire State Development -and- Felicia A.B. Reid Acting Executive Director New York State Office of Cannabis Management	11	28
Jeanette M. Moy Commissioner NYS Office of General Services (OGS) -and- Erika Mallin Executive Director New York State Council on the Arts (NYSCA)	219	239
Carolina Rodriguez Director, Education Debt Consumer Assistance Program Community Service Society -and- Marc Alessi Executive Director Business Incubator Association of New York State -and- Dr. Richard Terry Associate Dean of Academic Affairs Lake Erie College of Osteopathic Medicine (LECOM) at Elmira	305	316

2025-2026 Executive Budget
Economic Development/Arts
2-26-25

LIST OF SPEAKERS, Continued

	STATEMENT	QUESTIONS
Santiago Quiñones NY Film and Television Producer -and- Corey Aldrich Executive Director ACE!-Upstate Alliance for the Creative Economy	340	347
Jen Swan President ArtsNYS -and- Candace Thompson-Zachery Co-Executive Director Dance/NYC -and- Rafael Espinal Executive Director Freelancers Union -and- Sarah Calderon Executive Director Creatives Rebuild New York -and- Rachael Lorimer Artist Studio OSYARI -and- Gully Stanford New York State Alliance for Arts Education	367	387

2025-2026 Executive Budget
Economic Development/Arts
2-26-25

LIST OF SPEAKERS, Continued

	STATEMENT	QUESTIONS
Ngiste Abebe President New York Medical Cannabis Industry Association -and- Britni Tantalo President New York Cannabis Retail Association -and- Joe Calderone President Cannabis Farmers Alliance -and- John Vavalo President Association of NY Cannabis Processors	404	418

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I'm going to pass it to the Assembly,

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

CHAIRMAN PRETLOW: Thank you, Senator.

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

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

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

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

CHAIRWOMAN KRUEGER: Thank you.

Assemblymember Ra?

ASSEMBLYMAN RA: Good afternoon.

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

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

CHAIRWOMAN KRUEGER: Thank you.

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

Good afternoon.

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

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

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

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

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

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

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

Private-sector job creation in

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

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

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

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

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

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

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

State Capitol.

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

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

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

country will account for a greater share of domestic production.

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

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

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

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

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

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

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

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

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

CHAIRWOMAN KRUEGER: (Mic off; inaudible.)

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

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

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

lasting change.

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

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

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

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

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

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

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

served for years.

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

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

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

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

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

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

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

So how does this show up in the industry? Let's look at the license approval rate from January 2024 through the end of May 2024, against June 2024 to today. Comparatively, OCM has moved almost 193 percent more licenses through to the Cannabis Control Board for approval, all while continuing to exceed the MRTA's goal of 50 percent of social and economic equity operators.

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

By late summer of last year, OCM

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CHAIRWOMAN KRUEGER: Thank you both very much.

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

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

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

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

CHAIRMAN PRETLOW: Assemblywoman Lucas and Assemblywoman Peoples-Stokes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SENATOR SEAN RYAN: That's fantastic.

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

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

(Laughter.)

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

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

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

where capital investment will be a positive thing.

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

Yeah, that's it. Thank you.

CHAIRWOMAN KRUEGER: All right.

Assembly.

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

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

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

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

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

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

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

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

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

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

ASSEMBLYWOMAN PEOPLES-STOKES: There's 47.

OCM ACTING EXEC. DIR. REID:

Forty-seven, yes.

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

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

ASSEMBLYWOMAN PEOPLES-STOKES: Two hundred plus --

OCM ACTING EXEC. DIR. REID: Yes.

ASSEMBLYWOMAN PEOPLES-STOKES: -- in that time?

OCM ACTING EXEC. DIR. REID: Yes.

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

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

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

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

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

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

ASSEMBLYWOMAN PEOPLES-STOKES: Okay.

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

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

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

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

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

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

being hired by the Office of Cannabis Management?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

to honor that legislative spirit.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Laughter.)

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

ASSEMBLYWOMAN PEOPLES-STOKES: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

And I'm going to hand it over to the

chair of our Cannabis Subcommittee, Jeremy Cooney.

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

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

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

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

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

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

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

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

Have you heard anything more

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Let me move quickly to Commissioner Knight.

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

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

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

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

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

reflected reality, truthfully, in New York.

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

COMMISSIONER KNIGHT: Thank you for your question.

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

So we want to make sure that we have a

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

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

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

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

COMMISSIONER KNIGHT: Thank you.

CHAIRMAN PRETLOW: Thank you, Senator and Commissioner.

Al Stirpe for 10 minutes. Assemblyman Stirpe for 10 minutes.

ASSEMBLYMAN STIRPE: Thank you, Chair.

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

focus on Commissioner Knight.

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

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

ASSEMBLYMAN STIRPE: No, RUSH.

COMMISSIONER KNIGHT: Oh, RUSH.

ASSEMBLYMAN STIRPE: RUSH.

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

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

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

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

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

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

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

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

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

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

COMMISSIONER KNIGHT: Absolutely.

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

agreements. There is now a board of directors focused.

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

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

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

COMMISSIONER KNIGHT: So the

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

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

When do we expect the tool?

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

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

ASSEMBLYMAN STIRPE: Okay. All right.

Let's talk about some of my favorite things, the Centers of Excellence and the CATs. How often do you publish the effectiveness evaluations of each center? Is that once a year, quarterly?

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

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

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

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

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

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

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

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

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

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

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

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

And so we believe that by providing

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

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

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

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

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

which will house one of the ON-RAMPs.

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

CHAIRWOMAN KRUEGER: Thank you.

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

SENATOR BASKIN: Thank you, Madam Chair.

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

Commissioner Hope Knight, good to see you.

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

districts that had been in decline for decades.

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

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

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

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

COMMISSIONER KNIGHT: Thank you for your question, Senator.

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

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

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

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

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

Thank you. Thanks, Madam Chair.

COMMISSIONER KNIGHT: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRMAN PRETLOW: Assemblyman Ron Kim, for 10 minutes.

ASSEMBLYMAN KIM: Thank you, Chair.

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

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

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

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

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

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

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

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

we have in New York State.

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

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

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

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

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

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

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

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

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

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

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

COMMISSIONER KNIGHT: Understand.

ASSEMBLYMAN KIM: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Next we have Senator Borrello.

SENATOR BORRELLO: Thank you, Madam Chair.

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

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

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

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

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

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

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

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

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

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

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

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

flagging things that are issues out in our landscape.

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

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

CHAIRWOMAN KRUEGER: Assembly.

CHAIRMAN PRETLOW: Assemblywoman Buttenschon for 10 minutes.

ASSEMBLYWOMAN BUTTENSCHON: Good afternoon, Chairs. Thank you.

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

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

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

COMMISSIONER KNIGHT: So thank you for that question.

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

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

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

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

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

ASSEMBLYWOMAN BUTTENSCHON: So you feel your staffing is appropriate.

COMMISSIONER KNIGHT: Yes.

ASSEMBLYWOMAN BUTTENSCHON: Okay.

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

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

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

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

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

and future projects across the state?

COMMISSIONER KNIGHT: Absolutely. Yes.

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

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

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

OCM ACTING EXEC. DIR. REID: Right. So we've reduced that timeline extensively to

around 67 days.

ASSEMBLYWOMAN BUTTENSCHON: Okay.

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

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

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

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

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

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

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

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

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

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

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

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

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

ASSEMBLYWOMAN BUTTENSCHON: Okay. And

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

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

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

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

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

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

COMMISSIONER KNIGHT: I'll go.

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

ASSEMBLYWOMAN BUTTENSCHON: Thank you.

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

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

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

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

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

ASSEMBLYWOMAN BUTTENSCHON: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Toby Stavisky.

SENATOR STAVISKY: There we go, sorry.

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

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

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

COMMISSIONER KNIGHT: So thank you for that question.

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

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

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

SENATOR STAVISKY: Thank you. Who?

COMMISSIONER KNIGHT: My leadership

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

SENATOR STAVISKY: Is there a name in particular?

COMMISSIONER KNIGHT: Yes, Arden Sokolow.

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

COMMISSIONER KNIGHT: We can sit down next week.

SENATOR STAVISKY: Good. Okay, thank you.

COMMISSIONER KNIGHT: Thank you.

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

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

SENATOR STAVISKY: Thank you.

CHAIRMAN PRETLOW: Assemblywoman Woerner, for 10 minutes.

ASSEMBLYWOMAN WOERNER: Thank you, Mr. Chairman.

Thank you all for joining us today.

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

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

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

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

proposed.

ASSEMBLYWOMAN WOERNER: Great, thank you very much.

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

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

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

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

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

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

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

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

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

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

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

caused her to be denied and lose millions of dollars while she had to reapply, having now separated all of her funds. But that one check, written just to get a business license, was enough on recertification, to get her denied. And I don't think there was any statutory change or anything that would have suggested that now the rules had shifted and this business needed to comply with the rules.

It's those kinds of stories -- and that's just one example, but that's those kinds of stories that we are hearing. Which is why the article's allegations really struck true.

So I would just encourage you to look deeper at those denials and really understand what's going on.

Thank you.

COMMISSIONER KNIGHT: Thank you.

ASSEMBLYWOMAN WOERNER: And I'll yield back the rest of my time.

CHAIRMAN PRETLOW: Liz?

CHAIRWOMAN KRUEGER: Okay, thank you.

Next is Ranker Senator Murray.

SENATOR MURRAY: Thank you, Chairwoman.

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

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

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

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

COMMISSIONER KNIGHT: Absolutely.

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

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

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

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

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

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

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

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

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

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

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

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

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

SENATOR MURRAY: Is that new?

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

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

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

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

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

Now, we now have liquor that can be

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

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

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

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

In terms of youth, you know, I

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

(Time clock sounds.)

SENATOR MURRAY: Let's continue the conversation offline.

OCM ACTING EXEC. DIR. REID: Yes.

SENATOR MURRAY: Yes, please.

CHAIRMAN PRETLOW: Assemblyman Otis for 10 minutes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ASSEMBLYMAN OTIS: That's great.

ESD CEO YOUNIS: Thanks, Assemblyman Otis.

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

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

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

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

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

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

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

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

ASSEMBLYMAN OTIS: You've done a great

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

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

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

ESD CEO YOUNIS: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Senator Pat Fahy.

SENATOR FAHY: Thank you, Chair.

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

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

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

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

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

(Laughter.)

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

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

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

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

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

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

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

OCM ACTING EXEC. DIR. REID: Yes,

certainly.

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

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

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

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

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

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

CHAIRMAN PRETLOW: Assemblyman Friend, five minutes.

ASSEMBLYMAN FRIEND: Thank you, Chairs.

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

COMMISSIONER KNIGHT: Yes.

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

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

ESD CEO YOUNIS: Sure.

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

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

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

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

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

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

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

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

those projects.

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

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

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

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

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

official advertising.

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

COMMISSIONER KNIGHT: No, nothing like that.

ASSEMBLYMAN FRIEND: Okay. Thank you so much.

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

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

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

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

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

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

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

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

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

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

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

ASSEMBLYMAN FRIEND: You can get back to me.

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

ASSEMBLYMAN FRIEND: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Next is Senator Rhoads, five-minute ranker.

SENATOR RHOADS: Thank you, Madam Chair.

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

Thank you all for your testimony so far today.

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

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

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

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

increase revenue.

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

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

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

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

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

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

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

SENATOR RHOADS: Okay, but the

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

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

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

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

SENATOR RHOADS: Thanks.

COMMISSIONER KNIGHT: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRMAN PRETLOW: Assemblyman Simone.

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

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

COMMISSIONER KNIGHT: Thank you for that question.

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

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

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

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

ASSEMBLYMAN SIMONE: Yes.

COMMISSIONER KNIGHT: Yeah.

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

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

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

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

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

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

Thank you.

COMMISSIONER KNIGHT: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Senator Chris Ryan.

SENATOR CHRIS RYAN: Thank you, Madam Chair.

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

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

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

SENATOR CHRIS RYAN: Definitely.

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

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

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

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

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

COMMISSIONER KNIGHT: No, no. No.

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

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

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

SENATOR CHRIS RYAN: Okay. Thank you.

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

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

SENATOR CHRIS RYAN: And to myself and Chairman Stirpe.

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

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

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

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

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

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

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRMAN PRETLOW: Assemblymember

Walsh.

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

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

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

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

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

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

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

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

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

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

So I really -- I just wanted to put in

my two cents. I'm very concerned.

Thank you.

CHAIRWOMAN KRUEGER: Thank you.

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

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

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

COMMISSIONER KNIGHT: Yes.

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

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

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

COMMISSIONER KNIGHT: Thank you for that question.

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

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

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

SENATOR GOUNARDES: Great, thank you.

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

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

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

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

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

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

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

COMMISSIONER KNIGHT: Yes.

SENATOR GOUNARDES: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRMAN PRETLOW: Assemblywoman Griffin.

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

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

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

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

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

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

COMMISSIONER KNIGHT: So thank you for your question.

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

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

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

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

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

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

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

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

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

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

CHAIRWOMAN KRUEGER: Thank you.

Senator Chan.

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

So to follow up on Senator Rhoads'

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

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

COMMISSIONER KNIGHT: Thank you for your question.

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

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

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

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

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

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

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

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

like Las Vegas, you know, the glamour. And I'm thinking more like Aqueduct.

But anyway, so can you highlight any businesses that you've successfully attracted to our state?

COMMISSIONER KNIGHT: I think, you know, the Micron project is, you know, one of the --

SENATOR CHAN: Was that you?

COMMISSIONER KNIGHT: Yes.

SENATOR CHAN: Okay, great. And anything else?

COMMISSIONER KNIGHT: We have a lot of businesses that we've attracted in the last couple of years -- you know, Fairlife, the Coca-Cola subsidiary, to Webster, New York. Wells Enterprises in Dunkirk. It's there, but it's having a big expansion. Edwards Vacuum at the STAMP project. So a number of businesses we've attracted here to New York.

SENATOR CHAN: Okay, that's great to hear. Now I'm sure we have a lot more to talk about. Thanks.

COMMISSIONER KNIGHT: Okay, thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRMAN PRETLOW: Assemblyman Lemondes.

ASSEMBLYMAN LEMONDES: Thank you, Chair.

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

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

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

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

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

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

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

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

And I want to use the balance of my

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

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

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

Thank you. Thank you, Chair.

CHAIRWOMAN KRUEGER: Thank you.

Senator Tom O'Mara, five-minute

ranker.

SENATOR O'MARA: Yes, thank you.

Thank you both for being here today.

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

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

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

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

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

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

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

SENATOR O'MARA: Is that about the

same?

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

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

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

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

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

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

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

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

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

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

SENATOR O'MARA: Who would they reach

out to in your agency for help?

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

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

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

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

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

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

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

SENATOR O'MARA: Okay. And what kind

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

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

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

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

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

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

OCM ACTING EXEC. DIR. REID: Okay.

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

OCM ACTING EXEC. DIR. REID: Sure.

SENATOR O'MARA: Because we have -- my

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

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

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

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

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

(Brief recess taken.)

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

your seats.

(Off the record.)

CHAIRMAN PRETLOW: Assemblywoman Simon.

ASSEMBLYWOMAN SIMON: Thank you, Mr. Chair.

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

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

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

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

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

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

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

COMMISSIONER KNIGHT: That's right.

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

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

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

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

COMMISSIONER KNIGHT: Right.

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

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

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

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

Thank you. I appreciate it very much.

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

ASSEMBLYWOMAN SIMON: (Inaudible.)

(Laughter; off the record.)

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

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

Despite the fact that we wrote into

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

So help me understand what the process is now.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

So I think there's certainly room for

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

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

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

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

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

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

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

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

(Laughter.)

CHAIRWOMAN KRUEGER: No, sorry.

OCM ACTING EXEC. DIR. REID: No comment.

(Laughter.)

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

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

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

CHAIRMAN PRETLOW: You have 10 seconds.

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

Will you confirm to me that's not happening?

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

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

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

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

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

Assemblywoman Hooks.

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

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

COMMISSIONER KNIGHT: Thank you for that question, Assemblywoman.

I would have to get a list of those

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

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

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

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

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

ASSEMBLYWOMAN HOOKS: Great, thank you.

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

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

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

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

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

ASSEMBLYWOMAN HOOKS: Thank you.

CHAIRMAN PRETLOW: Assemblyman Ra.

ASSEMBLYMAN RA: Thank you.

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

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

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

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

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

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

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

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

COMMISSIONER KNIGHT: We look at full-time equivalents.

ASSEMBLYMAN RA: Thank you.

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

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

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

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

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

But thank you for that.

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

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

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

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

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

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

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

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

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

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

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

ASSEMBLYMAN RA: Thank you.

CHAIRMAN PRETLOW: Assemblymember Torres.

ASSEMBLYWOMAN TORRES: Hi. Thank you,

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

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

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

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

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

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

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

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

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

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

ASSEMBLYWOMAN TORRES: Thank you.

Commissioner Knight, two blitz questions for you.

One, any concerns about what's happening at the federal level and impacts on your funding?

And then, two, I'm really interested -- I was a former diplomat -- in the trade missions and how the trade missions are fitting into the overall goal for economic development. Would love to learn more about that, any way we can get involved,

learn more about the trade missions.

Thanks.

COMMISSIONER KNIGHT: So thank you for the question about the federal funding.

You know, many of our programs get federal funding as well as state funding. And to the extent that the federal funding wouldn't be there, there would be an impact. We continue to look at, you know, anything that comes out of Washington every day, but continue working through our programs and, you know, as the Governor has told us, to keep going.

ASSEMBLYWOMAN TORRES: I'll follow up.

COMMISSIONER KNIGHT: Yeah, thank you.

CHAIRMAN PRETLOW: Assemblywoman Jackson.

ASSEMBLYWOMAN JACKSON: Thank you, Chair.

Commissioner Knight, hi. Good to see you.

When people are applying for jobs at ESD, do you also go through OGS?

COMMISSIONER KNIGHT: No.

ASSEMBLYWOMAN JACKSON: So when they're applying, it goes directly through your office?

COMMISSIONER KNIGHT: Yes.

ASSEMBLYWOMAN JACKSON: And people that are applying, do they get responses back? The only reason why I'm asking is because I have two constituents that have applied and they haven't heard anything. And I see a lot of job postings for ESD, but I don't know when the jobs are being fulfilled.

COMMISSIONER KNIGHT: So thank you for that.

I think, you know -- I'll be in touch with your office to make sure that we can get back to those individuals.

ASSEMBLYWOMAN JACKSON: Okay.

And then for our ED, I just have a question. I see here you said 62 percent of adult-use licenses approved were social and economically equity owned. But if you don't know how many licenses there are, how do we know it's 62 percent of it?

OCM ACTING EXEC. DIR. REID: So the

62 percent was licenses approved at our last board meeting in February.

We do know how many licenses there are in terms of what's been approved in the past and what's been approved since I came on. But I can share those numbers with you.

ASSEMBLYWOMAN JACKSON: Can you tell me what those are?

OCM ACTING EXEC. DIR. REID: I can't tell you the whole breadth, but what I can tell you is in the last several months -- and I actually misspoke earlier. It's not 200 licenses, it's actually over 800 licenses.

ASSEMBLYWOMAN JACKSON: About 800, okay. So then we'll chat about what the actual number is.

And then when the mayor of New York City was here I asked him why his sheriff's office wasn't getting back to OCM about reporting when they are shutting down illegal stores and what's being seized as far as cash and product is concerned. Have they been corresponding with your office?

OCM ACTING EXEC. DIR. REID: So I appreciate that question that you asked back then because very shortly after, we got the information from New York City.

ASSEMBLYWOMAN JACKSON: Okay. And then at some point will we get a report about what's happening in New York City?

OCM ACTING EXEC. DIR. REID: Yes, we can share. We can put that together and share in a way that will be elucidative.

ASSEMBLYWOMAN JACKSON: Thank you.

And then why haven't we increased funding for the Social Equity Fund -- or the Community Grants Investment Fund, rather?

OCM ACTING EXEC. DIR. REID: So the community grants investment fund is appropriated up to 10 million. And so I know that this particular proposal includes in the proposal for 5 million. One of the things that I am sensitive to particularly as operations person is that we have to sort of prove before we expand too rapidly. So right now we're in the process of reviewing the grants that came in for this cycle year and

we're hoping to award those in the next I think -- by the end of March if not early April.

But I want to make sure that we have our processes and our practices in place if we're looking to work with more money in the future.

ASSEMBLYWOMAN JACKSON: Okay, thank you.

And then, sorry, Commissioner Knight. The elimination of 365,000 for additional support for MWBE, I see that in the Governor's proposal. Are we okay with that?

COMMISSIONER KNIGHT: Can --

ASSEMBLYWOMAN JACKSON: The reduction in the $365,000 in MWBE.

COMMISSIONER KNIGHT: I have to --

ASSEMBLYWOMAN JACKSON: It was allowed for additional support.

(Time clock sounds.)

ASSEMBLYWOMAN JACKSON: Well, let's chat about that.

COMMISSIONER KNIGHT: We'll get back to you, yes.

ASSEMBLYWOMAN JACKSON: Thank you.

CHAIRMAN PRETLOW: Thank you.

Assemblyman Bores.

ASSEMBLYMAN BORES: Thank you, Chair.

And thank you both for being here.

To start, I have a question for Executive Director Reid. We've heard a lot about the thousand-foot rule and also the 500-foot rule from an existing school or religious institution.

There's a legal cannabis store in my district and in the chairwoman's district called Bliss + Lex, which opened up 200 feet from a building that is a combined shul and school. And we were told that that was fine because A, you have to -- even though it's the same block, you have to turn the corner and so it's not a linear distance; and that B, it would be banned if it were just a school or just a religious institution but because it is both of those things, even though it's exclusively those two things, then there's no restriction on it.

Is that from regulation that can be

revised? Or is that statute that the Legislature would have to change in that interpretation?

And actually before that, do you think that makes sense?

OCM ACTING EXEC. DIR. REID: I'm going to answer in the reverse.

ASSEMBLYMAN BORES: Okay.

OCM ACTING EXEC. DIR. REID: So what you're talking about is -- well, let me reduce it to if it's a mixed-use property. And I get in terms of it being combined, a house of worship and a school. But if it's a mixed-use property, it can be closer than 500 feet.

Now, what's interesting and that's also in our regs, and I believe it's in Part 119, is that a municipality can designate a place a public youth facility. That includes playgrounds, that includes parks, that includes places like what you're talking about. If they designate that a public youth facility, then they can have 500 feet from that. But the municipality has

to designate that first.

ASSEMBLYMAN BORES: Okay. But so is that your regulation you can change, or is that statute that the Legislature has to change?

OCM ACTING EXEC. DIR. REID: That's in regulation. So we'd have to -- if there was a change, we'd have to put that out for public comment, we'd have to take -- there's a process under SAPA. But that is a regulation.

ASSEMBLYMAN BORES: Do you want to take a stab on if that makes sense?

(Laughter.)

OCM ACTING EXEC. DIR. REID: Whether that makes sense -- I think what we are particularly concerned about as an economic development agency is making sure that we are working municipalities -- insofar as there is an opportunity for a municipality to take the initiative to designate something as such, then I think that allows for, you know, what you're talking about to be addressed.

ASSEMBLYMAN BORES: Okay.

Commissioner Knight, you're not going to have a chance to answer given the time, but I'd love if you could follow-up with -- your testimony was the first time I heard about venture capital investments in -- through these small businesses as part of AI.

I would love to hear more about that, what the plan is on that. Venture capital, nine out of 10 things fail. I actually think it's a good thing for government to do, but it's usually one that's pilloried in the press and by opposition.

So just what our expectations are, what the benefits could be. Would love kind of a plan on that going forward.

COMMISSIONER KNIGHT: Absolutely.

ASSEMBLYMAN BORES: Thank you.

CHAIRMAN PRETLOW: Assemblymember Braunstein.

ASSEMBLYMAN BRAUNSTEIN: Thank you.

First for Commissioner Knight, I just have a comment, following up on what Senator Stavisky was talking about in regards to Creedmoor.

Yes, ESDC has taken input from the community, but ESDC has not responded or acted upon that input. And frankly your agency has just ignored the community input. I'm talking the community board, the Councilmember, the Senator, myself. And to this date, anything we've requested -- reasonable requests -- have just been ignored. And it's been disappointing.

For Executive Director Reid, the MRTA gives a community board the opportunity -- first notice and then the opportunity to have a hearing when someone applies for a cannabis license. The community board I represent, Community Board 11 in Queens, approved several licenses but there was one license that they unanimously opposed. And it wasn't just the community board, it was myself, it was State Senator Liu, the local Councilwoman.

The community board had a hearing, a hundred residents from the local community showed up in opposition. The location is 520 feet away from an elementary school, and

it's one storefront in the middle of a residential community. Completely inappropriate place for this kind of establishment.

The community came out and voiced their opposition. And like I said, the community board has approved several cannabis dispensaries including one less than a half-mile from the site that they opposed. in fact, the community board chair went to the grand opening of that cannabis dispensary.

So the only thing I can conclude from this whole process is that the community opinion just doesn't matter to OCM. Is there any other conclusion to be drawn? The entire community opposed this license. The applicant didn't show up. Does it matter that we speak up, or is it just disregarded?

OCM ACTING EXEC. DIR. REID: So this is one of those opportunities where I'll take the opportunity to draw a distinction between OCM the agency and the Cannabis Control Board.

ASSEMBLYMAN BRAUNSTEIN: Can I interrupt? I called Tremaine Wright, because she's a former member. I spoke to her, I asked her what happened. She said to me: We get a list of 70 recommendations at a time -- you know, give or take -- from OCM. Up or down vote on all of them together recommending approval. She said she never saw the letter from me and Senator Liu.

So it was OCM that recommended for approval, and then it went to the board.

OCM ACTING EXEC. DIR. REID: So again, our job as the agency is to ensure that folks are meeting proximity restrictions as well as eligibility criteria and statute and regulations.

ASSEMBLYMAN BRAUNSTEIN: So community input doesn't matter.

OCM ACTING EXEC. DIR. REID: So the community board opinion -- or the municipal opinion is what you're talking about, writ large, it's not dispositive under our statute or our regs as to what the board decision would be or the agency recommendation if an

applicant is meeting all of the factors of eligibility. So, you know --

(Time clock sounds.)

CHAIRMAN PRETLOW: Thank you.

Assemblywoman Lucas.

ASSEMBLYWOMAN LUCAS: Good afternoon, everyone.

Commissioner, how many businesses of nine or less employees benefit from the Low Interest Capital program? As per your testimony it is designed to lower the interest rates for small and midsized businesses.

COMMISSIONER KNIGHT: I have to get you the exact number, but thousands of businesses have benefited from the Low Interest Capital loan program.

ASSEMBLYWOMAN LUCAS: Can we get specific data? Would you give it --

COMMISSIONER KNIGHT: Yes.

ASSEMBLYWOMAN LUCAS: Okay, thank you.

And then also -- let me go on to Ms. Reid because I can't find my other question for you and the time is ticking.

New York legalized recreational cannabis in 2021 and pledged to specifically ensure that low-income minorities and especially those who were previously convicted of cannabis-related crimes would have assistance in the legal licensing process. Since then, only 22 stores have opened and nine of those owners have stated that they feel they were pressured into accepting a debt trap. I'm not paraphrasing here; I'm taking this from a New York Times article that was published this morning: "How a Plan for Reparations Became a Debt Trap for Marijuana Retailers."

What reassurances do you have to offer those currently struggling with these programs? Is there a reason why only 22 stores have opened over the course of four years? And do you have any sort of statistics proving success or a foul-up through those struggles?

OCM ACTING EXEC. DIR. REID: So that entire program is run through DASNY. So in terms of the information that you're seeking,

I don't have that. I'm not privy to it, it's not shared with me. But those would be questions for DASNY.

ASSEMBLYWOMAN LUCAS: Oh, so none of these questions you can answer.

OCM ACTING EXEC. DIR. REID: Yeah, I don't have insight on where things are at with those programs.

That said, I will say, you know, we are certainly open to thinking about and partnering in ways that are useful to some of these applicants. Understanding that, again, having sat down with many of them, that the program is not working. So, you know, open to those conversations, but those are generally questions for DASNY.

ASSEMBLYWOMAN LUCAS: And Commissioner, what efforts have been made to ensure sufficient representation of marginalized community members to benefit from the explosion of jobs related to -- and related entrepreneur opportunities created by the semiconductor manufacturing industry?

COMMISSIONER KNIGHT: So thank you for

that question.

(Time clock sounds.)

CHAIRMAN PRETLOW: Thank you.

Assemblywoman Kassay.

ASSEMBLYWOMAN KASSAY: Thank you, Chair. Thank you, Commissioner and Acting Director.

The first question is for Commissioner Knight. So my district is in Suffolk County on Long Island, and we have communities like Coram who have business thoroughfares that are blighted and they cannot proceed with the revitalization of these areas until their sewer capacity is expanded.

So they have much needed businesses that want to come in -- childcare, healthcare, mixed-use developments as well. And so they're ready, they're cued up to go.

And so my question is, how much conversation occurs between your staff and the staff that determines who gets the grant monies for sewer buildout when sewers -- you know, specifically in reference to this, that

sewers are the holdup to economic development?

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

We know that, you know, sewer development, you know, is an issue on Long Island. And, you know, there are times when we do have conversations about that development as it relates to economic development.

Sometimes there are resources available to support mixed-use projects that can support the infrastructure of these types of thoroughfares that you're talking about.

ASSEMBLYWOMAN KASSAY: Excellent. I'll definitely follow up with your office, or if you could follow up with me to let me know what resources are available currently. Thank you so much.

And for Acting Director Reid, two questions. So my office is actively working to increase enforcement on these illegal cannabis shops, or the unlicensed shops, because we know that they're selling both

illegal products and selling to minors.

Also, on behalf of one of our school superintendents, especially I've been cued in to how clever young people have gotten on how to get their hands on cannabis products, especially by mail. So I'll "yes and" on the mail conversation. I think it has to do with interstate commerce as well.

And so I know I'd sent a -- our office sent a letter to your office earlier this week. I do not expect to have had an answer already by any means, but just hope to hear your commitment to working on this issue to make sure that we are seeing that any cannabis by mail either requires a signature and is regulated.

OCM ACTING EXEC. DIR. REID: Yeah, again -- you know, and I appreciate the point in terms of young people. Having worked with young people, the question where I always start is, you know, what's going on in terms of you pursuing something or another, and then thinking about how there might be infrastructural or systemic ways in which

youth can access things that they're not supposed to.

Again, when it comes to, you know, delivery by mail, that would be with our law enforcement partners, and so not particularly for New York State or OCM alone. But again, open to having those conversations.

ASSEMBLYWOMAN KASSAY: Very good. So we look forward to your commitment to all coming together on that --

OCM ACTING EXEC. DIR. REID: Oh, for sure.

ASSEMBLYWOMAN KASSAY: Thank you so much.

And also has your office committed to working with the Attorney General, my colleagues and I on cracking down on the selling of illegal cannabis products in these unregulated packaged for youth or, you know, unregulated products in general? Not just the shops that are selling them but those who are manufacturing them.

CHAIRMAN PRETLOW: Thank you, Assemblywoman.

Assemblyman Dais.

ASSEMBLYMAN DAIS: Thank you.

This is going to be a quick response to one of our colleagues here. It's cannabis-related but also economic. So I opened up the first West Coast Special on Fifth Avenue, right? Right down the street was the Lord & Taylor's building where Amazon bought it for a billion dollars and brought in 2,000 workers, which didn't take big tax breaks.

However, the headquarters we did lose to Virginia has been shuttered and hasn't been open, so I think we won in that situation.

In reference to cured {ph} licenses and the interest rates that they're paying for the investments through our social equity program. Is that program working, or do you feel that we need to make tweaks to it?

OCM ACTING EXEC. DIR. REID: Just to clarify, what kind of licenses did you say?

ASSEMBLYMAN DAIS: The cured licenses, when they're getting --

OCM ACTING EXEC. DIR. REID: Oh, the CAURD licenses.

ASSEMBLYMAN DAIS: CAURD. CAURD, I'm sorry.

OCM ACTING EXEC. DIR. REID: Oh, I'm sorry, okay.

So in terms of those licenses, again, having sat down with those folks, you know, they don't feel like they're working. And I can only, you know, when someone says what's happening, you have to believe them. And so I think there are opportunities for us to think about how that program could be different.

ASSEMBLYMAN DAIS: So was Chicago Atlantic the right organization to choose for -- as the funding organization, or who helped with the Social Equity Fund?

OCM ACTING EXEC. DIR. REID: So that's, again, not a question I can answer. That's a DASNY question, as they sort of worked to stand up that fund.

ASSEMBLYMAN DAIS: Are you guys working with DASNY to solve these issues?

OCM ACTING EXEC. DIR. REID: In terms of the scope, that's not our wheelhouse in terms of how that fund or any fund would operate.

So again, that would be over in the DASNY wheelhouse.

ASSEMBLYMAN DAIS: Can you provide a breakdown to your office -- and probably not right now, but on how much money has been spent from the fund into the organizations?

OCM ACTING EXEC. DIR. REID: I can't do that. That's also a DASNY -- they keep all of those accounts relative to the participation in the fund and the outcomes of the fund.

ASSEMBLYMAN DAIS: They don't give you a report so you have an idea?

OCM ACTING EXEC. DIR. REID: No. We don't have -- we don't have an agreement to that. That's not the OCM role.

ASSEMBLYMAN DAIS: It doesn't have to be an OCM role, but I would think that there would be transparency so we have an idea of how much money is being put within our

cannabis program and to see how it's working.

How are you supposed to manage the cannabis program if you don't have an idea of the investments that the -- the investments that's going into them? How are you supposed to create measures?

OCM ACTING EXEC. DIR. REID: So the fund -- the fund is the body that -- the fund is the body, along with DASNY, that creates those metrics and it monitors those programs.

That's not information, like I said, that ever gets shared with us or that we have insight to.

ASSEMBLYMAN DAIS: Okay. That's very odd that you're in charge of the cannabis program and then you can't understand or have access to what I think would be public information on the financial impacts of our organizations within programs underneath your purview.

Last, the farmers, agriculture, cultivation, biomass. How much is our biomass right now and how much is actually getting into the market?

OCM ACTING EXEC. DIR. REID: I'd have to get back to you on numbers around biomass. I've heard various figures, but I'd have to really dig into that and get that back to you. But I can do that for you.

ASSEMBLYMAN DAIS: Okay, thank you.

OCM ACTING EXEC. DIR. REID: Just one thing, though. One of the things that we're really excited about is our BioTrack rollout, which allows tracking of product from seed to sale.

CHAIRMAN PRETLOW: Assemblyman Jones.

(No response.)

CHAIRMAN PRETLOW: Assemblywoman Tapia.

ASSEMBLYWOMAN TAPIA: Thank you. Thank you for all the time that you put in for this, because, I mean, we have a timer also.

(Laughter.)

ASSEMBLYWOMAN TAPIA: But thank you. I mean, Commissioner Knight, this question is for you. And I will have three questions, but I don't know if the three minutes are

going to last.

The Governor allocated 250 million to redevelop underutilized state-owned properties into housing developments. How will the state prioritize which properties receive funding? And what is the process for local communities to request for development funds for specific sites?

I have been working with Bronx Community College, for example, and the Dormitory Authority owns a site in my district that we are looking to redevelop into housing. So I would love to see some details about it.

COMMISSIONER KNIGHT: So we look at these project by project. There's a committee of state agencies who are involved in this and -- you know, the MTA, HCR, ESD. Check-in about SUNY. But I'm sure, you know, we'd be able to access.

And so look forward to talking to you more about this project.

ASSEMBLYWOMAN TAPIA: Most definitely. Most definitely.

I also have a question for cannabis. My question is regarding cannabis enforcement. I think, I mean OCM alone, with the city, has done a wonderful good job of shutting down illegal cannabis stores. But I think a lot of this has shifted from stores to people legally selling cannabis on the street.

In my district, for example, on Jerome Avenue in my district, where we have three, four schools in that street, we have dozens of individuals selling cannabis on the street. How is the state working to address these street vendors? Because, I mean, I have called the police, my precincts, and they take them away, they cannot do anything, I think, and -- but they come back three or four days after, they think that we forget.

So what is there we can do?

OCM ACTING EXEC. DIR. REID: So in terms of our enforcement, those are against operators. Again, this is sort of around the issue of we don't want to get to a place where we are recriminalizing cannabis, like

we've seen and I've personally experienced the detriments of that.

And so, you know, what we do as a matter of enforcement, we don't go after individuals, we go after businesses. Now, I think, you know, to the extent that there might be a role to play in getting those folks off the street, I think it requires education, I think it --

(Time clock sounds.)

CHAIRMAN PRETLOW: Assemblywoman Shimsky.

ASSEMBLYWOMAN SHIMSKY: Thank you very much, Mr. Chairman.

Good evening -- yes, unfortunately it's "good evening," Commissioner. I promise to be brief.

Going back to the comments made before by Chair Woerner and Assemblywoman Walsh about the MWBE issue, I've been hearing from a number of women in nontraditional fields that the process has not been working for them, that they are treated with a certain amount of disrespect. And the reversal rate

of these cases suggests that there's a problem.

What that means is they may get their status back, but they will have lost business opportunities, they will have lost tens of thousands of dollars in legal fees to get a wrong decision reversed.

And I think it's important that we look at what the applicable standards are. And it's been suggested to me by some of these women who have had to deal with this to look at the expertise of the people who are doing the investigating and what skill sets come up with the right results to make sure that everybody has them.

COMMISSIONER KNIGHT: So, you know, thank you for that.

You know, I look forward to working with you and the Legislature around regs, because some of this has to do with the regulations. So look forward to --

ASSEMBLYWOMAN SHIMSKY: I'll be happy to work with you on that.

Thank you.

CHAIRMAN PRETLOW: Assemblywoman Zinerman.

ASSEMBLYWOMAN ZINERMAN: Good afternoon. Thank you, Chair.

I have one question for you.

Hello, Commissioner.

But Ms. Reid, how are you? We have not met. I'm Stefani Zinerman, from the 56th Assembly District. I am a member of the committees on Agriculture and Labor, and I am the chair of the Subcommittee on Emerging Workforce. So I always like to talk about cannabis because it basically encompasses my entire world. Right?

OCM ACTING EXEC. DIR. REID: Yes, it does.

ASSEMBLYWOMAN ZINERMAN: So the first thing I'd like to say is thank you. I've read a lot of testimonies and nobody has ever given me a list of success or what success should look like. So thank you for the guide.

And so I have a couple of questions for you. I'm certainly encouraged to hear

about the cannabis conversations that you have, that you're having across the state. I encourage you to continue those. I have a bill that actually says that we need to do more in terms of educating our young people. Right?

But what does success look like in that area? Because I want those two things to be absolutely blended so that young people and their families are getting the information that they need. That is one question.

I am -- I believe that all legislation should do no harm. We should think about that. And certainly we have this bill. But you've heard from our chairs and some of my members that the illegal shops are something that are doing harm in our neighborhoods, and especially to our young people. And we've closed a lot in my neighborhood, absolutely. But this is my problem: Landlords in the State of New York like the cannabis money. And they are breaking the rules every day by opening up those shops.

So people don't necessarily know that when they first approach, you know, a landlord -- I'm looking at my time -- a landlord and an owner of this business, but if you read the regs you know that if the person doesn't have a license from you all, you can't rent to them. They can't open it up.

What are we doing in that area too? Because that's the -- they close them, but somebody else will pop up across the street and they'll open up. So we've got to address that issue as well.

And then my last question for you is about the cannabis workforce and labor practices. So I like the whole idea of that. What does that actually look like, though? What -- because the industry is so huge. I mean, they do everything from security to HVAC to actually being a grower or a retailer. Right? So what does best practices look like for you?

And I did want to make the connection for Black farmers as well. How many of them

are part of the BioTracking system, because that's very important.

And if I have 10 seconds left, Commissioner Knight, I want to talk to you about do you support cultural districts, cultural art districts? And if so, if you could tell us why.

It will have to be at some other time, because I only got my questions out.

CHAIRMAN PRETLOW: Assemblyman Santabarbara.

ASSEMBLYMAN SANTABARBARA: Thank you, Mr. Chair.

Thank you all for being here, and thank you for your testimony today.

I just have a couple of questions for Acting Director Reid on enforcement practices and oversight.

What is the criteria that your office uses to determine which businesses to actually look into? And how do we prevent targeting businesses that are doing legitimate business and not disrupting them?

And the last question is, are there

mechanisms in place to prevent repeated I guess investigations or raids on that same business when no violations are found? And the reason I'm asking is I do have a business in my district, a vape shop, actually. Every so often they'll call and people have gone back there just looking for illegal cannabis. They don't sell cannabis, but they were investigated over a period -- I think in like 10 months it was like three times.

So I just wanted to ask those questions just for some clarification.

OCM ACTING EXEC. DIR. REID: So on let's call it triage. You know, one of the things that's really important as to enforcement is the public health and safety piece. So if there is an immediate public health and safety issue, you know, that will take precedence in terms of particularly selling to minors or other vulnerable populations.

But one of the things I will say -- at least I can talk for the state side of enforcement -- is that when folks reach out,

when folks go through our portal, that doesn't go into a void where it dies. If you can imagine, there are thousands of complaints that we get in the span of a week, and so we have to go through all of those, suss out what's legitimate, what's not legitimate.

And as we've done this over time, we've gotten much more streamlined, particularly with our staffing increases, in going through all of those complaints.

As I mentioned, you know, with some of those it's relating to larger investigations, particularly criminal investigations, which can take a bit of time. But one of the things that's incredibly important is that we are investigating and looping back. Now, sometimes we are not able to loop back particularly to the complainant because again, with the intricacies of our investigations, we're just not able to do that. And when they're ongoing and they're long, that could be, you know, many, many months.

In terms of businesses that have been investigated before, I know that in the cannabis marketplace, you know, there are businesses that -- at one point they might be compliant, at another point they might not. And depending on the level of the lack of compliance, sometimes our enforcement folks will go out and, you know, investigate that business.

So there are some situations like that that we have to be mindful of and really vigilant about in terms of how operators one day could be doing one thing, the next day doing another thing.

ASSEMBLYMAN SANTABARBARA: Can I continue this conversation offline about the particular business? Maybe we could talk a little more about the details of it.

OCM ACTING EXEC. DIR. REID: Sure, love to.

ASSEMBLYMAN SANTABARBARA: All right, thank you.

OCM ACTING EXEC. DIR. REID: Thank you.

CHAIRMAN PRETLOW: Assemblywoman Giglio.

ASSEMBLYWOMAN GIGLIO: Thank you.

Commissioner Knight, my questions are for you, please.

So you're doing a great job, and thank you for that, because there is a lot of economic development happening throughout the state. But my concern is when we get assigned grant money that we can give out to different projects, I mean, there's a recreation trail, a veterans recreation trail that's still owed $150,000 ten years later.

And how do we -- what recommendations can you give so that when we assign grant money and then it gets a contract number and sometimes they have to wait for DASNY to do what they need to do in order to begin the work -- and that could be years later -- and then it takes years to get paid, what do you suggest we do to speed up that process so that grant money that we promise to our constituents to great projects, that they actually get approved and they get the money

after the project's completed?

COMMISSIONER KNIGHT: Well, you know, thank you for that question.

And, you know, I'd like to learn the specific circumstances of --

ASSEMBLYWOMAN GIGLIO: Yeah, it's DASNY. I don't know if they have too much on their plate or what's happening, but there's got to be a way to streamline this process. And I know you can help me come up with the solution for that, because we really do move on, like I said.

And then you change legislators and then the new legislator that comes on doesn't even have access to the information, DASNY won't even talk to the new legislator.

COMMISSIONER KNIGHT: So I will talk to my colleague at DASNY and we'll have a conversation with you.

ASSEMBLYWOMAN GIGLIO: Thank you so much.

CHAIRWOMAN KRUEGER: I think it's just me for a three-minute follow-up.

So we have this bizarre

cannabis-Atlanta-Chicago deal. Wasn't done by OCM, DASNY's not here in the room. I'm being told that until DASNY is paid back $50 million from OCM revenues, you're not allowed to spend any additional monies for any of the things that we thought you were supposed to be spending the money on, such as the drug prevention education, support for larger investments in social equity grants to communities.

Is that our understanding? Because I don't see any new money going into any of those in the state budget, and at least someone told me they believed it was because first we have to pay back DASNY the 50 million.

Since that whole fund is a nightmare, I don't know where we have to pay it back, "we" being OCM, in the first place. But I just looked and the tax revenues from cannabis this year I think are over $160 million. So why wouldn't we still have more money to start to invest in our commitments from the law?

OCM ACTING EXEC. DIR. REID: Yeah, so I think when it comes to particularly our social and economic equity programs, you know, we've been building -- we've been continuing the work that started before I got there, then expanding around it in terms of listening to the communities and hearing what would be most useful, would not be useful.

I could cite, you know, our CAURD and our academy, our retail accelerator, our release of a banking directory for businesses. So there are avenues in which we are recognizing that there exists a need and supporting some of those programs.

Now, when it comes to some of the budget aspects I do know that, you know, again, we need to continue to spend what we already have. And that's dedicated toward our social and economic equity programs. But when looking at, you know, some of our statutes, I think we have to have another conversation around how we're proceeding around our monies, and I know that's not final.

CHAIRWOMAN KRUEGER: So when I looked in the budget I saw an additional 5 million for the social equity grant. So you're giving out 5 million now, I think.

OCM ACTING EXEC. DIR. REID: Yes, we're in the process.

CHAIRWOMAN KRUEGER: But there's no growth in it for next year, and there's no reference to any other monies going for the other purposes in the Governor's Executive Budget. Is that your understanding?

OCM ACTING EXEC. DIR. REID: Again, our appropriation is up to 10 million. And I've really been clear with our team that we have to make sure that we do this 5 million rollout well, because I don't want to get an increase that -- evidence in our basis that we haven't been able to responsibly roll out a current program that we have.

CHAIRWOMAN KRUEGER: And do you have any answers from anyone in the Governor's office or other parts of government of how we're going to get ourselves out of this contract and make those businesses whole who

went into the Atlantic-Chicago deals?

OCM ACTING EXEC. DIR. REID: I think, you know, when it comes to those folks who have participated in the fund, those -- I'll follow up with you.

CHAIRWOMAN KRUEGER: This is your final sentence before we let you go, so --

CHAIRMAN PRETLOW: No, I have one more questioner.

CHAIRWOMAN KRUEGER: Oh, excuse me.

All right, finish your sentence, please.

OCM ACTING EXEC. DIR. REID: When it comes to those programs we have to look at what works and what doesn't, and insofar as we've heard that what's happening with the DASNY fund isn't working, having those conversations about what could be a program future.

CHAIRWOMAN KRUEGER: Okay. I can't ask you any more questions because I've again maxed out.

CHAIRMAN PRETLOW: Assemblyman Stirpe for a three-minute follow-up.

ASSEMBLYMAN STIRPE: Thank you.

First of all, I want to commend you on your endurance. You've done a great job.

(Laughter.)

ASSEMBLYMAN STIRPE: Real quick, and it's almost along the same lines, because of the situation with the DASNY fund, because of the inability to get finance from normal means -- banks, credit unions, et cetera -- for cannabis businesses, some of my colleagues and I have been advocating for like a $15 million revolving loan fund for farmers, cannabis farmers and processors.

Do you think that's a good idea? Would you be supportive of that?

OCM ACTING EXEC. DIR. REID: We would certainly be supportive of something like that.

ASSEMBLYMAN STIRPE: Okay. I don't know who would even manage that, if ESD manages that or OCM, I don't know. But I know that they're pretty desperate and they would appreciate anything to help their businesses stay afloat.

Okay, thank you.

CHAIRWOMAN KRUEGER: All right. So now I'm officially thanking you for your time with us today, and we are letting you fly away.

And we are inviting the second panel, government panel, to join us at the front.

So again, legislators, if you want to grab them, only in the hallway. Do not talk to them here. Assemblywoman, wait till they go to the hallway and then talk. Assemblywoman, go outside to the hall and talk to them, please.

Office of General Services, Jeanette Moy, and Erika Mallin, New York State Council on the Arts, to the front.

(Off the record; pause.)

CHAIRWOMAN KRUEGER: All right, I'm going to try to get order back in this room. Let's see if we can do it. We're asking legislators to take their seats in the front. No, stop hugging. Stop saying hello. No hugging. Assemblywoman, go sit down. Yudelka, sit down. Stop hugging.

(Laughter; off the record.)

CHAIRWOMAN KRUEGER: All right, we're going to try to get ourselves rolling, because I know many people are thinking how can it be this late already? But it is.

So I'm going to ask the two commissioners which one of you would like to go first. Okay, so Jeanette Moy, for those in the room in the back, is going first, and then Commissioner Mallin will go -- excuse me, Executive Director Mallin will go second.

And it's yours for 10 minutes.

OGS COMMISSIONER MOY: Good evening, Chairs Krueger and Pretlow, Ranking Members O'Mara and Ra, Chairs Ryan and Stirpe, ranking members Murray and Friend, and distinguished members of the Legislature. My name is Jeanette Moy, and I'm the commissioner of the Office of General Services for New York State.

Thank you for the opportunity to share the work that we've accomplished in the last year and to discuss the impact of Governor Kathy Hochul's Executive Budget on

this agency.

Governor Hochul's budget proposes $1.7 billion for OGS, which will enable our 1,900 employees to advance her commitment to improving government operations and delivering exceptional, accessible services for New Yorkers. OGS's services are vast. We manage 32 million square feet of real estate through state owned and leased properties. We provide shared services, process transactions for 44,000 state employees, managing 270 million in annual budget for four client agencies, and administering human resource functions for over 2,800 state workers. We also administer 1,500 centralized contracts with award values of $34 billion.

We deliver logistical support, champion resiliency and sustainability, host well-loved cultural programs and steward world-class artwork, and create meaningful opportunities for businesses and the people of New York through our contracting. In times of great flux, with changes in federal

policy creating new pressures and operational risks for our agency partners, our vendors and the supply chains that we rely on, OGS is proud to provide steady operational expertise and logistic support for New York State.

OGS's role is to help the state to operate efficiently and effectively, while also navigating changing market conditions and volatility. We do this by utilizing data to help the state make informed decisions and instituting policies, processes and system changes that enable our agency partners to function.

The proposed Executive Budget allows us to continue this mission as we address our aging infrastructure across the state, the Governor is focused on increasing the speed, equity, and efficiency of capital project delivery. This year she has proposed legislation to enable select state agencies, including OGS, to use a variety of alternative project delivery methods. This will allow us to be able to select the best contracting mechanism for a project, to work

more collaboratively with our vendors, and to ensure that public funds are spent efficiently.

The Governor has also proposed raising and increasing the MWBE discretionary purchasing threshold to $1.5 million, in line with New York City's, expanding opportunities for state agencies who work with MWBE vendors. OGS provides design, construction and permitting services to 50 state agencies, and we recently completed the rehabilitation of the Jamaica Armory and the second phase of the Adirondack Rail Trail.

Our current workload includes $2.1 billion in design development and another $1.7 billion in active construction projects like the restoration of the historic Lexington Avenue Armory and the restoration of the Jones Beach East Bathhouse.

Each of these projects enhances our communities, preserves our history, and improves public spaces for generations to come.

In support of the Governor's directive

to focus on service delivery, this year we launched our data analytics office to increase transparency to our operations and build a culture of data-driven decision making. We firmly believe in the adage you cannot manage what you cannot measure, and we are incorporating it into our work. We are creating performance dashboards for our business services center and design and construction activities.

Through this proposed budget, OGS will develop a public dashboard to view progress on vertical capital construction across the state. If you as legislators, or your constituents have questions around what's going on with a major public works project near you, you will be able to access information on demand.

Our focus on transparency is in line with the Governor's efforts to ensure that state government is efficient and expand services delivered to New Yorkers. Our digital team will support the Executive Chamber's launch of a public dashboard of

analytics for the state's digital assets. We are developing a public map of select state-owned lands, ensuring that underutilized spaces can be put back to productive use.

This year's proposed budget will enable us to scale up these existing efforts to make government easier to navigate and more responsive to the people that we serve.

Announced in the State of the State, OGS will launch the office of innovation and efficiency to support efforts to redesign operations and implement improvements across the state with centralized projects and performance management services.

Our real estate portfolio includes over 150 state-owned buildings and structures, most built between 1965 and 1975, totaling more than 7 billion in assets, serving 30,000 tenants and hundreds of thousands of visitors annually, with systems that are reaching or past the end of their useful life. Deferred maintenance has accumulated, adding complexity and cost to

projects.

Thanks to the Governor and to the Legislature, OGS has been able to tackle problems that have gone unaddressed for decades, prioritizing critical infrastructure issues and completing portfolio-wide assessments. By addressing critical building systems we can make our spaces more affordable and inviting, with an eye towards flexibility and future needs.

In her State of the State, the Governor committed $400 million to revitalize downtown Albany, led by my colleagues at Empire State Development. From the center courtyard and Hawk Street Passage to the Eastern Approach to The Egg, OGS will ensure that the Empire State Plaza and the Capitol complement and integrate those efforts.

As a proud co-lead of the GreenNY Council, we are proudly laying the foundation that will help the state meet our climate goals. Alongside NYSERDA, we are implementing first-in-the-nation Clean Concrete guidance to reduce greenhouse gas

emissions in state construction and rolling out sustainable design guidelines to ensure that agencies are building to the same standards as they fulfill their EO22 requirements. We are also incorporating sustainability into our leasing agreements.

We have created a dashboard with a map of state-owned vehicle charging ports and progress on the state's EV conversion. OGS began implementing telematics into the state fleet, gaining greater insights into vehicle operations that will facilitate our transition. We've worked with agencies to craft their EV transitions, and we will be holding our third annual EV car show for fleet managers for the state in May.

To date, OGS's own fleet has transitioned 24 percent of our light-duty non-emergency fleet.

As part of this budget, Governor Hochul has committed to fully funding the first phase of the Empire State decarbonization plan, which upon completion will result in a reduction of 21 percent in

locally produced emissions. Between the first two phases, on-site emissions will be reduced by a projected 50 percent over the next 10 years, and we will continue studying pathways to reach full decarbonization.

Governor Hochul has allocated funding in this budget to expand waste diversion efforts at the Empire State Plaza through simple interventions like new signage, strategically placed bins, and waste audits. We will work with our concourse tenants, all small Albany-based institutions, to facilitate pre-consumer food waste collection, setting a model for substantial sustainable practices that can be scaled statewide.

Last year, across 578,000 transactions, OGS facilitated procurement for our agency partners. We provided purchasing assistance and processed financial and personnel transactions. We established a new contact center that enables all calls to go to an OGS employee in the first instance, enabling us to deliver faster service to more

customers. They now have more immediate access to the information they seek with less wait time.

We've renewed 33 centralized contracts, saving our agency partners hundreds of hours of negotiation and leveraging collective purchasing power to secure the best possible pricing. We are committed to educating users and potential vendors.

We participated in dozens of outreach events, including our own GOVBUY conference, which connects vendors and procurement officials.

Last year we implemented an eProcurement solution for construction projects, Bid Express, which has enabled us to reach new bidders.

We've completed -- in the lead-up to our implementation of eProcurement for our centralized contracts, we've completed a comprehensive assessment of our processes. We've also debuted a new online feedback tool for vendor performance. We've implemented

Docusign for our contracts. And we will be initiating our solicitation for a new eProcurement system later this year.

Now, as a support agency, the Executive Budget will enable OGS to deliver core services including central printing, dock master, emergency management and planning, mail and freight services, and state and federal surplus property. The programs provide essential services to state entities, to local municipalities, schools, emergency feeding organizations, and the public.

We are piloting two food locker systems, in Oswego and Cortland counties. These lockers provide food access in rural areas by enabling people to obtain food at a time and location convenient to them.

We also broke ground on a 200,000-square-foot warehouse that will consolidate the inventory of four warehouses into one -- a meaningful investment in the community of Green Island -- while streamlining our critical warehousing and

distribution operations.

In closing, the Governor's Executive Budget will enable OGS to continue addressing our aging infrastructure, modernizing and innovating our operations, and supporting the state's response to the complex challenges that are facing us today. I'm very proud of our progress to make New York a healthier, stronger, more resilient and more equitable state. I look forward to working closely with all of you to deliver for New Yorkers.

I thank you for the opportunity to speak with you this afternoon -- well, this evening, and I am very happy to answer your questions. Thank you.

CHAIRWOMAN KRUEGER: Thank you.

First up is April Baskin -- no? Oh, I'm sorry. The days are -- I apologize profusely. No, no, I apologize. Clearly a little more caffeine is required.

Please.

NYSCA EXECUTIVE DIRECTOR MALLIN: Chairs Krueger and Pretlow, Chair Serrano, our new chair, Assemblymember Kim, and

distinguished members of the committees, thank you for the invitation to be here today.

It's been a profound honor to serve our state and our vibrant arts and culture sector in my first year as executive director.

On behalf of our council, staff and the cultural industries of New York, we thank Governor Hochul and the State Legislature for your continued investments in the arts.

Throughout the past year, I have traveled across nearly every region of the state, witnessing firsthand the transformative impact of the arts on our state.

From anchors in their communities like Flushing Town Hall in Queens -- whose arts programming serves over 45,000 people across the borough, including senior centers, health centers, and schools -- to tourism drivers invigorating the local economy, from the Corning Museum of Glass, which welcomes over 300,000 visitors each year, to another but

smaller city anchor in Rochester, the Rochester Contemporary Art Center, which welcomes over 14,000 visitors annually -- and organizations creating career pathways for young artists to work, stay and live in New York State like Youth FX right here in Albany, a film program that nurtures young filmmakers and connects them to jobs in the film industry, and Assembly House 150 in Buffalo, an art and design incubator for young people that provides 17,000 hours of training in artisan crafts, from theatrical set building to historic restoration.

At every site visit and every convening, and as these examples show, one truth is clear: The arts are not a luxury, but a necessity. Organizations and artists strengthen our communities and contribute directly to our economy and the well-being of all New Yorkers. Your investments make this possible.

And NYSCA is a national leader in arts funding and a driving force behind the success of New York's creative economy.

Through our programs, we meet today's challenges in realtime and pave the way for growth in our sector.

We do this by:

General operating support. Through a competitive application and peer review panel process, NYSCA is the only statewide provider of flexible, core operating funding keeping organizations' doors open and thriving.

And increasing access to funds. This year alone, we saw a 40 percent surge in operating support applications, demonstrating both our outreach success and the urgent need for continued investment.

We also, through our programs, are job creators and we retain artists. NYSCA funding is an investment in our workforce stability, ensuring New York remains a place where artists can live, work, and contribute.

And we are advancing tourism and economic growth. Our funding seeds new organizations, expands artistic production, creates new destinations, and fuels the broader economy.

And we bring global recognition. From local honors like the Bessie Awards for Dance to the Academy Awards, NYSCA grantees are shaping culture on every level.

And our impact on the ground too is far and wide. Annually, NYSCA grantmaking extends to all 10 regions of New York State and supports over 3,000 artists and nonprofit arts organizations. Our work ensures that organizations of all budget sizes thrive, that support is broad and inclusive. Annually, NYSCA supports over 500 new artists across artistic disciplines, and in 2025 over 100 organizations were first-time NYSCA grantees. We're very proud of that.

We are investing in our local communities. Our successful Statewide Community Regrant program expands NYSCA's reach to the hyperlocal level by empowering over 1300 artists and organizations.

And we are helping to develop new artistic work. For example, NYSCA invested $2 million to secure affordable creative spaces across 61 sites, ensuring that artists

have space to create and innovate.

And more than ever, NYSCA grantees are also playing an outsized role in their communities, providing both critical arts programming and vital social services from childcare to mental health. For example, ARISE, in Central New York, provides visual arts and literature programming to individuals with disabilities and mental health diagnoses -- while also running a mental health clinic and providing direct care services for seniors.

The West Falls Center for the Arts in the Western New York region is a performing arts center that also offers specialized music programs for veterans and also helps veterans to further connect with resources.

And we are also a driver in capital funding, which is also critical to our creative economy. Since the capital program began in 2018, NYSCA has awarded over 300 capital project grants to organizations of all sizes.

And just in this year alone, we have

expanded access to capital dollars to address critically needed funding, from design costs to facilities improvements. Our FY 2025 capital awards will be announced in April, and I'm proud to share a few completed projects, including the Corning Museum of Glass, the Reg Lenna Center for the Arts in Jamestown, Western New York -- these are all this past year -- historic Saranac Lake in the North Country, and at the end of the year we will be opening the Studio Museum in New York City.

We know the arts are an economic powerhouse. They deliver a robust return on our investments. New York's creative economy contributed over $151 billion back to New York State, more than retail, construction, agriculture, or transportation sectors, while supporting over 460,000 jobs.

And on a local level, regional studies from Long Island, Westchester, and Western New York show that attendees in these regions on average spent an additional $30 per event beyond the ticket price, injecting revenue

directly into local businesses and communities.

Looking ahead, our focus is strengthening our arts ecosystem. While the arts sector has demonstrated remarkable resilience, organizations continue to navigate rising costs, revenue fluctuations, audience unpredictability, decline in private philanthropy, the sunsetting of -- I feel like this is the plagues here -- a federal decline in pandemic recovery, and of course other imminent federal funding issues.

NYSCA is responding by launching one of the first stabilization initiatives to deal with building reserves with organizations. This is for their future sustainability and resilience.

We are also expanding technical assistance partnerships to provide targeted support and capacity-building in areas like marketing, fundraising, board development, and more.

We are introducing the Governor’s State of the Arts Fellowship and new public

art initiatives to elevate creative leadership across the state.

And we are convening and engaging with our field, other funders, and service organizations to address emerging challenges so that we can continue to be proactive and drive innovation in our grantmaking.

Through NYSCA grantmaking, we give all artists and arts organization the greatest gifts -- support, space, and freedom to create. When we do this -- all of us -- we make history every day, because when we invest in the arts, we invest in the future.

I look forward to working with you to ensure a thriving, sustainable arts sector for all New Yorkers. I now welcome your questions.

CHAIRWOMAN KRUEGER: Okay, thank you.

Okay, and now we'll stay on message and I will turn it to Chair April Baskin for 10 minutes.

SENATOR BASKIN: Thank you, Madam Chair.

Thank you, ladies, for being here this

evening.

Commissioner Moy, thank you so much for meeting with me in my office last week and helping us better understand your department.

The budget includes an Article VII that will streamline construction projects by allowing for the Construction Manager as Constructor, CMc, Contracts Program. I understand the major logistical issues that this procurement strategy will address: We don't want construction projects to lag.

But what impact will this have on the state's checks and balances on construction projects, since a CMc process basically allows for one entity to control the entire project?

I bring these questions up because I believe I've experienced a major construction project having a streamlined procurement process in the construction of the new Buffalo Bills Stadium right outside of my district. The project received final approval in May 2023 and, one month later,

the general contractor was discussing a plan to get a waiver for MWBE requirements.

We had to, and continue to, fight tooth and nail to pressure the Buffalo Bills to follow the law to improve their outreach and engagement on a project that has $850 million of public investment in it. And just this week the Buffalo Bills front office declared that they are the only decisionmakers on the project and that they do not have to follow what the state or the county or the public say.

This was not a CMc project per se, but it exemplifies what can happen when quality control is reformed in the name of streamlining projects. So I caution the sacrificing of oversight in the name of efficiency, which CMc may do, because private companies are not beholden to the public even if they are significantly funded by public dollars.

And if we do move forward with the CMc program in the budget into state business as well, it must be equitably resourced with

pathways for our small businesses and emerging businesses to get experience on state projects.

And so, Commissioner, my question for you is, what policies are put in place? Help me understand how CMc does not remove accountability or oversight from the state and give total control to private developers.

OGS COMMISSIONER MOY: First off, I want to thank you for that question, Senator. I think this is an important conversation around alternative delivery methods.

CMc, or the Construction Manager as Constructor, is a different type of alternative delivery method. It provides for a single point of accountability when we have complex, time-sensitive projects, but does not remove the state from any aspect of the work. Our designers and our engineers will be a part of the management and the review of that work, whether it's architectural or engineering firms.

For our projects, though, what it would allow for is the state to have a

designer as well as the constructor on board, two separate entities. So it's not one point of accountability, it allows for us to have a design firm, engineering firm, architectural firm who helps us to create the project and bring the construction firm earlier into the process.

That allows the state to have control over the design and its priorities, as well as have a designer work in tandem with the constructor as they're making their design decisions. It allows the state to have better control.

And also I would note that this type of contract vehicle is one that's not appropriate for every type of project. There are only a handful of projects where it might make sense for us to leverage a contract vehicle like this, but it doesn't abdicate our responsibility as a state entity to be able to oversee those projects. The same types of requirements around PLA and Wicks Law still are maintained, same types of control.

But I don't want to conflate this across design-build. It is another alternative delivery method. But again, it allows the construction entity to be working in tandem and alongside the architectural firm. My team would say that sometimes designers and architects may have grandiose ideas around what they want to include in a design process. That allows the constructor to say whether or not it's plausible and practice.

So it just allows more entities to be involved to ensure that we have better controls around complex projects resulting in fewer change orders and better controls over the costs themselves. But this is a vehicle which would be used for a certain type of project and would not at all -- I mean, that the state wouldn't be involved with the project itself.

I'm not as familiar with what happened with the Bills Stadium, but I do know from our perspective we believe that the state needs to maintain control of our projects.

This particular contract vehicle is an opportunity for us to have better control over design and construction projects and better outcomes.

SENATOR BASKIN: Thank you very much.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRMAN PRETLOW: Assemblyman Stirpe.

(No response.)

CHAIRMAN PRETLOW: Assemblyman Ron Kim.

(Discussion off the record.)

ASSEMBLYMAN KIM: No, but thank you so much for your testimonies today. It's good to see everyone here today.

And my first questions will be directed to Executive Director Mallin from NYSCA.

I think in your testimony you said some wonderful things, and I think the whole community behind you would agree with many of the values that you represent in terms of the arts community, particularly when you said something like the arts are not a luxury but

a necessity.

Especially, you know, when we spend hours talking about semiconductors and AI and all these, you know, subsidies for major corporations, people forget the impact of the arts on our economy -- and it's tens and tens of billions of dollars. People come to the state, the city, the majority of them are attracted to the arts institutions, they spend locally, they spend in the restaurants, hotels.

But beyond that, there's also the workforce -- the artists, the creative entrepreneurs that often are viewed systemically, institutionally, as perhaps less productive because they're not engineers, they're not making things that you can sell at market. But you and I both know they bring something much more valuable, which is creating intrinsic purpose and value to our communities, where we're making communities whole and giving them purpose.

And I just know that this agency was created in 1960 --

NYSCA EXECUTIVE DIRECTOR MALLIN: '65.

ASSEMBLYMAN KIM: -- '65. And it is the first agency --

NYSCA EXECUTIVE DIRECTOR MALLIN: I'm sorry, 1960, you're right.

ASSEMBLYMAN KIM: 1960.

-- tasked with subsidizing the arts community. But it's limited in the scope of what you can and cannot do, and I think there needs to be improvement in expanding some of the scope of how you can support the workforce and how you can really grow with the community.

But for now, I just want to start off by just asking first, How do you think the arts and cultural organizations have recovered from the pandemic? And is the funding from the state sufficient to offset the costs related to pandemic recovery for these organizations?

NYSCA EXECUTIVE DIRECTOR MALLIN: I think there is a lot of bright lights but also, you know, still dark tunnels that arts organizations and the whole ecosystem is

going through for precisely the things that I said in my testimony -- rising costs, unpredictable audiences. Of course we have the federal money at hand, that's also a question.

There's just a lot of uncertainty still in the -- particularly, obviously, the nonprofit world, which is what we deal with.

So I think those things are true. Some have rebounded from the pandemic, or post-pandemic world, whatever we're calling it. But some really have not. And our job as the single largest, you know, state funder -- or in many places, particularly upstate, we are the only public funder or the biggest public funder. You know, our work is cut out for us. And it's about trying new models, trying to, you know, encourage everyone to still be risk-takers and entrepreneurs, those who work in the arts, whether a leading organization or an artist themselves.

So that's the work that we try to support.

ASSEMBLYMAN KIM: In your testimony you said that this year alone you saw a 40 percent surge in applications for operating support. Yet the Executive's budget, I don't think it meets all those needs from the market. The All Funds appropriation is 72 million. That includes 60.7 million in the proposal for grant-making.

Do you think that's sufficient to meet the demands in the large community?

NYSCA EXECUTIVE DIRECTOR MALLIN: We will always work with what the -- whatever the budget's enacted to serve our mission. And in fact this year that money that you see is in our base grant-making is an increase, and that's the first increase in a decade.

So we will always commit ourselves to doing -- to serve the industry.

ASSEMBLYMAN KIM: And you also touched on the process of the re-granting partners that use a peer review protocol, I guess, to award the grantees.

And from the arts community, we've

been kind of hearing that in this process some of the smaller groups and artists are left behind that can't compete or don't have the resources to allocate a full-time grant writer, don't get as much of this pie as they should be getting.

What can we do to, you know, provide some support or communicate better so that those artists and organizations that are smaller in size do have a fair shot at getting more funding?

NYSCA EXECUTIVE DIRECTOR MALLIN: Well, I think obviously by the 40 percent increase -- and it was a 20 percent increase overall -- that in some ways, you know, is a result of our outreach, which includes not only going around the state and meeting people where they live and work and speaking directly to them, but also we hold, you know, a myriad of office hours and webinars to try to make, you know, organizations as competitive as possible in this process.

And in fact the majority of our grantees are small, are grantees with budgets

of under a million dollars. Those are the majority of our grantees.

But I do want to say again that this is a peer-review panel process -- small, big, medium, large. And I feel very strongly about us helping these organizations be competitive in the process. And again, that's why you see a 40 percent increase, obviously based on the need, but because I think we've opened the door to say, Hey, there's access here.

And we've talked to advocates as well and said, Listen, you know, there's room here for you, come to the table. And we will do more of that, we will do more outreach face to face.

ASSEMBLYMAN KIM: Thank you for that.

Commissioner Moy, you actually mentioned in your testimony about the money that you are implementing to improve the Empire State Plaza performance arts corporation, The Egg, as we know it. I'm a little unclear. I mean, I thought that NYSCA had a part of this, of the 500,000

allocation, but OGS is -- it's under OGS?

OGS COMMISSIONER MOY: I'm happy to help clarify.

There is 400 million that was allocated in the budget towards downtown revitalization, the work that is inclusive of the activities in the State Museum, the activities for downtown Albany within a mile of the Empire State Plaza.

The work that we're doing at The Egg, we do work in partnership with our entities that are here on the Plaza. The Egg is one of the buildings that we help to oversee and to manage. So there is a specific construction project for The Egg to do interior restorations and renovations -- new seating, new ADA accessibility and compliance and access for that particular site itself.

ASSEMBLYMAN KIM: Okay. So that's $500,000 for improvement. There's 1.1 million in funding in the proposal, Executive proposal, right?

OGS COMMISSIONER MOY: So -- I'm sorry?

ASSEMBLYMAN KIM: There's 1.1 million in funding in the Executive proposal?

OGS COMMISSIONER MOY: The Egg construction has already been funded and is currently underway in terms of construction.

ASSEMBLYMAN KIM: Okay. All right.

In terms of public engagement at The Egg with cultural programming, is that under NYSCA or -- no, it's not, okay.

OGS COMMISSIONER MOY: The Egg is a separate organization with separate funding, and we play a role in terms of stewarding its properties, but we do not directly manage its programming.

ASSEMBLYMAN KIM: Okay. The Artist in Residence program, is that under OGS? We couldn't nail down --

NYSCA EXECUTIVE DIRECTOR MALLIN: NYSCA.

OGS COMMISSIONER MOY: That is NYSCA, correct.

NYSCA EXECUTIVE DIRECTOR MALLIN: Just to go back to The Egg, The Egg is a pass-through. The money comes as a

pass-through through our budget. But we're very happy with the renovation and reconstruction. So Jeanette and I do share that happiness.

But the Artist Fellows Program is a Governor initiative. This is a program that has been deemed -- you know, has been successful across the country and it puts artists in different state agencies to bring their new perspective, to be able to bridge divides, and to bring some inspiration and innovation to a particular problem or issue or something that the agency wants to accomplish.

ASSEMBLYMAN KIM: Thank you.

CHAIRWOMAN KRUEGER: Next, Chair of Arts Serrano, Senator Serrano.

SENATOR SERRANO: Thank you so much, Senator Krueger.

And I would like to direct my comments to NYSCA. Executive Director Erika Mallin, so good to see you. I've always enjoyed our conversations about the importance of the arts.

And I also want to say thank you to my colleague Assemblymember Ron Kim for his tremendous work. We recently held jointly an Arts Day program a couple of weeks ago here in Albany, and it was so wonderful to have so many arts groups from across the state come to Albany to talk about how impactful the arts are in different sectors, different regions, in all of their lives.

And one of the things I think is so compelling about the arts and why indeed it is so important when we think about the budget and we think about all that's important here in the State of New York is what the arts bring.

We've heard -- Assemblymember Kim talked a lot about -- a bit about the economic impact. We all know that that is a wise investment in the arts, creates a tremendous economic impact across the state. But from an emotional level as well, we have seen how the arts are the good medicine that we need right now in an increasingly anxious world. The arts and culture are what we need

now more than ever before.

And these are the things that I've been seeing as I visit arts groups and speak with folks in the field. They really, truly understand their role and how they can, you know, sort of be of assistance in communities. I think back to many, many years ago in the 1980s, it was the arts and culture and artists who were at the forefront of discussions about social discourse. The notion of HIV and AIDS was not something that was being discussed by the politicians to the extent that it should have been, yet indeed it was the artists and the playwrights and the authors who were bringing this discussion to the public in a way that we could understand it, and in a way that is completely unique to the arts and culture. It wouldn't stratify us further even on the most difficult of issues. It brought us together in ways that no other thing but the arts can do.

With that in mind, I think it brings about a sense of urgency that we support the

arts and that we fortify the arts in a way that is meaningful, that is lasting. The Assemblymember mentioned arts organizations that are still suffering post-pandemic. The ripples from that devastating time continue to have a negative impact on the ability for institutions and organizations both large and small to sustain themselves.

So I look forward to working with my colleagues to try to fortify and build upon the Executive when it comes to funding for the arts. My question for you, Executive Director, is about grants. And have there been any changes in the way that NYSCA awards grants to make it a more efficient process so that groups can get their funds in a timely manner?

NYSCA EXECUTIVE DIRECTOR MALLIN: I think before my time, in 2022 we did a -- NYSCA did a huge grant overhaul that I think sometimes gets missed. And that's when we went into developing general operating support grants, which is like a golden ticket for organizations because it allows them to

use it where they need it most, whether it's for a production or whether it's to fix a seat and keep your doors open.

So that was a huge overhaul that we're seeing the benefits of, and in terms of, you know, contracts out and getting the money out, you know, we have been working closely with SFS and others, you know, to ensure that grantees are getting their money but also we work very closely with grantees to make sure that they're doing their work and signing their contracts.

So if you know of any grantees who need -- or haven't signed their contracts yet for this year, please let us know. That's an important step forward to ensuring that we get their money -- to get their money.

And, you know, we also in that overall increased the floor. So I think it was -- I don't know, 2500 or 5,000? (Conferring.)

Great. So now the floor is 10,000 but the ceiling is 49,500. So that means every institution, whether you're the Met or whether you're a tiny organization upstate,

gets, you know, depending on what you -- has the ability to get 49.5. That is our top amount.

SENATOR SERRANO: And have you found in your discussions -- I know in your testimony you said you'd been traveling across the state talking with arts groups and organizations.

Is the greater need on the programmatic side or on the capital side? Where do you see the largest need?

NYSCA EXECUTIVE DIRECTOR MALLIN: I think both sides. Unfortunately, because of the pandemic you have deferred maintenance, you know, that is honestly killing so many particularly -- killing upstate, particularly, and the majority of our capital funds do go upstate. But it's really as simple as needing a ramp, you know, to comply with ADA, or they need a new HVAC system. Or sometimes the roof is not fixed and they can't have engagements or they can't have audiences in. And that -- I've seen that over and over again. And that's, you know,

capital funding.

But they also can't retain, you know, staff or hire staff, so that's on the operating side. And so we must also provide that. And it's a tall order, but I think, you know, NYSCA again is at the forefront of understanding and being proactive, you know, right now, in realtime, as to what we can help you do.

SENATOR SERRANO: Well, I know I'm preaching to the choir. I do believe that we need to increase overall funding. If you look at what NYSCA funding was maybe 20 years ago and you account for inflation, I don't think we're hitting the mark that we should.

I'm grateful that over the last few cycles, budget cycles, we've seen a marked improvement in overall arts funding, and I think that shows I think a deeper understanding across the state from every corner -- not a New York City-centric thing -- that actually the arts are hugely impactful in every corner of the State of New York.

So again, I appreciate all of our discussions and your work, and looking forward to working with my colleagues in government to ensure that we have robust arts funding. Thank you.

CHAIRMAN PRETLOW: Assemblyman Friend, five minutes.

ASSEMBLYMAN FRIEND: Thank you, Chairs.

For Commissioner Moy, could you give us an update on where we are with the Empire State Plaza conversion?

OGS COMMISSIONER MOY: Thank you for your question. It's about the Empire State decarbonization?

ASSEMBLYMAN FRIEND: Yes.

OGS COMMISSIONER MOY: So we are excited that in the past year the Governor has fully funded the first phase of our decarbonization program. That addresses infrastructure needs in the Plaza. Much of our infrastructure is past -- is showing its age, so it's opportunity, as we look to decarbonize, we are working in partnership

with NYPA to design new electric chillers which will be implemented for our agency. We're also looking to design for heat recovery, which is excess heat that's generated when we're talking about heating and cooling. It will also give us an opportunity to employ that excess heat in the Concourse and other locations and better understand those costs moving forward.

That's the first phase of work. NYPA is our partner through this, so they're doing the design activities and we'll do the construction.

The second phase of activity will happen after the Wadsworth Laboratory is established at the Harriman Campus. At that point in time it will allow us to retrofit that site, which was not purpose-built certainly for a laboratory. It's going to reduce significantly between those first two phases, 50 percent, the greenhouse gas emissions that are produced locally here in the Sheridan Hollow area in downtown Albany.

The third phase is also in design.

It's activities where it's not just OGS who's a part of the conversation, it also includes -- and so NYPA's having the conversations with Albany County and with the city. There are a couple of opportunities that we're exploring, which includes geothermal. We have done some test builds, but those are sites that are beyond our control, as well as the potential reuse of some of the excess heat that is generated in wastewater treatment.

So there's a location that is down in the Port of Albany. Those are all conversations where NYPA is starting to have those talks with the city and the county to determine what is the right site or multiple combinations, in order to complete that third phase of work.

ASSEMBLYMAN FRIEND: I really appreciate the fact that you're collaborating with these other entities to do this work.

And what are -- I mean, what's the time frame for these projects?

OGS COMMISSIONER MOY: The first phase

will be completed in the next five years. The second phase will be after the Wadsworth Laboratory is established by DASNY at the Harriman Campus. And in terms of the third phase, I can give some better timelines once we have a better understanding of what is the combination of sources that will need to be used, whether it will be the wastewater center and that partnership or if it will be around geothermal.

ASSEMBLYMAN FRIEND: Okay. And is the State Capitol part of the project, too, for the Empire State Plaza, or is that going to be a separate project?

OGS COMMISSIONER MOY: I'm sorry, if you could repeat the question?

ASSEMBLYMAN FRIEND: The State Capitol, is that part of the Empire State Plaza project?

OGS COMMISSIONER MOY: Yes, it is part of the Plaza, yes. And the infrastructure that's supported by the existing decarbonization plan supports all 90 acres of space that's in downtown Albany. So a lot of

the infrastructure, whether you're the Alfred E. Smith Building, you're right here in the LOB, you're in the Capitol or any of the sites that are in the Empire State Plaza, they are all supported by the same infrastructure.

ASSEMBLYMAN FRIEND: And will there be extra digging done -- I notice that they were talking in the plan about that tunnel for some of that steam that's being transported back and forth, isn't that very narrow? Are you going to have to put in another tunnel or something to do that?

OGS COMMISSIONER MOY: That's part of the discussion right now.

I think from a design perspective we are looking -- we are very much focused on the electric chillers. We have just implemented and installed an electric chiller. It means that from a design perspective we know what it takes, there's lower risk associated with it. We feel very confident in that delivery. Looking forward to seeing what that heat recovery chiller

will look like and what it will mean for the Plaza.

ASSEMBLYMAN FRIEND: Okay. And with your Clean Fleet plan, you've installed a number of charging stations now across the state. Are those just all light-duty, or do those also have the ability --

OGS COMMISSIONER MOY: The charging stations can be used light, medium, heavy duty. There's Level 2 and Level 3 chargers that are being installed across the state.

As part of our work for the EV transition, we've been focusing on infrastructure. Certainly when it comes to the fleet we want to make sure that charging equipment is available. We've been very successful in some of those installations.

Some of the data to share, we have 138 charging ports that are now active at 34 facilities. We have 600 charging ports at 60 sites that are currently in the pipeline. By putting in that infrastructure, it will allow for us to have a very smooth transition as agencies ramp up their purchases for light

duty and heavy and medium duty fleet vehicles.

ASSEMBLYMAN FRIEND: Okay. So would our schools be able to use these stations also?

OGS COMMISSIONER MOY: So the primary focus of our charge -- that was not a pun -- but part of our work at OGS is intended on focusing on the state fleet. So right now that is my one responsibility, is to make sure that we can support the fleet statewide.

ASSEMBLYMAN FRIEND: All right. And it's great that you've done 24 percent conversion already. Thanks.

OGS COMMISSIONER MOY: Yes, thank you.

CHAIRWOMAN KRUEGER: Thank you.

Senator Murray.

SENATOR MURRAY: Thank you, Chairwoman.

Thank you all for being here today.

And Commissioner Moy, most of my questions I think will be to you.

First let me start by saying thank you, it has been I think almost a full two

months and neither escalator has broken down yet.

(Laughter.)

SENATOR MURRAY: So thank you, and I will now be blamed if they do, I'm sure, because I just jinxed it.

But you mentioned in your testimony here, "Deferred maintenance has accumulated, adding complexity and cost to projects." And that is the case. That's the case, I think, with anything. With us, if we stay healthy, we stay out of the ER, you know, and the costs stay down.

But are you finding that, A, that that was the case with over the years, that that has been a problem, a lot of projects pushed off? And how did COVID affect that as well?

OGS COMMISSIONER MOY: That's a great question. And so, one, Senator Murray, I wanted to thank you for that.

Anytime that you have deferred maintenance, those challenges continue to exacerbate longstanding issues. A great example of that is as we look at the

infrastructure here in -- just here in Albany. Costs rise when you ignore issues. So you have continued expansion and contraction when it comes to weather, you have degradation, you have health and safety issues.

Governor Hochul has funded, in my first year here as commissioner, $175 million that were put towards critical infrastructure issues like elevators and escalators and conveyance systems. And you're starting to see that work pay off. We went right to work with ensuring that we were addressing some of those core systems that allows us to fix those problems and move on to the next set of problems that may have been ignored over the years.

SENATOR MURRAY: And a perfect example of that is right here in Albany, and I'm going to talk about the $80 million staircase at the Capitol.

So in 2014 Governor Cuomo's administration released a study that said that fixing those stairs and the whole

project would cost $17 million. We're a little over 10 years later, and it's gone up exponentially. But in 2021, in fact, Governor Hochul, her administration, when she comes in, that cost went up to $41 million. Now the costs are at $80 million.

Now, to put it in perspective, I did a little research here. Eighty million dollars, it's about $1,038,961 per step. According to Zillow, the average home value in New York is $477,333. Fixing that staircase would put 168 families in brand-new homes.

According to Car & Driver magazine, the Ford F series is the most popular car in the country. The Ford F150 average cost, between 40,000 and 50,000. I averaged it at $45,000. That would put 1,778 Ford F150s on the road.

I'm doing that just to show, from the taxpayer perspective, $80 million. Can you tell us, was a lot of that from not doing the necessary maintenance?

OGS COMMISSIONER MOY: That's a great

question.

So I want to start off, Senator, by noting, first of all, that it's not a staircase, it's the entire East Side of the Capitol. That includes the entire Eastern Approach, it includes the North and South Promenades that surround the building. It includes the drainage, which is all in poor disrepair. It includes -- so to calculate according to a staircase would be missing the larger problems in the infrastructure itself.

We have doorways, stairways, and some of the -- frankly, the rotting that is happening is quite disconcerting. Over the past two years the agency has been monitoring the tilt of the staircase itself, and it is beyond a place where we are going to have gravity take over.

Now, when we first began this project the standing number was $41 million, which was an estimate but wasn't involved with a deep design. Once the project was actually green-lit, we brought in engineers and an architecture firm to review the continued

degradation of the site. A portion of that comes from inflation and increased costs. A portion of that comes from the additional scope that had to happen in order to address drainage issues.

We also, unfortunately -- and fortunately -- this is a historic site by the Department of the Interior as well as with the state, which means that we have to be very careful with regard to all the materials. So when we're talking about the granite, every single piece has to be painstakingly numbered, categorized and then laid out. That requires off-site storage. That requires security to ensure that that space is actually able to be restored in the way that it needs to.

But this building and that East Side of the Capitol has been a problem for almost as long as it's been around, and has actually been reported on for the past few decades.

SENATOR MURRAY: Commissioner, thank you for that, because again I did that just to point out the fact that the reporting is

making it seem like it's just a staircase. And I know it was much more involved, and part of the problem is that it was neglected for so long. It wasn't taken care of properly.

So thank you for clarifying that. I appreciate it.

OGS COMMISSIONER MOY: Absolutely. Thank you, Senator.

CHAIRMAN PRETLOW: Assemblywoman Hooks.

ASSEMBLYWOMAN HOOKS: Hello. Good evening. I have a question for Ms. Moy.

What infrastructure projects are planned for District 35, and how will they enhance local economic development?

OGS COMMISSIONER MOY: Assemblymember, one, thank you for the question.

Can you clarify for me which communities you're particularly focused on for District --

ASSEMBLYWOMAN HOOKS: East Elmhurst, Corona, LeFrak City.

OGS COMMISSIONER MOY: I would have to

review some of our construction projects in order to get that information back to you.

ASSEMBLYWOMAN HOOKS: How is your office increasing opportunities for Minority and Women-Owned Business Enterprises in state contracts within our district?

OGS COMMISSIONER MOY: One is I want to thank you for that question. MWBE utilization for our agency is actually -- is something I'm incredibly proud of. Our office of business diversity does a significant amount of outreach. In fact our utilization this year is 34.86 percent, or $170 million. That is a pretty significant utilization.

We do a significant amount of matching between our primes and our MWBE potential subcontractors. We find success and believe success is to see individuals and companies grow out of the program so they can be primes.

So there's a lot of work that happens through our outreach teams. We attend business events, we connect individuals.

Whether you are a business owner just looking for opportunity or you are an individual that is looking to be a prime, we make sure that the utilization and the supports are right there.

And if there's anything that you may need, Assemblymember, we are happy to do events within your district to ensure that folks are aware of the contracts that we provide.

I would also note that by moving towards some of -- some of our work online, it has actually lowered some of the barriers in order to be able to access state contracts. And so online discovery means that smaller companies are able to quickly find opportunities, they're able to be more competitive. The amount of materials they have to physically produce has reduced, which also reduces their cost when it comes to applications.

So there are a number of ways that we've been involved with supporting the MWBE community, and I think that outreach

hopefully speaks for itself. But if it isn't sufficient within your district, we're more than happy to do some outreach with them.

ASSEMBLYWOMAN HOOKS: Thank you very much.

OGS COMMISSIONER MOY: Absolutely.

CHAIRWOMAN KRUEGER: (Mic off; inaudible.) -- that was an Assemblymember, so yes, I'm sorry.

I'm not taking my whole 10 minutes, but I'm following up, Commissioner Moy, on the description of the rebuild of the Plaza. And you went through a number of answers to that and how it's in multiple stages, it would be fairly involved.

But I was walking outside, and there's all these giant -- it looks like temporary boilers set up with giant pipes going everywhere. Is that part of this project, or is that something different?

OGS COMMISSIONER MOY: No, it's something different. And you will see them removed in the very near future. Unfortunately, we had about a 48-inch pipe

burst that took place underground. Thankfully it was underneath -- this will sound a little detailed, but it was actually underneath the Plaza itself. So it wasn't underneath the streetscape and we had a significant amount of water that was unleashed underground.

So in order to deal with our heating and cooling, we brought in temporary units. We completed the repairs. They are all completed now, which is great, because it is warming up in the Capital Region, and we anticipate that as we start to become more comfortable that we're ready to remove those products, that they will be removed.

But it was an emergency, which is the reason why you're seeing all that equipment around.

CHAIRWOMAN KRUEGER: Got it. And does this reinforce for you why it's important to do this much larger project --

OGS COMMISSIONER MOY: Absolutely.

CHAIRWOMAN KRUEGER: -- or are the two issues not really correlated at all?

OGS COMMISSIONER MOY: I will say it did keep me up at night, and a lot of our team members. It was -- it was a lot of incredibly hard work and I really want to compliment the team at the Office of General Services. Our facilities groups, our procurement teams, our design and construction, it was all hands in order to address those issues.

As commissioner, walking through this Plaza, one of the worst things which I would see fairly frequently is, you know, water drippage. And this is part of the problems that we have in Albany; Albany has a very high water table. But the challenges are incredibly complex, and they have certainly been neglected.

So I'm very proud that the Governor has been investing these funds, and it will allow all of us I think to sleep a little bit easier and hopefully retain more of our staff, who have been working overtime in order to ensure that the property is well -- keeps the seat of government functioning in

the state.

CHAIRWOMAN KRUEGER: And while I'm not personally an ice skater, I enjoy looking at people ice skating out there. And I was told that that ice skating rink is scheduled to close soon. Is that correlated somehow to the cooling problems, or is that just the weather?

OGS COMMISSIONER MOY: It is correlated to the weather. So we like to keep it open as long as possible, but, you know, it does start to warm up and it is very difficult for us to keep that chiller going that supports the ice skating rink.

But I'm glad you enjoy it; I enjoy it myself. And now that I do not have a torn MCL, I try to get out there. So hopefully we'll see some of you as well.

CHAIRWOMAN KRUEGER: Well, I have a couple of fabulous ice skating rinks in my district. One is at Rockefeller Center. If anybody ever wants to go down there and watch -- and Bryant Park and Central Park. So I'm big on watching ice skating.

So thank you very much.

OGS COMMISSIONER MOY: Thank you very much, Senator.

CHAIRWOMAN KRUEGER: Assembly.

CHAIRMAN PRETLOW: Assemblyman Otis.

ASSEMBLYMAN OTIS: Thank you, Commissioner and Executive Director.

Commissioner Moy -- I'm over here. Hi.

OGS COMMISSIONER MOY: Hi.

ASSEMBLYMAN OTIS: So a question for you first, which is related to all the great work you do for state agencies on electrification and EV charging, that whole world.

Currently to what extent are you also providing some guidance and assistance to -- either through NYSERDA or to local governments and school districts trying to do those kinds of projects?

OGS COMMISSIONER MOY: Thank you very much for your question, Assemblymember Otis.

We do provide a significant amount of services for municipalities and authorized

users through our centralized contracts. You have the ability to be able to purchase vehicles through the centralized contracts, you have the ability to be able to purchase EVSE or the charging equipment itself.

We also have an annual EV car show that we do here in Albany that we've opened up for anyone who's interested. It's an opportunity for us to destigmatize an EV car, allow individuals to get to know the equipment.

And this year we'll be expanding to also do some workforce training as well.

So we're very excited about how that partnership has progressed. But as agencies go through their work -- or any other municipality or local district -- if they have questions, our contracts team is ready and willing to support them.

ASSEMBLYMAN OTIS: That's great. Thank you so much.

And Director Mallin, a question just about -- if you could just share for a moment the importance of NYSCA funding to especially

arts organizations and what you've seen in terms of your work. I know just from what I see at the local level how important those funds are.

NYSCA EXECUTIVE DIRECTOR MALLIN: Yeah, I think often it's the case with small organizations around the state that we may be the only major funder in the area, so that's number one.

Number two is we give -- you know, through a competitive process we grant general operating funds. So not -- before the overhaul we were giving to specific projects, and that's often very hard for small organizations to, you know, fit into a project. Here we're giving general operating support and saying we believe in you, you do what you need to do -- is that to pay staff, is that to put a production, is that to serve your community.

And that is the importance of both the funding and our ability to, you know, get out there and ensure that people know that we're here so that they can apply and be

competitive to get their grants.

ASSEMBLYMAN OTIS: Great. Thank you both for the great work you do and your teams at your agencies.

NYSCA EXECUTIVE DIRECTOR MALLIN: Thank you.

OGS COMMISSIONER MOY: Appreciate it.

CHAIRMAN PRETLOW: Assemblywoman Shimsky.

ASSEMBLYWOMAN SHIMSKY: Okay, thank you very much, Mr. Chairman.

And thank you to both departments and the leadership for your testimony.

I'd like to focus in with Director Mallin. I'd like to talk to you a little bit about the Statewide Community Regrant Program. Obviously that's a very important model for getting grants out the door to the largest number of entities possible. What is the coverage throughout the state? How many such participants do we have actually participating in the regranting of funds? I think they're called the Community Regrant Partners.

NYSCA 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

did a regrant program as well for our local area.

I understand that they may -- their eligibility may be running out this year. So do we have plans for either of them to continue or someone else to do this important work in the Hudson Valley?

NYSCA EXECUTIVE DIRECTOR MALLIN: I'm not sure what you mean about their eligibility running out. They're primarily funded by the Senate through their finance grants.

They were also this year allowed to apply for general operating support through us, and I believe ArtsWestchester did receive general operating support from us.

So I would have to get back to you about what you mean.

ASSEMBLYWOMAN SHIMSKY: Yeah, well basically I'm talking about -- I'm trying to figure out who is going to be doing the statewide committee -- community regranting in the Lower Hudson Valley.

NYSCA EXECUTIVE DIRECTOR MALLIN:

Happy to discuss.

ASSEMBLYWOMAN SHIMSKY: Thank you.

CHAIRMAN PRETLOW: Assemblywoman Lucas.

ASSEMBLYWOMAN LUCAS: Okay, good afternoon. First I just want to first thank you, Commissioner, and actually the Governor as well for just initially initiating a proposal designed to increase the MWBE discretionary purchasing threshold to 1.5 million, in line with New York City's.

What are the current numbers for MWBE? And what creative methods have been put in place to expand opportunities for state agencies to work directly with MWBE vendors?

OGS COMMISSIONER MOY: Assemblymember, thank you for your question.

And we were -- we were happy to see the proposed raise for the discretionary purchasing from 750 to 1.5. I know the Governor has raised the threshold just recently. That 1.5 million is something that allows vendors to have greater consistency and understanding when they're applying or

trying to be competitive on some of these contracts.

We know that from a vendor perspective it can be very confusing when you're applying for different government grants. So when the thresholds are consistent, it allows them to know when they should be competitive.

But of course in partnership with that activity, knowing that you can -- that we are also streamlining processes to ensure the state agencies are working in partnership and identifying MWBE entities is important. Our agency does have a pretty robust number relative to MWBEs, as I had shared. It's 34.86 percent, which is about $170 million.

We do matching activities, so we work very closely with MWBE vendors, and we also connect them with primes. We had done Build NY, which was launched about a year and a half ago. It allowed for us to give greater transparency into the activities of our project portfolio. It gave a better sense of what things are in design and construction, what our anticipated bid dates

might be, and allowed for those meetings to take place where primes and MWBE vendors can also connect.

ASSEMBLYWOMAN LUCAS: Could you define that, prime contractors?

OGS COMMISSIONER MOY: Prime contractors would be the entity that would be responding directly to a bid or a procurement.

Subcontractors may be a mechanism by which you can start to meet those targets when it comes to some of the MWBE targets in our contracts.

ASSEMBLYWOMAN LUCAS: Okay. And for the New York State Council on the Arts, do you use a rubric that prioritizes new applicants and provides technical assistance prior to submission for arts grants?

And also, have you recently streamlined your application for easy access and minimum questions to reply to these grants, in alignment with the national movement to simplify the grant process?

NYSCA EXECUTIVE DIRECTOR MALLIN: (Mic

issue.) Thank you for your question, Assemblywoman.

(Time clock sounds.)

ASSEMBLYWOMAN LUCAS: It took her 7 seconds to get the mic on.

(Laughter.)

NYSCA EXECUTIVE DIRECTOR MALLIN: We'll have a discussion about that. I'd be happy to.

CHAIRMAN PRETLOW: Assemblywoman Kassay.

ASSEMBLYWOMAN KASSAY: Good evening. Thank you, Chair. Thank you for being here.

Just a -- hopefully a quick question for Executive Director Mallin.

We have the country's 250th anniversary coming up next year. Can you speak a little bit to the funds that might be appropriated currently or you're hoping are appropriated for artistic celebrations of our country's anniversary?

NYSCA EXECUTIVE DIRECTOR MALLIN: I'm not aware yet of the funds, but I know that we have been talking with our sister agencies

about what they're doing, and there's some incredible projects coming up. And look forward to relaying them to you.

ASSEMBLYWOMAN KASSAY: Very good. Yeah, there's a lot of wonderful groups that are out in Suffolk County. And we have the Culper Spy Ring, which we're very proud of. And so if funds are made available to those groups, you know, my office would be very glad to know about it so that I can connect them and make sure that we're celebrating. And that goes hand in hand with tourism and commerce as well.

NYSCA EXECUTIVE DIRECTOR MALLIN: I'm happy to have a conversation about it.

ASSEMBLYWOMAN KASSAY: Looking forward to it. Thank you so much.

NYSCA EXECUTIVE DIRECTOR MALLIN: Same here.

CHAIRMAN PRETLOW: Assemblywoman Jackson.

ASSEMBLYWOMAN JACKSON: All right. Thank you, Chair.

Commissioner, I'm going to stay

focused on this building that we happen to be in, and I know that we usually have heating and cooling issues in this building. I was told it's because of how we divide up some of the rooms -- you know, in offices and things like that.

So I'm just wondering if any of this money that we're using to, you know, upgrade our systems, is any of that going to be used towards our heating, cooling, the changing of the thermostats?

OGS COMMISSIONER MOY: Thank you for that question, Assemblymember Jackson.

When it comes to the Legislative Office Building in particular, we work in very close partnership with the Legislature, both on the Senate and the Assembly side, to prioritize projects.

As we get to the third phase of activities for the decarbonization, all aspects of building systems will be touched, which includes, you know, the heating and cooling. Certainly as we transition from steam to hot water or other types of heating

and cooling opportunities, it will change how the building is laid out and will also necessitate changes to the infrastructure as well.

ASSEMBLYWOMAN JACKSON: So you said in Phase 3. What phase are we in?

OGS COMMISSIONER MOY: We are in the first phase.

ASSEMBLYWOMAN JACKSON: First phase. Thank you for that.

And then as far as electric vehicles, is the -- are all the vehicles electric at this point?

OGS COMMISSIONER MOY: No, they are not all electric.

ASSEMBLYWOMAN JACKSON: So what percentage would you say we're at?

OGS COMMISSIONER MOY: So if you take a look at our website, we've actually made public our EV transition plans for light-duty fleets. As of the last reporting period, I believe the baseline was 6 percent -- so I'm going to double-check my notes.

ASSEMBLYWOMAN JACKSON: So you can get

back to me on that one, because I want to ask something else.

OGS COMMISSIONER MOY: Sure -- 6.3 percent.

ASSEMBLYWOMAN JACKSON: 6.3 percent. Got it.

As far as the diversion efforts for -- I guess dealing with waste, you have here "pre-consumer food waste collection." Is that composting?

OGS COMMISSIONER MOY: Yes, that is.

ASSEMBLYWOMAN JACKSON: Okay.

OGS COMMISSIONER MOY: So that is looking at particularly the food vendors that are in the Plaza. They're all small Albany businesses located in the area. It will allow for them to identify food scraps in pre-consumer waste as opposed to post-consumer, which is whatever might be generated after you eat your meal.

ASSEMBLYWOMAN JACKSON: Okay. And then if someone has a contract with OGS, when do we cycle out and get a new person to I guess have that contract? I'm thinking about

like the vending machines. Do we have the same contractor? I might be getting in trouble saying this.

(Laughter.)

ASSEMBLYWOMAN JACKSON: But is it the same contractor since, you know, the beginning of time? Is there a new process? How does that work?

OGS COMMISSIONER MOY: We -- most of our contracts have an expiration period for our centralized contracts. It's about five years. Agencies or entities may choose to extend that contract.

All decisions, particularly with regard to this building, we work in very close consultation with central staff. It is something where it is a very joint partnership to make sure that we're balancing the needs of the Legislature as well as our priorities.

ASSEMBLYWOMAN JACKSON: Thank you.

And then the P3 automated doors, we need help with those. I have a stroller, I don't like pushing the door open. It's

really hard. So thank you. P3.

OGS COMMISSIONER MOY: We'll follow up with you. Thank you very much.

ASSEMBLYWOMAN JACKSON: Thank you.

CHAIRMAN PRETLOW: Assemblyman Dais.

ASSEMBLYMAN DAIS: Thank you, Chair.

So Commissioner Moy, how many -- how much staff is currently under your purview?

OGS COMMISSIONER MOY: Assemblymember, we have 1900 staff.

ASSEMBLYMAN DAIS: 1900. And how many vacancies do you have?

OGS COMMISSIONER MOY: I would have to double-check. I apologize, I do not recall offhand.

ASSEMBLYMAN DAIS: No, I'm just -- because, you know, today the Governor made a comment that we have 7,000 New York State jobs. I know all those aren't under your umbrella.

OGS COMMISSIONER MOY: No. No.

ASSEMBLYMAN DAIS: But when I do look at it, when I specifically look at it around Albany and we see the economic situation

here, I'm wondering what are we doing from a recruitment standpoint to make sure we're hiring local and getting people from our socially and economically depressed areas into these good-paying jobs?

OGS COMMISSIONER MOY: So I want to start off with saying that one of our top priorities is hiring. And, you know, we certainly have vacancies, particularly when I'm thinking about the work that happens within our real estate team in particular, our utilities team and other areas, we've been having a lot of conversations that are successful and fruitful, with the Department of Budget as well as the Governor's office, to look at increasing wages, particularly for some of our hard-to-recruit positions.

We've been working very aggressively with the Department of Civil Service in order to push out positions through HELPS. Our shared services entity, when it comes to the business services center, those are all positions that are really wonderful opportunities to enter into the state, and

I'd like to say a great training ground for individuals to be promoted or go into other agencies.

But we are doing a number of outreach events -- in fact, there's just one I was talking about that's taking place tomorrow. So we are speaking very much about opportunities here with the state. And we do outreach events significantly.

I will say on a monthly basis I join our foundations, our -- which is our new hire orientation, and the numbers have been ticking up over time, which I'm very proud of. We've been able to reduce the number of vacancies, which has been important for our agency to maintain our facilities.

ASSEMBLYMAN DAIS: Thank you.

Ms. Mallin, in reference to the New York State Council on the Arts, what are we doing in the Bronx? Do you know how many grants are going into the Borough of the Bronx? I really want to expand arts in my district, I think it's important. Music, theater, singing -- I want my kids in my

community to have more access to things that will allow them to explore.

So what are we doing in the Bronx?

NYSCA EXECUTIVE DIRECTOR MALLIN: I think we'll have to get back to you with that number. But I remember thinking that it was a very good number this year, a number of grants going to the Bronx. But I will get back to you directly, the number and the amount of money going into your district and the entire borough.

ASSEMBLYMAN DAIS: Okay, thank you.

And second, the Metropolitan Opera, they're having some funding issues.

NYSCA EXECUTIVE DIRECTOR MALLIN: Yeah.

ASSEMBLYMAN DAIS: They do hire a lot of people within the Lincoln Center area. What are we -- what's your thoughts on what are we doing to help them?

NYSCA EXECUTIVE DIRECTOR MALLIN: Well, we -- you know, the most we can give them on a general operating support side is $49,500.

ASSEMBLYMAN DAIS: Oh, wow.

NYSCA EXECUTIVE DIRECTOR MALLIN: So that's on the nonprofit.

And then capital money, they can apply for capital. But I think their biggest issues are operating monies.

ASSEMBLYMAN DAIS: Thank you.

CHAIRMAN PRETLOW: Assemblywoman Griffin.

ASSEMBLYWOMAN GRIFFIN: Thank you, Chair. Thank you to all of you for being here.

Commissioner Moy, I just have a couple of questions for you. One is -- the first, this is pretty easy -- can you describe the restoration at the Jones Beach East Bathhouse? What the project is and, you know, where -- what the completion date might be.

OGS COMMISSIONER MOY: Thank you for that question, Assemblymember.

The Jones Beach East Bathhouse is actually one of my favorite projects. It is one in which we are actively in -- we are

going to be awarding if we have not already awarded the construction activities.

The design work began with the Department of Parks, Recreation and Historic Preservation. We picked up those activities in partnership then because the scope of the project was actually quite large, and it's been a great and symbiotic partnership with the commissioner pro tempore and Randy Simons.

So we look forward to having a ground-breaking. It will allow for us to fully restore the bathhouse. We'll be looking at a splash pool, new changing facilities, ADA-compliant bathrooms. It's going to be a really wonderful restoration for the Jones Beach and the broader Long Island community.

ASSEMBLYWOMAN GRIFFIN: That sounds great. A lot of people in my district use Jones Beach, it's beautiful, and a lot of people from the city come out as well. So I'm really happy to hear that.

And then the -- it says the Adirondack

Rail Trail finished two phases and you're beginning the third and the final. I don't know where the -- there's like the Green Trail that's going to go on Long Island. Is the Green Trail part of the Appalachian Trail, or is that totally something else, the Green Trail?

OGS COMMISSIONER MOY: So the Adirondack Rail Trail is located further up north; it's Tupper Lake to -- I'm going to -- I believe Lake Placid.

There were three phases. The first two are completed already; the third phase is beginning. It is a former railroad trail that is now being turned into a gorgeous facility in which you can do, what is it, you can walk, you can promenade, you can bike on it, and also snowmobiling.

ASSEMBLYWOMAN GRIFFIN: Right. Not to interrupt, but I know that. I just wanted to find out, like -- years ago there was all that trail work going on in upstate New York, but the end goal was to bring it out to Long Island. And I just wondered, is that

part of OGS or is that another department?

OGS COMMISSIONER MOY: That would be another entity. So we're doing this construction in partnership with DEC and with DOT. So a number of state agencies. But that's not our property directly. We're doing the construction and design on behalf of another agency.

ASSEMBLYWOMAN GRIFFIN: Okay, thanks.

And then the last question is, I know a lot of constituents and people located in Nassau County have expressed challenges with minority and women-owned businesses. Is there some contact in Nassau County of someone from the state that covers Nassau County that I could send them to or I could talk to about their issues?

OGS COMMISSIONER MOY: Absolutely.

You can connect to us, we'll connect you with our IGA team and also, in partnership with ESD, get you the support you need.

ASSEMBLYWOMAN GRIFFIN: Okay, thank you very much.

OGS COMMISSIONER MOY: Absolutely, Assemblymember. Thank you.

CHAIRMAN PRETLOW: Thank you, Assemblymember. Thank you, Commissioner.

Now, before we let you go, I just have one question for you. It's not really budget-related. But what are those tracks that you're installing throughout the Legislative Office Building in the hallways and in the offices?

OGS COMMISSIONER MOY: You have me stumped, I'm sorry. Can you be a little bit more --

CHAIRMAN PRETLOW: (Mic off; inaudible.)

OGS COMMISSIONER MOY: Oh, yes. There is a new alarm system that we're building out on behalf of -- for this building. So it's an upgrade --

CHAIRMAN PRETLOW: It's an alarm system.

OGS COMMISSIONER MOY: Yes.

CHAIRMAN PRETLOW: How long will it take before it's completed, do you know?

OGS COMMISSIONER MOY: If you give me a moment, I can look it up. But I can certainly get you that information around that project.

CHAIRMAN PRETLOW: I have 10 minutes, so you can look it up --

(Laughter.)

OGS COMMISSIONER MOY: All right, here we go. That's pretty funny.

You know what, honestly, I think I'm going to have to double-check and confirm for you. I don't want to say anything incorrect.

CHAIRMAN PRETLOW: You can get back to me.

OGS COMMISSIONER MOY: I will absolutely get back to you on it.

CHAIRMAN PRETLOW: I should have asked you when I spoke to you --

OGS COMMISSIONER MOY: I should have been prepared walking in. I was only looking at the elevators and the escalators. But next time I'll be prepared.

CHAIRMAN PRETLOW: Okay. Because they really clash with the paint job in my office,

and --

(Laughter.)

OGS COMMISSIONER MOY: I will absolutely confirm. Thank you very much.

CHAIRMAN PRETLOW: Thank you very much.

Senator.

CHAIRWOMAN KRUEGER: I believe the Senate is done, so I want to thank you all for your participation this evening, and ask you to excuse yourselves and either go back to work or escape for the day, whatever works best for you.

We, however, are not escaping. We are continuing with Panel C.

From now on these are the nongovernment panels, so everyone gets three minutes -- three minutes to present, three minutes to ask questions. We don't care if you're a chair or a ranker, we're just all citizens.

Panel C: Community Service Society of New York; Business Incubator Association of New York State; Lake Erie College of

Osteopathic Medicine. And that's Panel C.

(Pause; off the record.)

CHAIRWOMAN KRUEGER: Now, you've all been waiting very patiently all day, thank you very much. And we're going to start by you just introducing yourselves, starting from the left, so that the people in the booth know who is whom. Okay.

MS. RODRIGUEZ: Good evening. Thank you for having me here. Carolina Rodriguez, from the Community Service Society of New York.

CHAIRWOMAN KRUEGER: Great. Marc?

MR. ALESSI: Good evening. Marc Alessi, the executive director for the Business Incubator Association for New York State.

DR. TERRY: Richard Terry, LECOM Elmira.

CHAIRWOMAN KRUEGER: Great, thank you.

Shall we go in that order again and start with Carolina Rodriguez? Thank you.

MS. RODRIGUEZ: Thank you. Thank you for the opportunity to provide testimony

today. My name is Carolina Rodriguez, and I serve as the director of the Education Debt Consumer Assistance Program, EDCAP, at the Community Service Society of New York.

For over 180 years, CSS has been at the forefront of advocating for low- and moderate-income New Yorkers, and EDCAP continues that legacy by ensuring student loan borrowers receive the guidance they need to achieve financial stability.

Since its inception in 2019, EDCAP has assisted thousands of New Yorkers, addressing over 328 million in student debt and saving borrowers, as of this morning, over 38 million. Through personalized counseling and our statewide network, we help New Yorkers stay in their homes, remain in the workforce, and avoid the devastating consequences of student debt. By enabling borrowers to manage repayment, access forgiveness and avoid default, we directly contribute to New York's economy, ensuring that professionals in healthcare, education and public service can continue to do their

essential work.

Now, with federal uncertainty looming and proposals to dismantle the U.S. Department of Education, strip borrower protections and eliminate key financial aid programs, New York must act. The risks are clear: Fewer safeguards, mismanaged loans, and millions of borrowers left vulnerable to confusion, errors and financial distress.

Without programs like EDCAP, New Yorkers will be forced to navigate this crisis alone. That's why our work has expanded, and in the fall of 2024 EDCAP began offering comprehensive financial aid application assistance, helping people apply for FAFSA, TAP, Excelsior, and get guidance on the DREAM Act.

New York's Universal FAFSA policy is a bold step towards college access, but we must ensure families can complete the process, minimize borrowing and avoid financial pitfalls. EDCAP bridges the gap.

The demand for our services is growing. Eighty-eight percent of our clients

carry federal student loans, with an average balance of $80,000 -- nearly double the national average. More than half earn under 60,000, and that is household earnings. And 71 percent of our clients are women, with Black women bearing the heaviest burden.

These numbers tell a story. Student debt isn't just a financial issue, it is an economic development issue, a workforce issue, and a racial and gender equity issue.

New York has led the way in protecting student loan borrowers, but cannot afford to step back now. That is why we urge the Legislature to fully fund EDCAP at 3.5 million in this budget year. The investment is not just about debt relief but is about economic mobility, workforce retention, and financial security for millions of New Yorkers.

Thank you.

MR. ALESSI: Chairpersons and members of the committee, thank you for the opportunity to testify today.

My name is Marc Alessi, and I serve as

executive director of the business incubator association for New York State, which represents 120 business incubators and accelerators from across the state, which collectively house and mentor over 3,000 startups every year -- these companies that create jobs, drive innovation and fuel New York's economic growth.

Today I'm here to emphasize the critical role that incubators play in New York's economy and to urge support for funding our statewide incubator ecosystem and preserving the successful elements of the now-sunsetting START-UP NY program and getting rid of the parts of that program that did not work well as the state transitions to newer programs.

New York is now a national leader in innovation, on par with Boston and Silicon Valley, thanks in part to the strong network of incubators and accelerators that the state helped to foster over the past 10 years. These incubators and accelerators support high-growth startups. These

companies are the engines of job creation, responsible for thousands of new jobs every year in fields like AI, biotech, clean tech, and advanced manufacturing.

Business incubators provide essential early-stage support -- access to lab space, mentorship, funding opportunities, university partnerships. All these things enable startups to scale and remain in New York. Without this infrastructure, many of these companies would launch elsewhere, taking jobs and economic growth with them.

To continue this momentum, we are requesting increased funding for the 10 regional hotspot incubators that the state launched 10 years ago, and an expansion of the State Certified Incubator program to better reflect the rising costs of supporting New York startups.

We are requesting $300,000 in annual funding for statewide support to help coordinate the 10 regional hotspots, and we're looking to increase the amount of certified incubators from 20 to 30 throughout

the state. There are many communities without state-certified incubators, and the need is growing every year.

This investment will not only sustain but expand New York's leadership in innovation and entrepreneurship, ensuring that our state remains competitive with other top startup ecosystems across the country.

One of the most effective startup recruitment tools -- I'm going to say something controversial here -- has been the START-UP NY program. The program has supported hundreds of companies, leading to the creation and retention of nearly 2800 jobs and $1.3 billion in wages and capital investments in this state.

A 2023 PFM Group report commissioned by the New York State Department of Taxation and Finance confirmed that START-UP NY generates $1.58 in economic activity for every dollar spent.

I'll end it there and submit my written comments. Thank you.

CHAIRWOMAN KRUEGER: Sorry, I have to

cut you off. Next? Thank you.

DR. TERRY: Good evening, Chairpersons Krueger and Pretlow, Rankers Senator O'Mara, Assemblyman Ra.

I'm Dr. Richard Terry. I'm the lead of the LECOM at Elmira Medical School. We have a medical school in Elmira, the first and only school in the Southern Tier region of New York.

And I'm here to ask you for support to create a Center of Excellence in rural health for underserved areas that we serve in LECOM.

LECOM, as you may know, is the largest medical school in the country. We have four campuses, two in Pennsylvania, one in Florida, and now one in underserved upstate New York. Our purpose, our mission is to invest in underserved areas to create healthcare professionals to meet the needs of rural and underserved New York. And any of you who have tried to get a primary care doc, there aren't any. We need them, and that's what we're doing.

So our approach includes this. Early

acceptance programs from high school to medical school. We also have affiliations with 35 colleges to recruit students without an MCAT, just to have students from various backgrounds have the opportunity to come back and potentially practice. So we have lots of pathways to get to address this healthcare.

In addition, we make primary care doctors, 70 percent. It's unique among osteopathic schools. In fact, LECOM graduates -- is the number-one school that graduates more primary care docs, family medicine, peds, OB, than any school in the country. Last year 70 percent of the Elmira grads went into primary care, many to pediatrics, family medicine and OB.

So there's a problem in New York: There aren't enough doctors. Once you get outside of downstate, there aren't enough doctors. There aren't enough primary care, OBs, emergency room doctors, surgeons. We aim to fix that.

So we can do this by creating a Center of Excellence. LECOM would leverage

our experience, our expertise -- we've done this -- create this pipeline, take nontraditional students and prepare them for practice in the state where we most need them.

So by getting this pipeline we can focus on the unique needs of underserved New York, rural and urban, I might add -- we have the largest clinical footprint of any medical school in upstate New York, 15 different sites, many in rural areas.

So for these reasons, I ask for $250,000 to create this Center of Excellence. What will it do? Further the curriculum development, staff it, and ramp up our student recruitment efforts, our ability to also develop residencies in underserved Federally Qualified Health Centers, rural health centers throughout the state.

We need your support. We've got to address this issue, and this is a leverage point where LECOM and Elmira is prepared to make a difference.

Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Any Senators? Ah, Senator Murray.

SENATOR MURRAY: Thank you. Thank you, Chairwoman. And thank you all for being here.

Marc, this is for you. So you were saying about START-UP NY -- and we have other incentive programs and all that, yet with that we are still at the bottom of the barrel when it comes to a business-friendly environment throughout the country. And we have problems here. It's not business-friendly.

A, does that make your job more difficult? But what is it you're hearing? What is the biggest impediment that prevents people -- more entrepreneurs?

MR. ALESSI: So the remarkable fit for the START-UP innovation ecosystem is it is a good fit for New York.

If you study or hold hearings on what's going to recruit the high-tech growth startups, they need to be near innovation centers. They need to be in -- you know,

Silicon Valley is a very expensive place to do business, Boston is a very expensive place to do business. It's -- we've made the investments as a state in education, in higher education and research.

So we're not competing with South Carolina on a plastics company, we're competing with Silicon Valley on how to, you know, grow an innovation company.

So there's two different economic development models. There is a traditional company that could go and get an SBA loan and will have products within a month or so, and revenue very quickly. And then there's the companies that are fostered in incubators that take five to 10 years.

And that's any programs like START-UP NY or even incubation programs, they're essential because those companies are so risky -- but they pay huge rewards when they hit it. And 80 percent of incubator companies stay in the community they're incubated in.

SENATOR MURRAY: So yesterday was the

Higher Education hearing when we had the chancellors in, and one of the big things that we were talking about was investment in research. And do we do enough as far as using them as a way to recruit businesses?

MR. ALESSI: So New York State is the financial capital of the world and the patent capital of the world. So we are investing in research and we're creating technologies. What we weren't doing 10, 15 years ago is commercializing them. We're finally at the point where that is happening. And as we fine-tune some of our programs, we have an opportunity to surpass the Silicon Valley.

SENATOR MURRAY: Okay. Thanks, Marc.

MR. ALESSI: Thank you.

CHAIRMAN PRETLOW: Assemblyman Stirpe.

ASSEMBLYMAN STIRPE: Thank you, Chair.

Marc, you know, there has been a lot of discussion about the START-UP NY program, some good, some bad. It's got a lot of warts. If you were going to create a program to help the startup businesses right now, do you have any idea what it would look like?

You know, how people would be able to access funding from it?

MR. ALESSI: So, one, there were a lot of warts with START-UP NY. It was a very bureaucratic program. So you started on 20 college campuses, and there's a list of five companies here, three companies there. There are two universities that did really well all the way up until this year, and that was -- NYU has close to a hundred companies in the program, and Buffalo has close to 200 companies in the program.

It took dedicated staff to navigate through that program. So simplifying the bureaucracy of that, not making the companies move to a college campus, is an important part of the program. But when, you know, NYU felt it was such an important part of their economic development tools because they're in combat every day with New Jersey and Connecticut for some of these biotech companies, for example. And one of the deciding factors oftentimes is those tax benefits for the employees. It's easier to

recruit talent with some of those benefits.

And so entrepreneurs look for anything that will help de-risk their company, any kind of edge that they can get, whether it's investment -- so we have investment programs here in New York. The more accessible they can be for startup companies will help recruit more companies.

The ability to ramp up and have, you know, a sense of place and a sense of being able to get through the obstacles in those early stages is really important for these startups.

I would love to see this economic development tool in some form in the future, but without, you know, some of the problems that we had with the program.

ASSEMBLYMAN STIRPE: We've talked about something like, you know, large corporations being able to purchase losses from startups --

MR. ALESSI: So right now in New Jersey corporations that are, you know, well funded and have revenue and are

profitable, are able to buy losses from some of the startups in New Jersey, and that's a benefit to existing corporations but it's also a benefit to the startups that, again, they might not have revenue and profitability for five, 10 years, they get a million dollars in investment, it's all going to R&D and employee salaries and being able to sell their losses would, again, de-risk them.

ASSEMBLYMAN STIRPE: Okay, thank you.

MR. ALESSI: Thank you.

CHAIRWOMAN KRUEGER: Senator Brisport.

SENATOR BRISPORT: Thank you. And thank you all for testifying.

My questions are for Mr. Alessi.

I represent a district in Central Brooklyn. A lot of the hurdles for small businesses in my district is the cost of rent, with rents spiking for commercial properties in my district. Places that were maybe asking for a couple of thousand a decade ago are now asking for five, eight, 10,000 a month.

I was curious, are you hearing similar

things? And if so, what do you think can be done?

MR. ALESSI: In certain parts of the state there are definitely some real estate issues in terms of being able to set up shop.

But all in all, the cost of getting the office space hasn't been as much of an issue for some of these companies. It's the cost of getting talent. And really trying to preserve their capital as long as they can until they get to the profitability.

But New York is one of the few places that you can commercialize a product and the density of business development opportunities in New York is a pretty unique place. San Francisco has a similar capability for startups. There's only a few places where these startups can succeed. They will pay a premium for real estate to be close to that density.

SENATOR BRISPORT: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRMAN PRETLOW: Assemblywoman

Jackson.

ASSEMBLYWOMAN JACKSON: Thank you, Chair.

I just want to say to Dr. Terry I would like to work with whoever your Assemblymember is to make sure that that programming happens. So thank you for coming to testify.

DR. TERRY: Thank you.

ASSEMBLYWOMAN JACKSON: For Ms. Rodriguez, EDCAP, the request is what again?

MS. RODRIGUEZ: Three-point-five million. Three million should be in the -- it's in the Executive, and then we're asking the Legislature for 500,000.

And we operate with a statewide network. We have partners out on Long Island and throughout the state that provide the in-person direct counseling services. And as I mentioned, we've expanded not only to help student loan borrowers but also those individuals that are getting into college and needing to apply for financial aid. Because

oftentimes I was asked, What are you doing to prevent the debt from happening in the first place?

ASSEMBLYWOMAN JACKSON: And this is free to anyone who seeks services?

MS. RODRIGUEZ: Absolutely, statewide. anyone can go on our website, EDCAPNY.org, and they can schedule a virtual session at any point.

And again, through our network they can schedule in-person.

ASSEMBLYWOMAN JACKSON: And are you assisting people right now who are like -- they're in the repayment phase but, you know, a lot of the federal stuff is happening --

MS. RODRIGUEZ: Yes. My phone is filled with client messages.

ASSEMBLYWOMAN JACKSON: Okay. I'm going to call you.

(Laughter.)

MS. RODRIGUEZ: Please do.

ASSEMBLYWOMAN JACKSON: I have my own questions.

Okay, and to Mr. Alessi, the 10 extra

programs you're looking to increase to, where are you looking to have those be located?

MR. ALESSI: So it's typically done through an RFP process. So --

ASSEMBLYWOMAN JACKSON: No, but where? Like geographically.

MR. ALESSI: Anywhere in the state. So right now as communities are looking to launch incubators and hopefully get some kind of state investment in it, there's only 20 opportunities in the state. And a number of communities are getting shut out from that. So increasing it by 10 and letting newer communities participate in that process will enable us to reach entrepreneurs that are not being reached right now.

But I would just -- from a geographic standpoint there's in almost every region of the state.

ASSEMBLYWOMAN JACKSON: Right. So how do you decide, though? You said through RFPs?

MR. ALESSI: So -- yeah, it will be -- ESD would decide, through the RFP process. I

just -- I could just see it's a little bit like of a Hunger Games. You know, one area of the state loses an incubator for another --

ASSEMBLYWOMAN JACKSON: So why 10 and not 20?

MR. ALESSI: Incrementally, just trying to add to the ecosystem. So they didn't want to advocate for too much and scare folks. I think 10 would be a good place to start. It would be, you know, a third increase.

ASSEMBLYWOMAN JACKSON: And what did you say was the return on the investment?

MR. ALESSI: The -- all right, so the return on investment that I mentioned in terms of the START-UP NY program was $1.58 for every dollar in lost tax revenue. That was from the PFM report that was commissioned by Tax and Finance.

When you're investing in incubation in general, there is about $37 return for every dollar invested in incubation.

ASSEMBLYWOMAN JACKSON: Thank you for

that.

MR. ALESSI: Thank you.

CHAIRWOMAN KRUEGER: Senator Tom O'Mara.

SENATOR O'MARA: Thank you.

Good evening. Thank you all for your testimony and sticking it out here today.

Dr. Terry, I want to welcome you, being the representative of Elmira being here, I want to thank you and LECOM for your strong commitment to the Southern Tier of New York, particularly in Elmira. And I can personally attest to everybody here the great work that you've done at the college and helping with providing healthcare and physicians in particular for rural healthcare, and your commitment to that and to serve underserved areas in the state.

Now, your ask here for $250,000 is very modest, in my opinion. And I thank you for that, because I think that certainly makes an easier lift.

DR. TERRY: You can do more if you want to.

SENATOR O'MARA: I would love to do more, you know. I've tried.

(Laughter.)

SENATOR O'MARA: But, you know, LECOM is based in Erie, Pennsylvania, and you say you have a school in Florida as well -- $250,000 in the grant scheme of things here is very modest.

But what are you going to do with that, and how's it going to help you prepare physicians for underserved areas? And can you compare what other type of assistance you've gotten or you get in Pennsylvania and Florida at your other institutions?

DR. TERRY: Twenty million from Pennsylvania, $5 million from Florida.

What will we do with that money? We're going to focus on underserved areas of the state, identify them and recruit students from there.

The difference about LECOM, it's workforce development for physicians. It's a very different admission process. I'm trying to create doctors so we have them out there,

because we don't have them. I'm not trying to create academicians or researchers. Yes, I want some of them, but we need more boots on the ground right now.

As every doctor in their sixties retires, we need two to three to replace them. Because they don't do calls like they used to, they don't go to the hospital, they don't deliver babies. I'm a family doc. I've done all of that. The family doc today, most of the time they're just in the office. And good luck trying to get an appointment with them.

That's what we're trying to do. So it's a very different process holistically. We're recruiting that kid from an underserved area so she comes to medical school and goes back and practices there. Her MCAT could be a little lower, her GPA may not quite be what other schools might accept, but we'll get her there, and she'll be a great doctor. And that's what we're doing.

And that's why this model works. And that's why a good number of the doctors now

in the Southern Tier and upstate New York are LECOM graduates. If you look at the stats, it's almost 20 percent -- and we have only graduated our first class. These are from our other campuses.

SENATOR O'MARA: Well, I've seen it firsthand, and I thank you for that commitment and it certainly seems to work. So --

DR. TERRY: It does.

SENATOR O'MARA: -- I'm hopeful we can get you some assistance for this.

DR. TERRY: Thank you.

CHAIRMAN PRETLOW: Assemblywoman Kassay.

ASSEMBLYWOMAN KASSAY: Good evening. Thank you.

Ms. Carolina, please do reach out to my office; I'd like to share these resources for student loan prevention and assistance with my constituents as well.

So thank you for being here and presenting and spreading the knowledge about that.

Dr. Terry, I'll plus-one on what my colleagues are saying. I'm really glad that we stuck it out. We're definitely going to spread -- I can speak for myself, I'll spread the word to colleagues, even though I'm on the other end of the state.

You know, we hear about the shortage of medical professionals all throughout the state and -- you know, from unions and constituents. So thank you for doing the work, and hopefully you could expand the program in the future.

DR. TERRY: Thank you.

ASSEMBLYWOMAN KASSAY: Mr. Alessi, I'm always looking to understand better how our state spending in turn serves the state, how it's an investment, so I really appreciate the statistic that for every dollar the state puts into these programs, it gets $1.58 back in economic activity. So thank you for that.

You know, I'll speak to where you and I both come from, Suffolk County. With the cost of living -- it's high across the state, but, you know, in Suffolk County we really

feel this. And so we invest so much money there in students K-12 education and then, if they go off to college, it's really hard to attract them back because they are not -- we don't have the jobs readily available, there isn't this opportunity.

So with having Stony Brook University as well as Brookhaven National Labs, can you speak specifically to Suffolk County and how this START-UP program in the past has helped and the vision for the future?

MR. ALESSI: Sure. Well, this kind of economic development works best close to that type of entity, like a Brookhaven National Lab or a SUNY Stony Brook or higher education institutions that are creating research that turns into IP and potentially new products.

And, you know, on Long Island you had a number of companies that came out of Cold Spring Harbor Labs or SUNY Stony Brook that ended up not only at Stony Brook but Broad Hollow Science Center, and they were in the -- you know, there was about 20 companies that were in the START-UP NY program to start

with.

It was a very bureaucratic program, so there's only five companies that remain in the program on Long Island that I'm aware of. But they're in there because it is a tool for those companies to recruit employees from other ecosystems as well.

In terms of incubation on Long Island, you have about eight incubators on Long Island that house upwards of probably about 120 companies. And especially in high-cost-of-living areas, the need to create high-paying jobs, which these innovation startups do, is important. One out of 10 -- actually, five out of 10, if it's incubated, of these companies will succeed.

ASSEMBLYWOMAN KASSAY: Excellent, thank you. Look forward to discussing further.

CHAIRWOMAN KRUEGER: We have no more Senators. Any other Assemblymembers?

CHAIRMAN PRETLOW: Yes, Assemblywoman Griffin.

ASSEMBLYWOMAN GRIFFIN: Thank you,

Chair, and thank you for being here this evening and sticking it out all day.

Dr. Terry, I agree with my colleagues, it doesn't seem like a whole lot to ask for to really be able to serve the medical needs of underserved areas and rural areas.

And Director Rodriguez, I'd love to hear more about your programs.

And Marc, I was particularly interested -- you hear so many complaints about companies leaving New York. And, you know, there's a never-ending list of complaints even by some of my colleagues. And it's so nice to hear someone with an outlook of how we can turn it around, and how you can create high-paying jobs and keep people here in New York. And keep people here in expensive areas like Long Island, or in the city, or in Brooklyn or in the Bronx.

So I really appreciate that. And I also think -- I fully support the funding that you need to build this up and make this even more successful.

But one thing I wanted to raise. What

is your role -- do you have the role of doing the outreach to bring people here or find the people here that might be interested in this innovative, in this high-tech arena? Is that what your role is in like finding them, bringing them or developing that?

MR. ALESSI: So as an association, the first thing we do is we bring our members together and let them share their commonality.

Prior to BIANYS existing -- we started in 2006 -- 15 incubators from around the state were brought together because they weren't talking to each other. And when they find that commonality then you can start seeing themes that you -- we could come back to the Legislature, for example, and saying this is what we're seeing statewide. So that's why the organization was created.

When it comes to recruiting other entities to New York, we actually do take an active role as an association to -- we offer the Soft Landings Program where we advertise in the international arena that if you're

going to come to the U.S. to sell a high-technology product or an advanced manufacturing product, New York is one of the unique places that you could do this because of the investments that you've all made in things like, you know, COEs and CATs and higher education and incubators.

And from that standpoint, we try to advertise the state's assets and introduce those entities to the appropriate assets. We try to find them the right incubator to work with so they can start selling products here. We don't try to steal the entire company from a foreign -- you know, but we try to have them set up a footprint here in New York which grows jobs.

ASSEMBLYWOMAN GRIFFIN: Okay. Well, it seems like great work, and I appreciate that that's been done and you're attracting such a higher level of business here in our state.

MR. ALESSI: Thank you.

CHAIRMAN PRETLOW: Assemblyman Friend.

ASSEMBLYMAN FRIEND: Thank you,

Chairman.

Dr. Terry, thank you for taking the time to come up here and talk a little more about LECOM. That has definitely been a great addition to the Southern Tier. We constantly see a loss of primary care in our region and all across rural upstate New York.

I know that LECOM prides itself on its student-centered curriculum, and it's great to know that LECOM leads the nation in the number of graduates that continue to go on and practice in primary care and in rural areas.

So maybe you could touch on -- you mentioned that there are 15 sites that the residents train at. If you could maybe talk a little bit about that or -- you just had a recent graduating class, and where did they end up? How many of them stayed in the state?

DR. TERRY: Well, about 55 percent stayed in New York. And actually about 13 stayed right in the Southern Tier, which is an amazing number.

So we're in places like Dunkirk, New York, at a federally qualified health center. We're in places in Yonkers and -- St. John's Riverside in Yonkers and St. John's Episcopal actually down by the city, another underserved urban area.

Predominantly, as an upstate medical school, we're in Western New York, the Finger Lakes Region, and the Southern Tier. Our primary affiliates are Rochester Regional, the largest health system in upstate New York; Mohawk Valley, in Utica; and then Arnot Ogden Medical Center right in Elmira.

So those are the primary, but we have a lot of smaller places like Olean, New York. We rotate students through there as well. So we have a lot of rural exposure that they're able to get.

ASSEMBLYMAN FRIEND: That's great to hear.

And then on your student-centered curriculum, that's a little bit different than other medical schools where you give

some different pathways for students to graduate. How do you set that up?

DR. TERRY: We have a problem-based learning, so it would be a small group, eight students small and one-to-eight faculty to student ratio, where they learn the basic sciences in the context of a case discussion, as a doctor thinks, with a differential diagnosis.

It's a very unique approach, but it better prepares them for the clinical setting but moreover prepares them very well for their boards. Our pass rate was 96 percent, which is excellent for a new school, actually well above the national average. So it's a very well vetted and well proven curriculum that we've used for about 25 years at LECOM.

ASSEMBLYMAN FRIEND: Well, again, thank you. You've done wonders for the Southern Tier, and I hope that the model continues to grow throughout New York.

DR. TERRY: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

And I believe that comes to the end of questioning for the three of you. Thank you very much --

PANELISTS: Thank you.

CHAIRWOMAN KRUEGER: -- for being with us this evening and for staying this late with us.

I'm going to call up Panel D, and we're going to ask people on Panel E to also head down.

Panel D has lost No. 8, Popular Democracy; they had to rush to something else. So I am just calling up ACE!-Upstate Alliance for the Creative Economy, and the New York Film and Television Production Industry Council.

(Pause.)

CHAIRWOMAN KRUEGER: Okay, if you would just first introduce yourselves so the people in the booth behind know who is who when you go up on screen.

Hi. There's a sweet spot just above the "PUSH." It's a real challenge to master these.

MR. QUIÑONES: I've got mine up. I've got mine on.

CHAIRMAN PRETLOW: You can't tap it, just hold it down.

MR. QUIÑONES: My name is Santiago Quiñones. It does say that I am with the industry council, but I'm not here representing the Production Council today, I'm just here on my own volition. I'm a line producer in New York, executive producer of television and film.

CHAIRWOMAN KRUEGER: Thank you.

MR. QUIÑONES: And thank you.

CHAIRWOMAN KRUEGER: And you are?

MR. ALDRICH: I'll use this one. So sorry about that. It's my first time, I'm nervous.

My name is Corey Aldrich. I'm the current executive director of ACE!-Upstate Alliance for the Creative Economy, which is based out of Saratoga Springs, New York, and represents for- and not-for-profit stakeholders across the Capital Region.

CHAIRWOMAN KRUEGER: Thank you.

And why don't you please start. Thank you.

MR. QUIÑONES: Thank you.

So I'll just -- I'll tell you briefly what a line producer does. I'm sort of the guy or the person that hires folks and also does the budgeting and that sort of thing.

And I've been doing producing in New York for a long time. I've been in the film industry for a very long time at this point. And I have never seen the level or the lack of production coming to New York as I've seen in the last -- I would say in the last year or so, in the last few months.

The last project I did was Blue Bloods. We worked -- it was 15 years of employment for a lot of folks. We -- I think about 90 percent of my crew is still calling me looking for work, about a thousand people that we hire.

And I feel, you know, one of -- first of all, I should have started by thanking you for this opportunity. It feels like this is a great privilege to be able to express this

situation that I'm not sure everybody's aware of.

And I want to leave you with a example of something we did with a young man named Martin P -- I'm not going to say his last name. His name is Martin. He was a stock boy at a supermarket. We were filming about 10 years ago in a supermarket in Brooklyn, and Martin worked so hard that we hired him as a PA. And then he worked up the ranks into the camera department and he became -- he got into the union, the Local 600 union, and he's today a gainfully -- I'm not sure he's gainfully employed because he's looking for work, but he's got a pension, he's got retirement, he's got a high-paying job when he gets the job. He's got three kids.

And we're very -- that's just one example of the kind of jobs that these incentives have brought. So I have to thank you for even having an incentive in New York State.

And with that, I can open up to some

questions.

CHAIRWOMAN KRUEGER: -- use your last minute? Oh, no, you've lost it now.

MR. QUIÑONES: I'm okay. You've been here long enough, and I want to thank you for that, so --

CHAIRWOMAN KRUEGER: That's okay. Thank you.

Sir?

MR. ALDRICH: Okay. Well, basically, thank you again for allowing me to be here as well. I'm going to leap right into it.

Creative workers are force multipliers. Where arts thrive, economic growth occurs. There is a reason why real estate developers chase the hotspot locations of creative economy workers: We are where everyone else wants to be.

Arts and culture add value that is extended beyond the individual to the community, and is in fact a sustaining lifeblood of our economy, mental health and soul.

I am here to help make the case that

New York needs a statewide creative economy plan. And to urge you to allocate resources to that end, I'll explore three key areas for consideration.

One, art is work. In the Capital Region we have seen explosive growth in that job sector. From 2013 to 2023, there was a 137 percent job growth in the independent artists, writers and performers categories. The nearest comparative non-creative economy industry analyzed was manufacturing coming in at only 11.4 percent.

New York State is a creative economy leader and needs to have the proper investment to support this kind of dynamic growth. Yet less than 5 percent of the state's major economic development grants flow to arts-related projects. This needs to change.

Art is also economic development. Artists and arts-based organizations know how to leverage resources into real value, included but not limited to economic value that impacts beyond themselves. And I

encourage you to look, in the documents I provided, to the Saratoga County IDA study that showed how SPAC as a single organization was creating over $110 million in positive economic impact in a single calendar year.

Arts and artists and the entrepreneurs that create them are economic development. We need strategic and consistent allocation of resources to invest in this important part of New York's economy and, importantly, New York's identity as a world-class arts and cultural hub.

Art is also health. Countries across the world are moving to activate use of the arts to support health and well-being, saving on runaway healthcare costs and creating better quality of life, according to a recent study by the World Bank.

In conclusion, the creative economy thrives in places with strong arts infrastructure. That takes investment. Analysis shows that the creative economy is a prudent investment for New York and that we would be irresponsible not to consider that

with a more robust funding and strategic plan approach.

New York needs a statewide creative economy plan. I urge you to allocate resources for an intergovernmental effort to advance that initiative, and I thank you so much.

CHAIRWOMAN KRUEGER: (Mic off; inaudible.) Oh, okay. Assembly?

CHAIRMAN PRETLOW: Yes, Assemblyman Stirpe.

ASSEMBLYMAN STIRPE: Thank you, Chair.

Santiago, can you talk a little bit -- I mean, you said you haven't seen I guess a slowdown like this in a while. And can you tell us why you think that's happening?

MR. QUIÑONES: Sure. Yes, I'd love to. I think the fundamentals of the --

ASSEMBLYMAN STIRPE: Can you bring that a little closer to you? There you go.

MR. QUIÑONES: So I think the -- so the first thing is we have currently a very good tax incentive, but it's not competitive.

There are states like Georgia that,

you know, are sort of the model of what a competitive is. So for a long time we've got a -- New York became a television town, and Georgia became the movie town, because Georgia had the above-the-line, the actors, the writers and that sort of thing.

The business has changed fundamentally. We now have streamers that want to have above-the-line -- you know, like Sylvester Stallone and big, big names. And so in order to afford that, they can't afford coming to a place like New York which already has higher -- already has higher rates.

New York's also part of the -- we are in the majors contract, the union contracts, where outside of New York places like Georgia, they're under the area standards contract. Those are always 30 percent less on the wages, so we've got to compete. So it's just an urgent -- urgency to get us to a competitive level.

ASSEMBLYMAN STIRPE: Let me ask you, all things being equal, would somebody pick New York to come and do their project other

than Georgia or New Jersey or Connecticut?

MR. QUIÑONES: I'm pretty confident. There are many reasons that New York, if all things are equal, New York's more efficient to shoot in. We have the best crews in New York, we've trained up those crews, we have the best locations in New York upstate, downstate. There's no matching New York for beauty.

As far as I'm concerned -- I did locations in New York for many, many years and I've traveled all over the world, and I can tell you with full certainty that New York is a great place to shoot.

ASSEMBLYMAN STIRPE: Okay.

Corey, you say we need a statewide creative plan. It's hard for us up here, unless somebody tells us how much is that gonna cost, that we can, you know, try to put something together. And what are the components of coming up with this plan?

MR. ALDRICH: Well, I think, you know, this is a discussion that probably doesn't get resolved in an immediate conversation as

simple as some of these other conversations.

But I think it's more of a methodology that we need to begin to consider on how do we wrap our hands around this $1 invested yields back $7 to $9, and how can we distribute that kind of resource allocation equitably across the state? That needs a plan.

There are several plans that have come out recently that give us some metrics, but do not compile them on a statewide level.

ASSEMBLYMAN STIRPE: Okay, thank you.

CHAIRMAN PRETLOW: Assemblywoman Hooks.

ASSEMBLYWOMAN HOOKS: Good evening. And it really is evening.

Okay, I just have a couple of questions for Santiago.

MR. QUIÑONES: Yes.

ASSEMBLYWOMAN HOOKS: How effective have film tax credits been in keeping productions in New York?

MR. QUIÑONES: In the past they've been very, very effective. But predominantly

for television, not films. We get bits and pieces of films here in New York.

I think when the upstate tax enhancement came in, I think we started to get a few more films and a few more television shows.

ASSEMBLYWOMAN HOOKS: What can the state do to better compete with other states trying to lure away film production?

MR. QUIÑONES: I think the core proposals that Governor Hochul has put forward would satisfy that requirement.

ASSEMBLYWOMAN HOOKS: And my last question is, what workforce development programs are needed to ensure more local hiring in the industry?

MR. QUIÑONES: That's a great question. I'm actually involved in a panel tomorrow with Reel Works. I think -- I think the unions in the last couple of years have been bringing folks in and they have been cooperating with Reel Works.

And I think it's a matter of sustaining the work here. That I think

eventually will then bring people up. Sort of like Martin. You know, Martin -- Martin's a great example of that, and that's why I bring him up.

I feel like I'm a great example of that. I'm a New Yorker through and through, born and raised on the Lower East Side. I went to Syracuse, my daughter's at Syracuse. I love New York. And I think I don't want to go to Los Angeles to work.

ASSEMBLYWOMAN HOOKS: Thank you.

MR. QUIÑONES: Thank you.

CHAIRMAN PRETLOW: Assemblywoman Jackson.

ASSEMBLYWOMAN JACKSON: Thank you, Chair.

I'm a mom of an artist, so art is actually work. And she's on Broadway, so I'm very happy for that.

I actually came from a CTE school in the city before I became a legislator, a social worker for a CTE school, and we taught all the behind the scenes to creating film. So I get your work. I really

appreciate it. And I know how well the industry needs good staffing.

My question is why -- similar to my colleague, why -- why are we saying that film is not growing here? Is it because of taxes? What's happening?

MR. QUIÑONES: I think like -- look, I haven't done a study, I just want to be clear about that. I'm a producer in New York.

But what I've seen, in the 20-some-odd years that I've been doing this, is that the fundamentals of our business have changed dramatically, right?

So streaming, when it was -- when we were doing television shows here that were on the air that didn't have stars, that was cheaper, and below-the-line was covered with the incentive and all the reasons I brought up why shooting in New York is great was also in the equation.

But now that the above-the-line has gone up in terms of studio spend, they're not considering New York.

So I think that that's why this

above-the-line enhancement is going to make us -- it's going to level the playing field with anybody else out there.

I also think there's a chance with the Production Plus to be a leader in the country in terms of that sort of thing.

I hope I answered your question.

ASSEMBLYWOMAN JACKSON: Well, the streaming part, are we talking about like a Netflix-type streaming?

MR. QUIÑONES: Yeah, Netflix and Amazon, Apple -- but even Paramount. They're all bringing in big names and big talent. And unfortunately, we need them to have the jobs. Otherwise they won't be in New York.

I'm very clear on that, because normally this time of year I'm doing multiple budgets and talking to multiple people about certain deals, and that's not happening. And it's disconcerting.

ASSEMBLYWOMAN JACKSON: Got it. Thank you. Thank you, Chair.

CHAIRMAN PRETLOW: Assemblywoman Griffin.

ASSEMBLYWOMAN GRIFFIN: Thank you, Chair.

For Santiago, I find this very interesting. What -- with companies do you have -- are there companies that they are -- you're doing the work and then they leave? Or is it just like a show gets canceled and then a new show doesn't crop up?

MR. QUIÑONES: It's a tricky question. I think there's a variation of that. It's hard to retain some of the companies here.

ASSEMBLYWOMAN GRIFFIN: Right.

MR. QUIÑONES: But when the company goes so it does the work -- I've never been in a business where -- I used to be in sales, you know? And I've never been in a business where I'm actually in charge of spending and in charge of writing that check. Which is a great privilege, but which is also scary at times.

But the fact is that that money is spent. You know, we spend it at the steakhouse. I've said that when Blue Bloods gets canceled, there's going to be a

recession in Greenpoint. You know? The grocery stores, the hair cutting place, the dry cleaners. The steakhouse that we have meetings every week at. So those kinds of things.

ASSEMBLYWOMAN GRIFFIN: Was Blue Bloods the last big show that you were involved with?

MR. QUIÑONES: Yes.

ASSEMBLYWOMAN GRIFFIN: And that had a long run, actually. I actually liked Blue Bloods myself.

MR. QUIÑONES: Mm-hmm. Thank you.

ASSEMBLYWOMAN GRIFFIN: So but with the streaming, it's amazing that with all the streaming, wouldn't there be some shows that would not be focused on big-name stars, just -- there just isn't, like they're not making those types of streaming shows.

MR. QUIÑONES: Probably in -- I'm sorry to interrupt. But, you know, like I said, I'm not the expert on what the programming is and also what's in the development chain.

I think that -- yes, you're absolutely right, there can be some shows that don't require those things, and hopefully we'll get back to that because then we'll have more shows and it's cheaper, you know.

But the thing I'm afraid of is that when the work goes away, that crew base also gets trained somewhere else.

ASSEMBLYWOMAN GRIFFIN: Right.

MR. QUIÑONES: I also know that for many years -- I worked abroad for seven years. I didn't want to work abroad. It sounds very glamorous but there used to be a reason why I would get hired. It was an American representing an American company abroad. These days they're very comfortable with the -- whoever they're hiring abroad. Plus their incentives incentivize them to hire their -- whoever it is, in Canada or wherever it is.

So I think that's the real danger here, is that we're going to lose that crew base --

ASSEMBLYWOMAN GRIFFIN: Right. Right.

Which is such a real professional skill base here.

Now, Georgia is a big competitor or has taken business away. What other states are --

MR. QUIÑONES: New Jersey, Massachusetts. There used to be some in the South. I think Texas has got a new tax incentive that's coming -- that's been enhanced as well.

But those are the big ones. Georgia is the model, if I were to model that, yeah.

ASSEMBLYWOMAN GRIFFIN: Right. And do you think the proposals that Governor Hochul has made will change things in a positive direction?

MR. QUIÑONES: Absolutely. I'm pretty impressed by the fact that a Governor has put that forward, yeah.

ASSEMBLYWOMAN GRIFFIN: Well, thank you very much.

MR. QUIÑONES: Thank you.

CHAIRMAN PRETLOW: A quick -- just a quick question. I'm a little -- I'm a little

confused about this above-the-line and below-the-line. You say that above-the-line is making it more expensive. Is that because the stars are also producers and, you know, it's always your executive producers as well as stars so they're getting paid twice and one gets the subsidy and one doesn't and it --

MR. QUIÑONES: I'm not so sure that that is the game that's being played here, that somebody's trying to game it that way. I'm not implying that you're saying that.

CHAIRMAN PRETLOW: No, because I've noticed, every show I've watched -- you brought up Blue Bloods. You know, Tom Selleck was the executive producer as well as the star and that's --

MR. QUIÑONES: Yes, there's a good reason for that. What they want is control over the creative. They want control over the writing and over their own image, you know, with what's being put forward, they want control of editing.

So it's not so much about the money,

it's about what kind of control that gives you. And so that's the nature of that piece. I can't speak for every show, obviously.

But when I say "above the line," I mean the writers -- we had all our writers that lived here in New York and spent their money here and had their kids here and go to school here. Our editors, you know, they were all here, post-production, those kinds of things.

CHAIRMAN PRETLOW: Okay. Because I know that they are filming in New York. I mean, the filming of Raising Kane or Raising Kanan or, right outside my office all the time in Mount Vernon, some serious -- you know.

But they really don't do much shopping in the neighborhood, they bring their own food truck and they've got a lot of people cued up in the parking lot, they do their thing, get in their cars and they leave.

MR. QUIÑONES: Yeah. But they probably spent money at the local church. I hope they did a donation, because they should

have given a donation --

CHAIRMAN PRETLOW: Well, the city charges them to close the streets, that's about it.

MR. QUIÑONES: Yeah, but they should do a donation. And if they don't, I'd like to call them up.

(Overtalk.)

MR. QUIÑONES: There's police that's hired. You know, the local police is hired, the police chief. And there's money spread around. I'm sure the food -- I'm sure you hear from the retailers and that sort of thing and they're complaining, but there's also loss of business that we'd pay out whenever we impact a business.

Those things that only get calculated when anybody considers what kind of money is being given back. But things do happen. I mean, we spend it.

We also buy fuel in the area when we're there. We park, so we pay for parking. I mean, individual parking, right? There's tolls that go to New York State. And now

congestion pricing.

CHAIRMAN PRETLOW: And you're saying that the Governor's proposal is something that you could live with or it would be --

MR. QUIÑONES: I don't want to speak for everybody. I'm impressed by it. I am impressed that it would be a vanguard in the industry, and it's -- the Production Plus is impressive.

CHAIRMAN PRETLOW: Okay. And does the community make any money if the production only does exteriors?

MR. QUIÑONES: Yes.

CHAIRMAN PRETLOW: So they'll do the exteriors, but they'll do all the filming in Toronto, but they'll shoot the outside of a building in New York and call it a New York scene.

MR. QUIÑONES: Right. So that -- that is --

(Time clock sounds.)

MR. QUIÑONES: I can get back to you on that. I've been here long enough to know you can say that.

(Laughter.)

CHAIRMAN PRETLOW: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

All right, with that, we're going to thank both gentlemen for staying with us through tonight.

MR. QUIÑONES: Thank you. This is a great privilege. This is my first time doing it.

MR. ALDRICH: Thank you so much.

CHAIRMAN PRETLOW: Oh, I'm sorry.

Assemblywoman Shimsky.

CHAIRWOMAN KRUEGER: Excuse me, you don't get away.

CHAIRMAN PRETLOW: Sorry. Sorry.

CHAIRWOMAN KRUEGER: His fault.

CHAIRMAN PRETLOW: My fault.

ASSEMBLYWOMAN SHIMSKY: Thank you, Mr. Chairman.

I wanted to talk to Mr. Quiñones first. I represent Yonkers and Hastings, and we are seeing a lot of expansion in terms of land use with film and television production.

Is that -- so I assume that we're

really an outlier? Or is there something else here that needs to be seen?

MR. QUIÑONES: So when you say expansion, I think you're talking about footprint of studios, right?

ASSEMBLYWOMAN SHIMSKY: Yes. Yes.

MR. QUIÑONES: Those are private investors or supplier speculators who built those studios. But they also rely on the films to come, and that doesn't always happen.

So they've put a great -- you know, whether it's borrowed money or whatever it is, they've invested in that. And we'd like to see them stay, for sure. It's a great thing. And that's because of the enhancement that was done for upstate.

ASSEMBLYWOMAN SHIMSKY: Okay.

MR. QUIÑONES: Right? So --

ASSEMBLYWOMAN SHIMSKY: Okay.

MR. QUIÑONES: And thank you for pronouncing my name correctly.

(Laughter.)

ASSEMBLYWOMAN SHIMSKY: Also is

post-production a big part of the sector in New York, or does that work tend to go to other places?

MR. QUIÑONES: So pre-COVID we saw that incentive working the way it should. Post-COVID got a little tricky.

But I know that shows do require their folks here -- because when that person works in Los Angeles or wherever they may work, we don't get that money back. So -- or when I say "we," I mean the show doesn't get that money, that tax incentive money back.

So in the case of Blue Bloods, we did all our post work here, including the processing of -- the digital processing and that sort of thing.

ASSEMBLYWOMAN SHIMSKY: Is there a chance that with the result of the wildfires we might see more post-production moving out here? I happen to say that because I know a film editor who lost her house.

MR. QUIÑONES: No, it's a very, very sad situation. I know a lot of people that have been affected by it.

I can't speculate on that. I do -- you know, the work has become more remote and off of a laptop more than it ever has been. But I think when the work comes here, it brings that in with it, because there is an incentive, there's a large incentive to bring -- to keep post here in New York. At least I've seen it on day-to-day when we were doing budgeting.

ASSEMBLYWOMAN SHIMSKY: Okay. Thank you to you. Thank you, Mr. Aldrich. You're doing such wonderful, visionary things by coming here and making us think about these things. And I hope that we'll be able to continue to move forward, because New York has always been a great arts place and now we need to do -- to move into the next century.

MR. QUIÑONES: Well, I'm pretty impressed by how late and how hard you all work, so this is my first time seeing this. Thank you so much.

ASSEMBLYWOMAN SHIMSKY: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Now I'm going to excuse you, and I am

going to call up Panel E. We'll see how many people are left. I know by now often people have had to leave.

So I think we are calling Rachael Lorimer, Studio OSYARI; Rafael Espinal, from Freelancers Union; Sarah Calderon, from Creatives Rebuild New York; Gully Stanford, the replacement for William Jones, New York State Alliance for Arts Education; Candace Thompson-Zachery, DanceNYC; and Elizabeth Lane, ArtsNYS.

And we've got a pile of people here, so maybe they really did all stay.

Good evening. Okay, six for six. Very impressive. Okay, we're going to start at the right side. You're just going to say your name first so the folks who are still up there in the booth -- they're still alive -- know what name to put with what picture.

Please.

MS. SWAN: Good evening. I am Jen Swan, and I am with ArtsNYS, in place of Elizabeth Lane for ArtsNYS.

MS. THOMPSON-ZACHERY: Candace

Thompson-Zachery, DanceNYC, co-executive director.

MR. ESPINAL: Rafael Espinal, president of Freelancers Union, former State Assemblymember.

CHAIRWOMAN KRUEGER: Right. I knew he looked familiar.

MS. CALDERONE: Sarah Calderone, the executive director of Creatives Rebuild New York.

MS. LORIMER: I'm Rachael Lorimer, I'm an independent artist and owner of a small print shop called Studio OSYARI in Troy, New York.

MR. STANFORD: Good evening. Gully Stanford from Dutchess County, representing the New York State Alliance for Arts Education.

CHAIRWOMAN KRUEGER: Thank you.

So now we're going to go back to my right and start there, and you're each going to go down. And you press the button until it turns green; it's a little challenging.

Okay.

MS. SWAN: Good evening, everyone. I am Jen Swan. I am actually the director of Arts Services, Inc., of Western New York, in Buffalo, but I'm here tonight representing ArtsNYS as the president.

ArtsNYS wants to thank the Governor, the Senate and the Assembly for your ongoing leadership and support for the millions of artists, designers, and the creative economy in New York State.

We urge the Legislature to invest in the arts and fund NYSCA at $200 million. This investment supports over 1600 organizations and thousands of artists through direct NYSCA grants who then fuel local business spending, drive tourism, and enhance the quality of life for all New Yorkers.

We also support NYSCA's Statewide Community Regrant Program, which was discussed earlier, which empowers local arts councils to distribute grants through a local decision-making process, ensuring that state arts funding reaches communities in all

62 counties, especially to those counties that don't receive direct NYSCA support.

The arts are more than part of New York's identity; they're a pillar of our economy, delivering a powerful return on investment. And let me give you some examples of that. The arts contribute 151 billion annually to New York's economy, accounting for 7.4 percent of the gross state product and employing over 461,000 people.

In my region of Western New York specifically, the nonprofit arts sector generates $381 million annually and supports over 8,200 jobs. This produces $22.5 million in state tax revenue. That's more than six times the amount of what the Western New York region receives in NYSCA funding.

On the other side of the state, on Long Island, arts organizations generate $330 million and return $12.4 million in state tax revenue -- five times the amount the region receives from NYSCA.

This investment in NYSCA pays for itself many times over, not only financial

but also through job consideration creation and encouraging residents to stay here and others to call New York State their new home. We talked about this earlier, but when Micron chose Central New York for its $100 billion semiconductor facility, they cited the region's vibrant arts scene as a key factor in their decision.

In every region of the state, artist populations have been rising, even in regions where the total population is going down. The Mohawk Valley artist population has grown over 49 percent, and in the Capital Region and in the North Country, by over 41 percent.

In closing, we support the creation of a creative economy plan in New York State as well, to explore innovations in culture funding and assess potential new revenue streams. At a time when corporate, federal and private arts funding is retreating, New York State must continue to be the leader.

The Leg has the power to secure New York's creative future. By funding NYSCA

at 200 million, you will ensure that the arts continue to drive economic growth and ensure that every New Yorker has access to art.

Thank you.

MS. THOMPSON-ZACHERY: Thank you for your time today. My name -- you already know my name. I work at Dance/NYC, which is a service organization for the dance industry in the New York City metro area.

So I'm here to make the case for a statewide creative economy plan to strategically build a stronger safety net for our workers, and to create new revenue streams for arts and culture, to support the 200 million budget allocation for NYSCA to support organizations, individuals and localities, to support arts and dance education by passing S285/A1502 bills to ensure that the next generation has access to dance, music and the arts, and finally to support Bill A2607 to increase resources for culturally diverse arts and culture organizations.

2025 has only intensified challenges

for the arts and dance industries, while we are still grappling with the pandemic's impact on our economic model and on how our schools and communities engage with and support the arts. These new challenges include a disastrous federal climate and rhetoric turned policy that attacks DEI and LGBTQIA+ rights and equity-centered practices. And above all, the arts continue to be infantilized, seen as something extra rather than essential.

In times of instability we need our local governments to be leaders, to step up, to fill gaps and to create solutions that safeguard us now and against future threats. The arts, dance and its workers deserve their due. What we bring to society has real value, value that must be backed by dollar signs.

Sixty-four percent of New York City dance workers fund their own work from their pockets, earning 24 percent below New York City's living wage; 40 percent of dance organizations report weak or very weak

financial health, while reliance on contributed income is rising; 37 percent of dance workers lack medical coverage, and 82 percent are not unionized; and statewide, 41 percent of artists report that they are one medical emergency away from crisis.

With our workforce being mostly freelance, we are particularly vulnerable, and New York must meet them where they're at through strong funding, creative economy planning, and arts education policy.

There are real solutions to be had for funding if we look to other jurisdictions. Minnesota passed a constitutional amendment creating a 3/8th percent sales tax, permanently funding its arts and cultural heritage fund. A local government in Northern California is rethinking how to use publicly owned vacant buildings to regenerate new revenue for its arts and culture programs, and New York is not short on options. But failing to act means neglecting a very powerful revenue-generating industry and its impactful community leaders who are

fighting social isolation, fostering social and emotional learning, and elevating diverse, rich cultures.

Thank you.

MR. ESPINAL: Good evening, Chairpersons Krueger, Pretlow and members of the committee. My name is Rafael Espinal, and I am the president of the Freelancers Union.

Thank you for the opportunity to allow me to speak today on behalf of the union and the over 150,000 self-employed workers we represent across the state -- especially the creative professionals who are the heartbeat of our state's economy and culture. From artists, writers and photographers to musicians, designers and so many more, these workers drive billions in revenue and give New York its unique energy and vibrancy.

Just last August we celebrated a historic victory with the "Freelance Isn't Free" Act. Thanks to the leadership of Senator Andrew Gounardes and Assemblyman Harry Bronson, we secured vital protections

for freelance creatives, making New York one of the first states in the country to safeguard workers from nonpayment. This was a huge win, and we should be proud, but we all know that that fight doesn't end there.

Alongside Sarah Calderon and the incredible team at Creatives Rebuild New York, we are pushing for a statewide creative economy plan because too many creatives are being pushed out of the state, squeezed by skyrocketing living costs and unstable income.

Creative workers, like so many in our state, are denied the basic protections -- healthcare, paid leave, retirement savings should not be viewed as luxuries but as necessities. A recent survey from Creatives Rebuild New York revealed that 41 percent of artists in New York are just one medical emergency away from financial ruin.

This isn't just a statistic, it's a crisis we can no longer ignore. When I became president of the Freelancers Union five years ago, I saw firsthand how fragile

our system was, especially when the pandemic hit. It exposed just how vulnerable freelancers are without a safety net, but it also showed us what's possible. When we advocated for pandemic unemployment assistance, we were able to extend benefits to independent workers for the first time in this state's and country's history. It proved that with the right policies we can protect workers and lift up the most vulnerable.

But we need more than just temporary fixes. All workers need a system that works for them no matter where their next job comes from. This is why portable benefits are so critical. No one should have to worry about not being able to afford healthcare or paid time off or how to build retirement savings. Benefits should follow the worker, not the job.

This is about fairness, dignity and building a system that works for all workers in New York. It's a smart American solution to an urgent problem. We've made important

strides, but the work is far from finished. This Legislature has taken significant steps to expand benefits for creative workers, but we now must complete the job.

I urge the Legislature to fund and implement a statewide creative economy plan that includes portable benefits for all New Yorkers -- for all workers in New York. Investing in the future of our creative economy isn't just an economic decision, it's an investment in the very soul of New York.

Thank you all.

MS. CALDERON: Good evening, and thank you for having us this evening.

I'll skip some of the data that's already been repeated over and over again.

Creatives Rebuild New York for the past three years has provided 2700 artists with guaranteed income and with jobs. And then also did a survey for 13,000 artists, and that's where a lot of this data is coming from.

I'll skip to the part about sort of

the creative economy plan. So we believe that a statewide creative economy plan can help government study new opportunities to address the needs of creative organizations, businesses and workers, and include concrete, coordinated proposals for new investments, programs and legislative initiatives.

New York will not be alone in this endeavor. Washington, Illinois, Delaware, Massachusetts and California have these plans. California passed legislation to formalize its creative economy planning process. Supported by a legislative appropriation of a million dollars, they have a working group that's mandated to draw upon cross-sector expertise, including representation from county and city associations, multiple arts disciplines, higher education institutions, state economic and workforce development agencies, a federally recognized Indian tribe, and other relevant parties.

New York's plan can take a cross-sector approach, and the plan can

identify opportunities to expand benefits and labor protections for creative workers, as Rafael mentioned; portable benefits pilots; new existing ways to use existing economic development tools -- so increasing funding for economic development projects that integrate arts and culture; opportunities to build a strong pipeline for creative workers to access quality jobs; creating artist employment programs to address environmental, health and safety needs in communities; potential innovations in arts and cultural funding, as Candace mentioned, creating new revenue streams for arts and culture and opportunities to ensure creative New Yorkers can meet their basic needs; incentivizing the development of affordable housing in places in New York with high concentrations of creative workers.

A statewide creative economy plan should be supplemented by increased funding for NYSCA: A budget of $200 million, which includes $150 million for programming and $50 million for capital.

These investments will help further the activities needed in a statewide creative economy plan. Advancing these policies and strategies in an integrated, coordinated way is a more cost-efficient approach than piecemeal solutions.

We are grateful for the organizations standing with us today and those that provided written testimony, including the Creative States Coalition, New Yorkers for Culture and Arts; Entertainment Community Fund; Black Artists Collective; and Henry Street Settlement.

Thank you.

MS. LORIMER: Thank you. My name is Rachael Lorimer. I'm a painter and printmaker and earned my BFA from the Cooper Union in 2006. I'm a homeowner and small business owner, operating a printmaking studio in downtown Troy, where I live with my husband and son.

I'm also here to help make the case that New York needs a statewide creative economy plan and urge you to allocate

resources to advance this work and to support sustainable employment for artists.

So what do artists even do? It's a big variety. I am here today as an artist to share just one example of what our work can entail and look like. In 2022, CRNY's Artist Employment Program established a framework for my employment as an artist in a non-arts organization, to our mutual benefit. Our project also received additional funding from NYSCA's Statewide Community Regrant Program.

Our community development and arts partnership addressed housing challenges in Hillside North, a long disinvested neighborhood in Troy negatively impacted by redlining, the continued loss of employment opportunities, and physical fracturing by the DOT's development of the Collar City Bridge in the 1970s.

Our partnership amplified the voices of Hillside North residents by exploring their relationship to their homes and community. We built trust and engagement through interviews, with group conversations

with neighbors, intergenerational arts programming, and over 300 voluntary hours from residents of all ages. We leveraged music and art to center community voice as a true and valid historical record, and invited residents to view themselves as agents of change in their neighborhood.

We curated space for nuanced listening, tolerance, and reclaiming ownership of their neighborhood story and identity. This is how you build belonging.

CRNY's Artist Employment Program provides a glimpse of what could be accomplished with consistent employment opportunities and statewide recognition of our impact as a creative workforce. It offers a roadmap for government agencies and community-based organizations to explore extended partnership with artists in addressing shared goals.

Our creative work is often aligned with government efforts to address environmental, health and safety issues in our communities, particularly gun violence.

Artists and culture workers are a grossly underutilized workforce. We interpret and evaluate our world in ways that increase civic engagement and community investment.

I urge you to support a statewide creative economy plan, including a feasibility and benefits analysis of artists employment programs. We're specifically trained to create something from nothing, an incredibly critical skill set in a time of rapid change. We encourage you to examine the ongoing investment and contribution from artists and our role in sustaining an economically robust, safe and vibrant New York.

CHAIRWOMAN KRUEGER: Thank you.

And last but not least.

MR. STANFORD: Thank you. Esteemed chairs, honorable legislators, on behalf of the New York State Alliance for Arts Education, we wish to lend our voice to the chorus you have heard of creative advocates urging you to support the $200 million appropriation to the New York State Council

on the Arts.

We also endorse your embracing the proposal to create a cultural economic plan for the state.

While acknowledging that advocating for a state investment in public education through the education budget remains our priority, as the New York State Alliance for Arts Education we appreciate the opportunity to testify to the immense value that NYSCA funding brings to key intersections between the informal world of community artists and the formal world of lifelong arts education.

Firstly, community collaborations deliver hundreds of enrichment programs to millions of lifelong learners in our schools, colleges and trade schools. As you know, the New York Regents are in the process of adopting new pathways to post-secondary success, the Portrait of a Graduate whose success will depend in large part on such collaborations.

Secondly, as the artistic capital of the United States, we must sustain a pipeline

of talent in every arts discipline to ensure the continued health of our creative economy and equality of opportunity for all our creative learners. Recent budgets have rightfully singled out Broadway and the film industry for key support. But without arts education, that pipeline of talent will fail. Such talent sparks the intrinsic human link to the creative workforce and blossoming communities which we all celebrate, nurtured by the grants that your NYSCA appropriations provide.

As the Governor puts it, "New York's creative sector is a key driver of economic growth that employs hundreds of thousands of New Yorkers."

We're grateful to you and to the Governor for your efforts to restore and expand arts funding, including the implementation of the Arts Pluribus Unum Fellowship Program; additional staffing, as the Governor proposes, for NYSCA; and enactment of the state's first Regions of Cultural Significance bill.

We join our colleagues in recognizing that it is only through strategic partnerships between school-based and community-based arts programming that New York can ensure the ongoing effectiveness of the pipeline which grows our own artistic talent, trains our desperately needed arts teachers, and engenders a cultural literacy and primacy for which the Empire State is known and admired across the globe.

Finally, in the shadow of looming federal cuts, the arts offer growth, stability and sanity. The arts in New York are the geese that lay the golden eggs.

Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Well, there's no Senators to look for, so how about Assemblymembers?

CHAIRMAN PRETLOW: Assemblyman Stirpe.

ASSEMBLYMAN STIRPE: Thank you.

Let me direct this to Sarah. I know in the program that, you know, Creatives Rebuild New York established, you got most of your money through foundations. And what

you're looking for now, I think, is like more of a public/private partnership, where the state contributes some, the foundations or whoever else will also contribute to that.

Do you have a budget of how much that would all cost?

MS. CALDERON: Sure. CRNY was established during the Reimagine New York Commission and then funded with a $125 million investment from the Ford, Niarchos and Mellon foundations.

And I think for sustainability and really thinking about how to make this work stick, right, we demonstrated that guaranteed income for artists worked, we demonstrated that artists' employment worked.

We are looking for a public-private partnership. California did invest a million dollars in their creative economy plan. But I think that the state could do something that's maybe not quite -- you know, we have a lot of data across the state. It's a lot about gathering it and then talking to appropriate people and thinking about sort of

how to roll out that plan. But I think that you could think about something sort of half of that. That might be more appropriate.

ASSEMBLYMAN STIRPE: Five hundred thousand dollars.

MS. CALDERON: Five hundred thousand.

ASSEMBLYMAN STIRPE: Okay, thank you.

CHAIRMAN PRETLOW: Assemblywoman Shimsky.

ASSEMBLYWOMAN SHIMSKY: Thank you very much. And thanks to all of you.

My younger child was a dance major. I cannot imagine how dancers can go without health insurance.

Now, that leads into the whole concept of portable benefits. I assume there may be different models in different locations, but what are some of the possibilities for structuring a portable benefits program for a large number of disparate workers?

MS. CALDERON: I'll start, and then I think Rafael knows quite a bit about this subject as well.

When we had -- when CRNY ran our

Artists Employment Program, we had 300 artists employed; 170 of them were part of a portable benefits platform called Tribeworks. Tribeworks held the employment, the W-2 employment, all of the insurance, and provided healthcare benefits for small organizations that could not do that. That was part of a requirement of the funding. In order to make it happen, we worked with Tribeworks.

Tribeworks also was able to take 1099 workers and take all of their 1099s from various jobs and then convert them to W-2 employment and provide benefits as well.

But then there are other models out there as well, like Stride Health has been working with DoorDash and Uber, and they've been providing what they're also calling portable benefits, but it doesn't come with any worker protections. But it does come with sort of portable savings accounts that folks can use for their benefits.

And CRNY in the next -- before June is doing a sort of small feasibility study of

what the options for creative workers could be.

But Rafael?

ASSEMBLYWOMAN SHIMSKY: You have a minute and six seconds.

MR. ESPINAL: I think Sarah had a lot of great points, especially overseeing them on the private side.

But on the public side, right, government already has done some of this work, right? Here in the State of New York, we do have a paid leave program in which independent workers, which includes creatives and artists, can pay into in order to take paid family leave to take care of a sick family member for themselves.

So how do we replicate those models and expand that to retirement, looking at healthcare -- of course we have our own healthcare system that exists, but you can talk to a lot of artists, healthcare truly is not affordable for a lot of folks. We can look at the unemployment program that I mentioned earlier, pandemic unemployment

assistance, right? That was a government-led program that for the first time freelancers and artists were able to tap into unemployment insurance.

So really looking at those models, finding a way in which independent workers and their clients can pay into so that at the end of the day when they need to tap into that, they have access to those programs.

ASSEMBLYWOMAN SHIMSKY: Okay, great.

Six seconds. Mr. Jones, one day we are going to have to meet.

(Laughter.)

CHAIRMAN PRETLOW: Assemblywoman Hooks.

ASSEMBLYWOMAN HOOKS: Good evening, everyone. My questions are for Rafael Espinal.

One is what legislative changes can help freelancers get better protections, especially in creative industries?

MR. ESPINAL: What legislative protections? Well, you know, just last year we passed the "Freelance isn't Free" Act.

That created nonpayment protections for independent workers for the first time in the State of New York. And the State of New York became one of the first three states in the country, just last year, to do that.

We mentioned earlier portable benefits, right? How do we create paid leave or a paid leave model looking at the unemployment insurance program and expanding that to include independent workers.

We look at the retirement, right, the state passed the Secure Choice Act, I think that's the name of the program. Right? It does not currently include independent workers or creatives. How do we expand that to include those folks as well?

So as I mentioned, there are a few models and I'd love to talk more about that with you, of how we can do that legislatively.

ASSEMBLYWOMAN HOOKS: Great, thank you. And the second question, last question, is what policies can help ensure fair pay and legal protections for gig workers?

MR. ESPINAL: (Pause.) It's a very tough, complicated question, right? And, I mean, there -- I think that it's become a very convoluted conversation because there is app-based work. There are professional independent workers who are out there on their own, building their client base. You have the creatives who -- dancers and workers who are out in their industries securing jobs, placement for themselves, right.

So I think we have to look at -- and there's some models that were done in New York City, right. If you look at how we were able to rein in -- when I say "we," I was in the New York City Council at the time -- we were able to rein in Uber to pay a minimum wage for the drivers who they classified as independent contractors. Right?

How do we look at those policies and expand that so that dancers or other creative workers, when they're putting in their time at the end of the day they are not being left in a position where they're earning less than

the minimum wage. Right? I think that's a good start, and then building from there.

ASSEMBLYWOMAN HOOKS: Thank you.

MS. THOMPSON-ZACHERY: Hi. Yeah, I might also add there's a role for I guess like industry advocates like my organization to create industry standards. We do fall into this place where because there isn't enough general funding in the arts, small dance organizations and companies can't afford to pay what a living wage actually would be to their workers, and so their workers are basically subsidizing their labor because of their passion and how much they believe in the projects.

So it's a tricky situation. But I think the other angle that we can look at it is trying to enforce more of a living wage across the board, right? Like the living wage for New York City right now is $29 an hour, whereas the minimum wage is nowhere near that.

CHAIRMAN PRETLOW: Thank you.

Assemblywoman Kassay.

ASSEMBLYWOMAN KASSAY: Very good. Thank you, Chair.

Good evening. Even in this very late hour I was very energized by the melodic and poetic testimony of Mr. Jones. So thank you for that.

Too often we talk about arts in a vacuum. And additionally, as one of my colleagues pointed out earlier, there's -- sometimes the arts are perceived as not having a valuable product. They're minimized in this way. Not my opinion. I'm a great appreciator of the arts as well as a women with a science background.

So does anyone want to touch upon New York's efforts to keep the A in STEAM education? Let's hear it, Mr. Jones.

MR. STANFORD: Absolutely, thank you very much.

Yes, the arts being defined as art, music, theater, dance and the media arts in our public education through NYSED, we are seeing in this new Portrait of a Graduate from the Regents a coming together of

proficiencies and abilities, post-secondary readiness. Because of course the big blame on public education is that we're not preparing our high school graduates for success either in the workforce or as entrepreneurs, as has been discussed here today, all moving on to post-secondary.

So by weaving the creativity into the science, technology, engineering and math, we are seeing some remarkable -- there's a group that presented here for the work session that Senator Serrano and Assemblymember Kim did. They're from Patchogue, in Long Island, and they do a brilliant job of bringing together science, education and -- because it's really about educating the child. The child is not divided into 10 subject areas. The child is a person, a whole person.

And we believe -- and the Regents have actually prioritized arts education, and you will be seeing a proposal from them to be able to do a study. Because what really concerns us is for our two and a half million students across the state in 62 counties,

there is not a consistent delivery of arts education. Whereas math, yes, absolutely is being delivered consistently.

So you'll be seeing a small proposal from them and, as was alluded to earlier, you'll be seeing I think from Senator May a revival of this codification of the arts into the state's legislation identifying the arts as key subjects. But that interaction, integration is really the -- it's really the future of a public education.

ASSEMBLYWOMAN KASSAY: Very good. Thank you so much. Does anyone else -- we have 18 seconds. Anyone want to jump in?

MS. LORIMER: I'd like to add that there are certain skills that artists bring and teach and carry forward. And as an educator myself, and also as the mother of a young son who's STEAM-inclined, there -- they support each other.

ASSEMBLYWOMAN KASSAY: Thank you very much.

CHAIRMAN PRETLOW: Assemblywoman Jackson.

ASSEMBLYWOMAN JACKSON: Thank you, Chair.

I mentioned earlier that my daughter is now on Broadway, she's a dancer. And in this space I have to lift up her friend Dana. She goes -- on IG, she's known as Dana_Lioness. Also a dancer. In June 2024 she posted about having cancer in her soft tissues. And on January 26th of this year she passed away. And you can imagine how hard it was.

The only reason why we found out about her cancer is because she posted a Go Fund Me. And that makes me really sad to know. And so I'm going to do what it takes to make sure that artists are taken care of.

But I do want to ask Ms. Thompson-Zachery, you had mentioned some bills. And I just need to catch those bill numbers. Can you just say the bills again?

MS. THOMPSON-ZACHERY: Sure can. The first one is S285/A1502, which is --

MR. STANFORD: And if I may interrupt for one moment, back in 2023 that was May and

Jean-Pierre. They are poised to be introduced; we're just looking for the Assembly sponsor. But it will be Senator May again.

ASSEMBLYWOMAN JACKSON: That's okay, I can look it up.

MR. STANFORD: We'll get you the numbers.

MS. THOMPSON-ZACHERY: Perfect. Thank you, yes. Because we believe in the marriage between dance and education.

And then the last one was A2607. It's Cunningham's bill to support resources for culturally diverse arts and cultural organizations.

ASSEMBLYWOMAN JACKSON: Thank you. And Mr. Jones, you had mentioned a $200 million appropriation, but I didn't catch what it was for.

MR. STANFORD: We're just joining the chorus of those calling for $200 million to the New York State Council on the Arts. One hundred fifty million for grant programs and initiatives -- the Governor has suggested

I think $60 million in there. But 200 million we believe -- in fact it doesn't even match the -- as you heard earlier today, it doesn't even match the inflation from the time that the State Arts Council was created.

But 200 million; $150 million for grants programs, including sustained commitment to regional arts councils for regranting through decentralized local decision making, and $50 million for capital projects.

ASSEMBLYWOMAN JACKSON: Thank you. It's a drop in the bucket for the $252 billion budget we're talking about.

Thank you, everyone, for being here. Thank you.

CHAIRMAN PRETLOW: Well, thank you. And I want to thank you all for all that you do. It's unfortunate that we have so many shortsighted people, especially those running our government right now, that don't see the value in arts. I mean, arts are a form of expression. It goes back to the Neanderthal ages when it was used as a form of

communication.

You know, dancing was generally done for someone, not with someone. Dancing with man and women, that's a Western thing. But the original dance was a dance for someone, to impress them.

I grew up in the arts, believe it or not. I used to spend the summers with Eric Preminger, better known as Eric Lee, Gypsy Rose Lee's son. My grandmother was involved, and she was a costume-maker, and she made most of Gypsy's costumes. So I was part of that.

I have an appreciation for the arts. I have zero talent. I can't draw a line without a ruler. I can't draw a circle without a compass. I can't sing a tune unless it had handles. If it did have handles, I couldn't carry the tune. But I try. You know, my wife, she started with Susan Batson. She does singing and dancing and all that good stuff I can't -- I can't do, but I appreciate it.

And, you know, we mentioned in this

conversation NYSCA. You know, that was formed not to help you but to hurt you. because what was happening prior to when, you know, the New York State Arts Council being created, all of us legislators all had arts entities in our districts and we would get all kind of money for it. And the state was actually going broke funding the arts. And they got Kitty Carlisle and threw her out there and started NYSCA, they put in a small pot of money and they made all you guys fight over it.

You know, that's really what happened. That's the history there.

But we still try to increase the amount of funding that goes there. I know you all appreciate what it is. And I appreciate what you do, and keep up the good work. Thank you.

PANELISTS: Thank you.

CHAIRWOMAN KRUEGER: Thank you. I was staying silent, but I want to tell you how much I appreciate Gary Pretlow, because he's a historian of the city. And every hearing I

learn something new from him that I did not know, as we just learned right now. Not that he can't do art, but about NYSCA.

So I want to thank you all for staying with us all day and evening. Appreciate your work. Thank you.

We're going to call up the last panel. And I thought they had all gone, but then they magically reappeared.

CHAIRMAN PRETLOW: Could have been out there smoking a joint.

CHAIRWOMAN KRUEGER: They were out smoking a joint.

(Laughter.)

CHAIRWOMAN KRUEGER: But if they didn't bring enough for everyone, it's not really --

(Laughter.)

CHAIRWOMAN KRUEGER: The Association of New York Cannabis Processors; the New York Cannabis Retail Association; the Cannabis Farmers Alliance; and the New York Medical Cannabis Industry Association.

Let's see who wants to show up in the

front.

(Pause; off the record.)

CHAIRWOMAN KRUEGER: And let's remember it is evening, people. So do we want to start to the right or -- why don't we start -- oh, you're each pointing at each other.

Some of you just introduce yourselves so the people in the booth know what name to match with what face. Please.

MS. ABEBE: Good evening. My name is Ngiste Abebe, and I am speaking on behalf of the New York Medical Cannabis Industry Association. So thank you, Madam Chair and Chairman Pretlow, for the opportunity to testify --

CHAIRWOMAN KRUEGER: No, don't testify yet. We're just going to go right down so they know who you are when you do testify.

MS. ABEBE: Oh, sorry. Good to know.

CHAIRWOMAN KRUEGER: Hi.

MS. TANTALO: Hi, good evening. Britni Tantalo, the New York Cannabis Retail Association.

MR. CALDERONE: Joseph Calderone, the Cannabis Farmers Alliance.

MR. VAVALO: And I'm John Vavalo, with the Association of New York Cannabis Processors.

CHAIRWOMAN KRUEGER: Okay. So now would you like to start?

MS. ABEBE: I'm happy to, Senator. Thank you, Madam Chair and Chairman Pretlow. I'm happy to be here representing the New York Medical Cannabis Industry Association, which represents the medical cannabis operators or ROs.

The ROs have been operating for nearly a decade in New York and remain committed to providing New Yorkers with high-quality medicine, despite the challenging environment we're all operating in at this point in time.

The MRTA wisely strove to expand the medical program -- at this point we were hoping to have over 80 dispensaries, and we have seen some more ROs licensed recently but not yet operational -- and, critically, to ensure that the additional dispensaries were

in underserved parts of the state.

However, the dispensary count has shrunk to 31. Eleven medical dispensaries have closed in the last 12 months and more are likely. The patient count is down from a high of 150,000 to under 100,000. That's bad news for the patients who remain because, contrary to popular belief, patients cannot just jump to the adult-use program.

Parents of pediatric patients suffering from severe epilepsy cannot legally buy their children adult-use products. Immunocompromised patients cannot risk some of the different testing standards in the adult-use market, and high-CBD formulations which ROs are required to keep in stock are nowhere to be found in recreational dispensaries.

In addition to seeking regulatory relief from the state the association has, for the better part of a decade, advanced a legislative agenda that will broaden access to and affordability of medical cannabis products and help patients.

This session, the association is seeking a complete repeal of the medical excise tax that last year was reduced from 7 percent to 3 percent; legalization of out-of-state reciprocity in New York's medical cannabis program; authorizing pharmacists to do same-day patient certifications; authorization of insurance coverage for medical cannabis -- which New York has remained the leader in trying to get across the finish line, but we really would love to see New York be the first state to get that across the finish line.

And lastly, something that I know my other panelists here will be speaking to, is the right of private action so that private dispensaries can also assist in the crackdown on unlicensed dispensaries across the state.

And so, you know, this pro-patient philosophy has served as the foundation for our legislative agenda during this session and the basis of our mission since day one.

So I want to thank you all for your time, and I'm happy to answer any questions,

though I think we all look forward to finishing the due diligence of today's work.

(Laughter.)

CHAIRWOMAN KRUEGER: Thank you.

CHAIRMAN PRETLOW: Thank you.

CHAIRWOMAN KRUEGER: Next? You have to press it to green -- got it.

MS. TANTALO: Thank you. Good evening. My name is Britni Tantalo. I am president and cofounder of Flower City Dispensary, a CAURD dispensary located near Rochester, New York. I'm also president and cofounder of the New York Cannabis Retail Association that represents over 350 invested stakeholders statewide.

Thank you for the opportunity to present testimony today. On behalf of NYCRA, I want to thank you for the significant actions you took in last year's state budget. However, much work remains to be done.

NYCRA urges you to consider the following initiatives that our members feel are necessary to improve this market. First, close down the illegal market. The New York

cannabis market is estimated to be five to $7 billion. Current annual sales are approximately 1 billion. That means anywhere from 80 to 85 percent of cannabis sales are still occurring in the illegal market.

If New York is serious about closing these stores, we recommend the Legislature consider the following:

Increase the budget for OCM enforcement staff. The Governor has proposed expanding OCM staff in her budget. NYCRA believes her recommendations should be doubled.

Consider a limited asset forfeiture system targeted at the largest illegal operators. According to Manhattan prosecutors, large operators who have the legal bandwidth and financial resources to make their closure next to impossible can only be shut down if they have the ability to go after their money.

The money seized should go into a special revenue account to provide grants to help social equity cannabis licensees open

and sustain their business.

And lastly, establish a private right of action. OCM and local law enforcement can never do this alone. Individuals who suffer financial harm due to illegal operators should have the right to seek damages in court if they intend to do so.

NYCRA's next initiative is to reform the DASNY Social Equity Fund. The DASNY fund has been a failure. We ask that the Comptroller audit the DASNY Fund so the stakeholders and policymakers can assess the problem and implement needed reforms -- and, in addition, that the 24 CAURD licensees that are participating in this fund deserve some form of relief from these predatory loans.

And finally, I want to draw the Legislature's attention to two significant challenges retailers face. We must establish proximity protection guardrails. The Legislature should consider legislation to limit the extent to which proximity protection waivers can be issued, require that a public process be established to

enable licensees and community input, and establish an appeal process for adverse decisions. Such provisions currently exist in alcohol.

And second, codify the CAURD program. The program has been targeted for illegal challenges since inception. The recent lawsuit that has frozen consideration of the conditional retail licenses confirms the need for this action.

Thank you again for the work the Legislature has done to improve New York's cannabis market. I'd be happy to answer any questions you may have. Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Good evening.

MR. CALDERONE: Good evening. I'm Joseph Calderone, president of Cannabis Farmers Alliance and COO of woman-owned Grateful Valley Farm in Steuben County, and a member of Farm Bureau.

The -- yeah, entertainment and cannabis kind of goes together, so I think it's a nice choice at the end there.

So where do I start. On behalf of Cannabis Farmers Alliance, I want to first thank you for all of the work that you've done last year with the Legislature -- repealing the potency tax and passing the bills of -- legislative bills of Cannabis Growers Showcase and other pivotal actions. That's really helped out our farmers.

But it's helped out some of our farmers on the margins. We're still besieged by a lot of supply-side issues, inversion being one of them, of out-of-state product. And also just the competition from the Indigenous Nations as well as, you know, just THCA and the distillate coming across our state borders.

So in order to try to remedy that and to bring some integrity to the market, we suggest in the budget negotiations that the cost of seed-to-sale be transferred to the tracking from supply side to the OCM.

That seed-to-sale is critical for market integrity. It should have been implemented by now; it's been a couple of

years. But the whole market benefits from the work requirements of seed-to-sale and -- but we do feel that the costs should be shared and that that should be implemented by the OCM and assumed by the OCM, that that responsibility should be assumed by the OCM.

Secondly, we feel that infrastructure is a major issue and access to funds, because the banking issues in the industry are such an issue for our supply side that we would like to have a $5 million revolving fund based on DASNY bonds.

And we are hoping that also we could have some canopy expansion. Because right now our supply side is very limited in their ability to expand -- their cannabis price is compressed. We are going to have to have the ability to expand our canopy in order to meet the requirements once seed-to-sale is implemented. Because some of that inverted product is actually going to naturally come out of the market, and we're going to have to fill that demand with our supply.

So if you have any questions, let me

know. Thank you.

CHAIRWOMAN KRUEGER: Thank you.

MR. VAVALO: Thank you so much. Thank you for your time, thank you for your effort.

We know this has been a daunting few years of listening to us and having us come back and continually ask for revisement, and we do really applaud everything that you've all done for us.

The one thing that we've heard over and over again over the last few years is unity -- unity within the industry. We stand here as the, you know, really the entire supply chain. You know, we've got the growers, we've got the processors and we've got the retailers. We have other multiple organizations with us when we're going to your offices and visiting and talking about what we're trying to do. But the underlying theme is we are united.

And we know that we've got to get louder. That's why we're trying to take these opportunities to, you know, really educate and let everybody understand the

things that we're facing so we can have a more robust marketplace.

I also want to thank you for fixing the potency tax. The 21 percent to the 9 percent was a massive lift.

We have a bill that's been introduced or is going to be introduced that addresses that a little bit. We're asking for something that would essentially offset some of the tax liability on the folks that were very, very early in that process. It's up to $400,000. It's really just a rebate for some of the people that were active in 2023, the very, very early processors. So we're excited about that as well.

Most of the other stuff that we're here, just like our place in the industry, we're in the middle. So the processors, the manufacturers sit between the farmers and we sit between them and the retail outlets. And our job is to, you know, try to make that seamless transition from raw materials to finished products. And so we really want to support them in everything that they're

doing.

We need canopy cap increases for the farmers. We definitely need that because if they aren't producing enough and they're saddled with issues, then we can't survive, or we can't actually buy material at the right pricing to then turn around and supply it to the retail side.

And their proximity protection, same thing. Right? If they're all battling each other in very small proximities, we're going to have real problems. Like most of those folks will not make it. And I just don't think that we need to -- we've got such a huge state, we've got ample opportunities for folks to spread out. So I think the proximity protection is very important.

The last one that Joe just mentioned is enforcement. We need enforcement across the entire spectrum. We need enforcement on the gray-market stores and kind of what they're doing. We've all heard that.

But we really need enforcement inside the program as well. We need -- we need to

be regulated, we need to be reviewed, we need to be looked at to make sure that all of this product is in fact grown by New York farmers. Doing a billion dollars was exciting, right? We were happy about that. That's a great milestone, we love to talk about it. But there are farmers still sitting on product that they grew in 2023, you know. So a billion dollars in product, we really shouldn't have that. They should all be out of material.

And so I believe that the trade practices group is really going to really expedite that process. We're very excited for that.

So thank you.

CHAIRWOMAN KRUEGER: Thank you.

Just quickly, I probably do have many questions, although I confess we've been here about 12 hours and I'm nodding a little bit off. But I think if you were here earlier, you heard a lot of the questions that many of us were trying to raise with OCM and I think it's very much along the same line as all the

issues you raised with us tonight.

So I look forward to continuing to work together in the future.

MALE PANELIST: Yes, thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRMAN PRETLOW: Assemblyman Stirpe.

ASSEMBLYMAN STIRPE: Sure. Let me ask you a little bit about the tax credit that you're proposing. It's for people who had been in early when the tax rate was really high.

So is it for a defined period of time, like one year, two years?

MR. VAVALO: It's a one and done. So it's a one-shot deal. And it is for the hemp farmers that transitioned into the program only.

And we have members that certainly don't qualify for that, they're newer processors, newer licensees, and obviously they understand the importance to make sure that the older members are able to survive and thrive.

ASSEMBLYMAN STIRPE: You know, as far as the enforcement part, when we were talking earlier we talked about online purchasing. And that's a little different than going and locking up a store.

How big is that compared to the illegal shops that are open? Do you think it's the same, 10 times as much or, you know -- anybody?

MS. TANTALO: To my knowledge, it's pretty comparable. You know, what I was told is if you Google dispensaries it will pull up a ton of ones that are not legal. And people are finding out about this, right, because you can do delivery. You know, you can just have it dropped off. You know, I heard conversations about in the mail.

So I think that people will become more creative and tactful in how they, you know, pursue illegal cannabis sales other than just a storefront. So I think it's definitely something we should get in front of. It's already occurring, but I can imagine it will just grow in the online

world.

MR. VAVALO: The largest concentration is on Long Island for sure, because they have the moratoriums. I mean, there's 40 miles of Long Island that has no stores because they opted out. And so, you know, that area is ripe for it -- high population density, you know, and no stores. So that area is riddled with it.

MR. CALDERONE: There's a California brand that actually has a store in Brooklyn that -- called Honey, and they have sold online across the United States. And they also have a license, by the way.

CHAIRWOMAN KRUEGER: You said no license, is that --

MR. CALDERONE: They have a New York State license, yeah. Processor 2, I think.

ASSEMBLYMAN STIRPE: I mean, is this something you think probably needs assistance from the federal government too? I mean, you know, you've got all these out-of-state websites.

MR. CALDERONE: That's if you want the

justice department involved in cannabis in New York State.

(Laughter.)

ASSEMBLYMAN STIRPE: Maybe they need to start using, then it'd be better.

MR. VAVALO: I would respond to that only and say that most of that is still occurring here in the state.

When we talked earlier -- when Britni mentioned that there is a $10 billion market of cannabis here, and we did a billion, so -- you know, I think she said 7 billion is being done in the gray market. There is a very sophisticated system here of cultivators, processors, manufacturers and retailers that are not licensed.

CHAIRMAN PRETLOW: Assemblyman Otis.

ASSEMBLYMAN OTIS: With Mr. Stirpe's last question about the federal government helping out on this, I was beginning to think he was using product.

(Laughter.)

ASSEMBLYMAN OTIS: But my question is for Mr. Calderone about the farmers.

And so many of your members, many of the farmers had to in a sense grow and then eat product like two and a half, three years ago. Could you give a little more detail about what happened with those businesses, how many survived, how many did not? And does the tax credit thing try and alleviate some of that problem for some of those individuals, or different issue? Just share a little more detail.

MR. CALDERONE: Everything that the legislation has done has helped out the farmers in the last year. And a tax credit would also help because there have been a lot of taxes that have accrued over those two years. So that's for sure.

There's some improvement on the margins, I would say. But we still have probably, you know, around 85 percent of our farmers are either working in the red or, you know, just barely profitable. So we'd like to see that hopefully turn around for those small and medium-sized businesses.

We haven't been able to do a survey

recently. The survey is over a year old. That was in our last testimony last year.

But they're still struggling. And with the price of distillate dropping because of -- you know, from around $6,000 to $3,000 because of what we feel is out-of-state distillate coming -- you know, it's being bought for $650 a liter in another state and then being sold and arbitraged in New York State for $3,000. The processors can attest to that.

But that's going to hurt the farmers. That's going to compress the prices quite a bit. So right when we start getting a little bit of air, you know, and get our head above water, we're kind of getting like pulled down again.

ASSEMBLYMAN OTIS: Thank you very much. Thank you for telling the story.

CHAIRMAN PRETLOW: Assemblywoman Hyndman.

ASSEMBLYWOMAN HYNDMAN: Thank you, Chair.

Some of my questions were asked, but

for the farmers that you said still have product from 2023, how much are you talking? Is that tonnage or can you estimate? I mean, and how -- excuse me, I don't know. How long is it good for?

(Laughter.)

MR. CALDERONE: There's some formulas about THC oxidation and, you know, every quarter it might lost a point or something, of a percentage. So if you have a 20 percent biomass, it might lose 1 percent each quarter. So it would be like 16 percent at the end of the year.

But I have no way of knowing how much is left. I think most of it is probably gone, but people are still -- he was just using an example that there's still some people that have not been able to get rid of some of their product from two years ago.

ASSEMBLYWOMAN HYNDMAN: Okay.

MR. CALDERONE: But I don't have an exact number.

ASSEMBLYWOMAN HYNDMAN: Thank you.

Britni, you said that one of the

recommendations is establish proximity protection guardrails, limit extent to which proximity waivers can be issued, and ask for community input.

Can you talk about that a bit more, please?

MS. TANTALO: Currently as, you know, it had existed there was nothing put in place in terms of quantifying or granting these waivers.

So I'm a CAURD dispensary operator, I've been open just over 90 days. This waiver, if you wanted to open a dispensary and, you know, break that thousand-foot rule between us that was there, you could submit for a waiver. There's nothing there that allows me to speak up and say, This could hurt my business, involve the community board. If there, you know, was an adverse decision to have an appeal, there's no due process. It is very arbitrary.

These waivers have already started to be issued. Some of them have received a 70 percent reduction. You know, that's very

significant. Not a lot of municipalities have opted in.

So now you're talking taking a smaller New York cannabis pool and now you're putting everybody next to each other. To me, that's a risk of cannibalizing each other. And it's really not necessary, like to John's point, when we haven't even really seen the full capacity of New York State in cannabis.

I think when you have failures like that that could occur, it could deter other municipalities from wanting to opt in, as well as take investor confidence out the door. It reduces the security of their investment, right, knowing that now somebody who guaranteed a thousand feet away can come in 30 feet.

We need money to come into New York and stay and build this market. We're already having trouble having people give us money just to build our dispensaries. So we're trying not to work backwards and oversaturate but actually let this market grow naturally.

CHAIRMAN PRETLOW: Assemblywoman Kassay.

ASSEMBLYWOMAN KASSAY: Thank you, Chair.

Thank you for sticking it out to the last panel here. And I really appreciate hearing an entire panel of cannabis industry professionals coming and asking for more regulation -- not just for the illegal producers and sellers, but for yourselves.

I think that's something the communities really need to hear as well, you know, to know that you're working with us to make sure this -- you know, that this product is going to be legal in New York State, it's going to be done right, it's going to stay out of the hands of underage people, the product is going to be tested, regulated, all of this.

So Ms. Tantalo listed quite a number of items for the Legislature to consider in this session, ways to help clamp down both on illegal producers and sellers as well as things to focus on within the industry for

greater regulation of those who are playing by the rules.

You want to maybe identify the top one or two, either yourself and if your colleagues want to chime in? Because there's always lots to focus on, but just as someone who's not as knowledgeable about the industry as we look at this with our colleagues.

MS. TANTALO: I would honestly say the two most pressing issues is definitely proximity protection for us retailers. These waivers are currently being granted right now. So it's something we need to address -- or have been, I don't know if they continue to be.

But, you know, we have dispensaries that are a thousand feet away and now there's somebody right in between next to a Trader Joe's in Brooklyn. So they haven't even yet to open -- I think one's soft-opened and one is in buildout. So imagine the detriment, and they haven't even actually became fully operational.

Second is definitely the illegal

market. I know a lot of work has been done, but the reality is they're just opening back up. And it's evolving, right? It's not just mom-and-pop people -- these are people that are highly capitalized, that have the money and the bandwidth to seek legal help and really almost, you know, impossible to close.

So this is the feedback that we had received from the Manhattan prosecutors, and we really like for you guys to look at the ability for a limited asset forfeiture for larger operators to really go after their money to hurt them or damage them enough to take us seriously. Because, again, they're just reopening and tons of dispensaries across the state are still being impacted by the illegal market.

ASSEMBLYWOMAN KASSAY: That's what I hear. And I come from Suffolk County on Long Island, and we do -- I mean, in any given village, any given couple of square miles, you have multiple, multiple shops. So we're being very aggressive about trying to crack down on them locally.

So if you have seen any very effective methods of doing so, I invite you to reach out to our office and help us with that.

MR. VAVALO: And also, for the retailers, there's no question about legislative intent. It's in the law. They did it right the first time. They set boundaries, and we're not really sure why they're going against those boundaries now.

CHAIRMAN PRETLOW: Assemblywoman Jackson.

ASSEMBLYWOMAN JACKSON: Thank you, Chair. Good evening, everyone.

Mr. Calderone, you mentioned that the farmers still have product from 2023, and I heard my colleague ask this question. But does it expire? Does product expire?

MR. CALDERONE: Flower, like something that someone will have to inhale, will expire after -- it depends on the curing and the different growing methods. Some people can keep it fresh for -- you know, for years, you know. But really most of it after a couple of years will probably just go to biomass

that will be extracted by a processor.

ASSEMBLYWOMAN JACKSON: And then Ms. Britni -- sorry, I don't remember your last name -- you had mentioned predatory loans. Are you suggesting that those loans came from DASNY? I just didn't -- I wanted to make sure I heard that correctly.

MS. TANTALO: Yes. I think --

ASSEMBLYWOMAN JACKSON: Can you give me like rates or anything that --

MS. TANTALO: Sure. So I know myself, I would have been interested initially to get DASNY, because it was intended to be a built-out dispensary that, you know, favored us, preferential rates, you know, grants, et cetera.

Once the implementation actually occurred, what was discovered is the bids that were being provided were not what the numbers ended up being. So people now have extremely high debt and at not a decent interest rate.

And so what does that mean? It means failure for them. It means they can never

catch up. It means it -- you know, already have a higher tax rate, right, being legal here in New York, just on cannabis alone. Now they're sort of chained to this dispensary that they owe maybe $2.1 million paying 13 percent on.

So those types of things are just really unrealistic. And a lot of them, retailers who have received that money are failing. And that's why we asked for reform, to help them so they can survive.

Because this is what was presented to all of us. Some of us did not take that and we borrowed from family and friends or took out mortgages or -- whatever we had to do -- call their uncle -- to help us build.

But some, you know, individuals early on did take that, that are part of social equity and from disenfranchised communities, and we cannot forget that. And I think that we should pay attention to that and help them.

ASSEMBLYWOMAN JACKSON: Thank you.

And then with my last 32 seconds,

Ms. Abebe, why wouldn't someone want to quantify the whole flower as an improved medical cannabis?

MS. ABEBE: Sorry, can you repeat the question?

ASSEMBLYWOMAN JACKSON: Why wouldn't somebody want to codify the whole flower as an approved medical cannabis form? Because you said it would lower the cost for patients.

MS. ABEBE: Yes. I think that has been approved now. Is this -- I think there was a slight bureaucratic error and my 2020 testimony got uploaded instead of my current one, so we provided paper.

Whole flower has been codified. So yes.

ASSEMBLYWOMAN JACKSON: Thank you.

MS. ABEBE: Sorry, I was like ooh, we solved that problem.

(Overtalk.)

CHAIRMAN PRETLOW: Ms. Abebe, I'll start with you. I'll try to be quick.

You do medical marijuana. Is that

cannabis with the THC removed?

MS. ABEBE: No, it has THC. But the medical program, because patients have a wide variety of needs and cannabinoids, the medical program requires that all ROs provide high-CBD options: So like high CBD, low THC; 1-to-1 CBD to THC; and high-THC options across flower -- or flower is a little bit trickier because of the growing process. But across like edibles, extracts, suppositories, and a number of other formats that are not widely popular for recreational consumption.

CHAIRMAN PRETLOW: Okay. And what is your ask of us now?

MS. ABEBE: Our four -- or five asks, I guess, are reducing or removing the excise tax from 7 percent -- or it was at 7, you brought it down to 3 last year, we're asking for it to be made zero because no other medicine is taxed in New York State. You don't pay a tax on Tylenol or any other prescription you fill.

Two, also we support the right of private action.

We also were asking around pharmacist certification. And I think one of the biggest lifts that, you know, this body has been trying to do for some years now is insurance coverage. Because one of the biggest obstacles to access for patients is that they have to pay for this entirely out of pocket. And while ROs are striving to provide the most cost-effective product they can, without insurance coverage that will always remain a barrier.

CHAIRMAN PRETLOW: It's so expensive. Thank you.

And Mr. Calderone, you said "ensure that it's New York-grown." How can you tell the difference between Pennsylvania, California and New York cannabis?

MR. CALDERONE: Do you want to answer that?

MR. VAVALO: I mean, I can.

You know, certainly in the program the way it has been done to date, there wasn't indoor product allowed. Now you can get it from the ROs, but there's still a very, very

limited supply of indoor flower. When that flower comes in from out of state and you look at it, if you -- if you're familiar with cannabis, you can tell immediately that that was grown indoors, under lights, in a controlled environment.

Today the closest thing we have to that is a mixed-light greenhouse situation where we have lights, minor controlled atmosphere and environmental conditions, but it does not meet that same standard as a purely indoor product. You can tell immediately.

CHAIRMAN PRETLOW: So New York only grows outdoor product.

MR. VAVALO: Outdoor and greenhouse, yup. And now mixed-light, which is --

CHAIRMAN PRETLOW: And no other state does that?

MR. VAVALO: There are other states that do that, yes. Yup.

And we're just starting to allow lit indoor facilities -- those are new licensees, though. That's just coming online now.

MS. ABEBE: If I could just say one thing. There is something called --

CHAIRMAN PRETLOW: I only have 20 seconds, but --

MS. ABEBE: -- origin testing that can also help confirm beyond what my fellow panelist just said.

CHAIRMAN PRETLOW: And you know, what we tried to do was take away the criminality of cannabis. And what's happened now is that people that are breaking the law they don't want to arrest because we're going back to where we were. And that's where the issue is, so --

You can cut me off.

CHAIRWOMAN KRUEGER: All right, I'm cutting you off.

Again, thank you very much and thank you for staying here so late to finally get a chance to testify. And I think this Legislature's very interested in trying to address many of the issues that you are bringing to us.

So appreciate your time and your work

and sticking with us. Thank you.

MR. VAVALO: Thank you very much.

MS. TANTALO: Thank you.

CHAIRWOMAN KRUEGER: And with that, I am officially closing down this hearing. Those of us who want to sleep here, we can, but we will be back in the morning at 9:30 for Taxes. Thank you.

(Whereupon, the budget hearing concluded at 9:37 p.m.)