

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

3 JOINT LEGISLATIVE HEARING

4 In the Matter of the
5 2023-2024 EXECUTIVE BUDGET ON
6 ECONOMIC DEVELOPMENT

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

10 February 9, 2023
11 9:37 a.m.

12 PRESIDING:

13 Senator Liz Krueger
14 Chair, Senate Finance Committee

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

17 PRESENT:

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

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

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

Assemblyman Harry B. Bronson
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

1 2023-2024 Executive Budget
2 Economic Development
2 2-9-23

3 PRESENT: (Continued)

4 Assemblyman Al Stirpe
5 Chair, Assembly Committee on Small Business

6 Senator Jeremy A. Cooney
7 Chair, Senate Committee on Procurement
8 and Contracts

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

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

14 Senator Kristen Gonzalez

15 Assemblyman Steven Otis

16 Senator John Liu

17 Assemblyman Billy Jones

18 Senator Michelle Hinchey

19 Assemblyman Christopher S. Friend

20 Senator George M. Borrello

21 Assemblywoman Carrie Woerner

22 Assemblyman Charles D. Fall

23 Assemblywoman Patricia Fahy

24 Senator Mark Walczyk

Assemblywoman Yudelka Tapia

Senator Peter Oberacker

Assemblyman John T. McDonald III

1 2023-2024 Executive Budget
2 Economic Development
3 2-9-23

4 PRESENT: (Continued)

5 Assemblyman Jonathan Rivera

6 Senator Dean Murray

7 Assemblywoman MaryJane Shimsky

8 Assemblyman John Zaccaro, Jr.

9 Assemblyman William Colton

10 Assemblyman Scott Gray

11 Assemblyman Brian Cunningham

12 Assemblyman Erik M. Dilan

13 Assemblywoman Chantell Jackson

14 Assemblyman Kenneth Zebrowski

15 Assemblywoman Jo Anne Simon

16 Assemblyman Tony Simone

17 Assemblywoman Nikki Lucas

18 Assemblyman Brian Manktelow

19 Assemblyman John W. McGowan

20 Assemblyman Ari Brown

21 Assemblyman Brian Maher

22

23

24

1 2023-2024 Executive Budget
Economic Development
2 2-9-23

3 LIST OF SPEAKERS

4 STATEMENT QUESTIONS

5	Hope Knight		
	Commissioner		
6	NYS Department of Economic		
	Development		
7	President & CEO		
	Empire State Development		
8	-and-		
	Jeanette Moy		
9	Commissioner		
	NYS Office of General Services		
10	(OGS)		
	-and-		
11	Mara Manus		
	Executive Director		
12	NYS Council on the Arts	12	36
13	Ryan Silva		
	Executive Director		
14	NYS Economic Development Council		
	-and-		
15	Ross A. Frommer		
	VP, Government & Community Affairs		
16	Columbia University Irving		
	Medical Center		
17	-on behalf of-		
	NYFIRST, Fund for Innovation in		
18	Research & Scientific Talent		
	-and-		
19	Associated Medical Schools of		
	New York	214	221

20
21
22
23
24

1 2023-2024 Executive Budget
 Economic Development
 2 2-9-23

3 LIST OF SPEAKERS, Continued

4		STATEMENT	QUESTIONS
5	Ron Deutsch		
	Director		
6	New Yorkers for		
	Fiscal Fairness		
7	-and-		
	Elizabeth Marcello		
8	Senior Research Analyst		
	Reinvent Albany		
9	-and-		
	Michael Kink		
10	Executive Director		
	Strong Economy for All		
11	Coalition	259	269
12	John Scheib		
	President		
13	Scheib Associates		
	-and-		
14	David O'Rourke		
	CEO and President		
15	New York Racing Association,		
	Inc. (NYRA)	287	293
16	Stephanie Johnson Cunningham		
17	Executive Director		
	Museum Hue	311	315
18	Jennifer Myers		
19	Field Representative		
	Motion Picture Editors Guild,		
20	IATSE Local 700		
	-and-		
21	Deirdra Govan		
	Vice President		
22	United Scenic Artists,		
	Local USA 829, IATSE		
23	-and-		
	Tim Clark		
24	Film Commissioner		
	Buffalo Niagara Film Office	318	329

1 CHAIRWOMAN KRUEGER: Good morning.
2 Hi, everyone. If the first panel could take
3 their seats at the table. Okay, thank you.
4 As soon as they get here, I'll start with the
5 opening comments and instructions for our
6 day.

7 Good morning. I am Liz Krueger, chair
8 of the Senate Finance Committee, and I am
9 cohosting -- excuse me, cochairing. I feel
10 like we're hosting, but we're actually
11 chairing -- cochairing the budget hearings
12 with Helene Weinstein, the chair of Ways and
13 Means in the Assembly.

14 Today is the fourth of 13 hearings
15 conducted by the joint fiscal committees of
16 the Legislature regarding the Governor's
17 proposed budget for the state fiscal year
18 '23-'24.

19 These hearings are conducted pursuant
20 to the New York State Constitution and
21 Legislative Law.

22 Today the Senate Finance Committee and
23 Assembly Ways and Means Committee will hear
24 testimony concerning the Governor's proposed

1 budget for the New York State Empire State
2 Development Authority, the New York State
3 Office of General Services, and the New York
4 State Council on the Arts.

5 Following each testimony there will be
6 some time for questions from the chairs of
7 the relevant committees.

8 I will now introduce members from the
9 Senate, and Assemblymember Helene Weinstein,
10 the chair of Ways and Means, will introduce
11 members from the Assembly. In addition, the
12 rankers of the two committees will introduce
13 their members afterwards.

14 And of course I already forgot to get
15 a list of who's here, so one second, I want
16 to make sure. Good -- Helene's going to
17 start with the Assembly.

18 CHAIRWOMAN WEINSTEIN: So for the
19 Assembly we have the chair of our Economic
20 Development Committee, Assemblyman Bronson;
21 chair of our Small Business Committee,
22 Assemblyman Stirpe. We have Assemblyman
23 Cunningham, Assemblyman Dilan, Assemblywoman
24 Jackson, Assemblyman Jones, Assemblyman

1 McDonald, Assemblyman Rivera, Assemblywoman
2 Simon, Assemblyman Simone, Assemblywoman
3 Tapia, Assemblyman Zebrowski, Assemblyman
4 Otis, and Assemblyman Pretlow, chair of our
5 Racing Committee.

6 Mr. Ra, would you -- Assemblyman Ra,
7 please introduce your colleagues.

8 ASSEMBLYMAN RA: Thank you.

9 Good morning. We are joined by
10 Assemblyman Friend, who is our ranker on
11 Economic Development; Assemblyman Gray, our
12 ranker on Tourism; Assemblyman McGowan, our
13 ranker on Small Business; as well as
14 Assemblymembers Manktelow and Maher.

15 CHAIRWOMAN WEINSTEIN: Now to the
16 Senate.

17 CHAIRWOMAN KRUEGER: Good. We've
18 figured ourselves out, thank you.

19 I am joined by Senator Sean Ryan,
20 Senator Jeremy Cooney, Senator Michelle
21 Hinchey, Senator -- excuse me, Senator
22 Serrano, Senator Liu. I think that's who's
23 here so far. And other Senators and
24 Assemblymembers may come in, and we will

1 introduce them then.

2 Tom O'Mara, ranker for Finance, would
3 you introduce your members?

4 SENATOR O'MARA: Yes, thank you,
5 Chairwoman.

6 We're joined on our side by
7 Senator Mark Walczyk, the ranker on Tourism;
8 Senator Dean Murray, our ranker on Economic
9 Development; and Senator Peter Oberacker.

10 CHAIRWOMAN KRUEGER: Great.

11 I just want to, for those of you who
12 haven't been coming every day, to lay out
13 sort of the rules of all our hearings. For
14 governmental witnesses, you get to present
15 for 10 minutes each. Then we'll open it up
16 to questions of the entire panel, so any of
17 you might be asked questions by any of the
18 legislators.

19 Chairs Weinstein and Krueger and
20 relevant committee chairs get 10 minutes of
21 questions with government reps. Rankers get
22 five minutes. Only chairs get a second round
23 of three minutes. And all other members get
24 three minutes only for the panel.

1 It is important to let Helene or
2 myself or our rankers know if you want to be
3 on the list to ask questions, because we
4 won't know otherwise to put you on the list.

5 For nongovernmental witnesses, when we
6 get to them in later panels, all members get
7 three minutes to ask questions and they get
8 only three minutes to present.

9 We have everyone's testimony
10 electronically. It's online. Everyone, you
11 in the audience, the public at large, can all
12 have access to the testimony. So we urge
13 everyone who testifies to remember you have
14 very limited time. Highlight your key
15 points. Don't read your testimony.
16 Sometimes people hand in 15 pages of
17 testimony and then we go, You don't think
18 they're really going to try to read it,
19 right? And sometimes they try. And guess
20 what? It doesn't work.

21 So highlight your key points. Don't
22 expect you're going to read your full
23 testimony. But we have it, and we can read
24 it. And also you can read more quickly than

1 people talk, so it's amazing how much you can
2 get through if you're reading the testimony
3 while somebody's presenting.

4 Again, there are no PowerPoints,
5 presentations, or placards or signs permitted
6 in the hearing room by guests, presenters, or
7 legislators. Okay? So some people get a
8 little confused at that, but we try to keep
9 these hearings moving professionally and in a
10 timely manner, although I think we were here
11 till 9 o'clock last night.

12 Today our first presentations will be
13 by Hope Knight, commissioner of the New York
14 State Department of Economic Development and
15 the Empire State Development Authority;
16 Jeanette Moy, commissioner of the New York
17 State Office of General Services; and
18 Mara Manus, executive director of the
19 New York State Council on the Arts.

20 And again, after they have presented,
21 there will be opportunities to question them.
22 And I'd like to start with Hope Knight.

23 Good morning.

24 COMMISSIONER KNIGHT: Thank you. Good

1 morning. Chairwoman Krueger, Chairwoman
2 Weinstein, and distinguished members of the
3 State Legislature, my name is Hope Knight,
4 and I serve as the president and CEO of
5 Empire State Development and as commissioner
6 of the New York State Department of Economic
7 Development.

8 I am joined by our chief operating
9 officer, Kevin Younis.

10 Thank you for the invitation to
11 discuss Governor Hochul's 2024 Executive
12 Budget.

13 Over the past year, I've had the
14 pleasure to work with many of you to support
15 effective and transparent economic
16 development across the state. And in these
17 uncertain economic times, I am proud of what
18 we have accomplished. We have been
19 laser-focused on supporting small businesses,
20 especially in the wake of the pandemic.

21 Thanks to the Governor's small
22 business assistance programs, more than
23 50,000 small businesses, including minority
24 and women-owned businesses, have received

1 support from ESD over the past two years.
2 This direct support, combined with the
3 resiliency of New York entrepreneurs, has
4 resulted in the number of small businesses
5 growing by 20,000 since 2020.

6 Governor Hochul has also secured one
7 of the largest economic agreements in U.S
8 history when Micron chose Central New York
9 for its \$100 billion semiconductor facility.
10 The project is expected to create nearly
11 50,000 jobs statewide, including 9,000 new
12 high-paying Micron jobs with average salaries
13 exceeding \$100,000.

14 Under the Governor's leadership, we
15 also launched the Office of Strategic
16 Workforce Development. This marked a
17 decisive shift in the state's workforce
18 development strategy by aligning training
19 with the needs of employers, especially those
20 in growth industries. The office's first
21 round of awards is supporting nearly 3,000
22 trainees for jobs with more than 100 business
23 partners.

24 I am also proud of what we've done to

1 make ESD even more transparent and
2 accountable. We recently expanded the
3 Database of Economic Incentives from 26 to
4 52 fields, informed by input from the
5 Legislature and good government groups. The
6 database now includes additional --

7 CHAIRWOMAN KRUEGER: I'm sorry, Hope,
8 people are having a little trouble hearing.
9 Can you pull that mic a little closer to you?

10 COMMISSIONER KNIGHT: Sure.

11 The database now includes additional
12 information about jobs, MWBE utilization, and
13 IDA support. Today it's one of the leading
14 databases in the country for economic
15 development.

16 As we look ahead, New York is finally
17 emerging from a pandemic that has weighed on
18 the state's economy for almost three years.
19 While some economic challenges linger,
20 indicators show that New York is ready for an
21 economic resurgence. We're seeing job growth
22 across the state as unemployment has declined
23 to 4.3 percent.

24 This year we have an opportunity to

1 shift the state's focus from recovery to
2 growth. Governor Hochul's Executive Budget
3 aims to spur new, inclusive economic
4 development by strengthening our business
5 communities and helping all New Yorkers
6 achieve the New York dream.

7 The arrival of Micron in Central
8 New York will require collaboration across
9 industry and community partners. The new
10 Governor's Office of Semiconductor Expansion,
11 Management, and Integration, or GO SEMI, will
12 assist with regional planning efforts to
13 ensure smart growth and cohesive development.
14 The office will also support the expected
15 growth of semiconductor and supply chain
16 companies across the state.

17 New York's life science sector
18 continues to thrive, with a 10 percent
19 increase over the last five years. More than
20 100,000 New Yorkers now work in this
21 high-growth industry. The Governor's
22 announcement of two cell and gene therapy
23 hubs, one upstate and one downstate, will
24 drive life-saving research and create even

1 more high-paying jobs. Cell and gene therapy
2 sales are expected to grow more than
3 800 percent by 2026. By leaning into
4 strategic investments at this crucial stage,
5 New York will be securing its place as an
6 industry leader.

7 The Governor's budget also provides
8 matching grant funding to attract federal
9 research dollars to New York. These will go
10 to small businesses applying for a portion of
11 the billions in federal grants offered
12 through the Small Business Innovation
13 Research and Small Business Technology
14 Transfer programs. These matching grants
15 will help our small businesses develop and
16 commercialize groundbreaking technology right
17 here in New York.

18 The Executive Budget also includes the
19 Extended Prosperity and Innovation Campuses
20 initiative, or EPIC, to support new business
21 growth around the state's educational
22 centers. EPIC will improve on its START-UP
23 NY predecessor. For the first time, upstate
24 and downstate locations will have the same

1 requirements, benefits, and eligibility
2 criteria. It will also support a wider range
3 of businesses and increase the amount of
4 eligible space dedicated to growing
5 innovation and creating jobs.

6 The Governor is also working to remove
7 barriers for MWBEs. We have made significant
8 improvements to our certification process,
9 and the Executive Budget directs the state to
10 pursue certification reciprocity with other
11 certifying organizations. This process will
12 cut red tape for applicants and allow more
13 MWBEs to participate in contracting
14 opportunities.

15 We are also making an unprecedented
16 commitment to the film and television
17 industry. Film productions have a
18 compounding economic effect that make this
19 sector particularly valuable by supporting
20 jobs and small businesses, and generating
21 revenue at the state and local level. The
22 increased Film Tax Credit will make us
23 competitive with other states and encourage
24 more productions to choose New York.

1 All told, this is a bold agenda. I am
2 proud of the progress we have made together,
3 and I look forward to continuing to work
4 closely with all of you to deliver for
5 New Yorkers.

6 Thank you for the opportunity to speak
7 this morning, and I look forward to taking
8 your questions.

9 CHAIRWOMAN KRUEGER: Thank you.

10 The next testifier is the commissioner
11 of OGS.

12 OGS COMMISSIONER MOY: Greetings,
13 Chairs Krueger and Weinstein, Ranking Members
14 O'Mara and Ra, and distinguished members of
15 the Legislature.

16 My name is Jeanette Moy, and I'm the
17 commissioner of the New York State Office of
18 General Services. I'm joined today by OGS
19 Executive Deputy Commissioner Thomas Detito.

20 Thank you for the opportunity to share
21 the work of this agency and all the items
22 that have been accomplished since I last
23 testified before the Legislature, as well as
24 to discuss the impact of the Governor's

1 Executive Budget on OGS.

2 The Governor's Executive Budget
3 proposes \$1.3 billion for OGS, which will
4 enable our agency to continue to support her
5 commitment to improve government operations
6 and service for all New Yorkers. OGS
7 provides critical shared services and often
8 unseen work for the state, from managing
9 capital projects to administrative services
10 to logistics and warehousing support. This
11 budget allocation enables OGS and its
12 1,800 employees to provide operational
13 support for state agencies so that they can
14 focus on delivering on their core missions
15 effectively and efficiently.

16 Our work also supports local
17 governments, not-for-profits, businesses, and
18 individual New Yorkers. Our cultural
19 programs and careful conservation of assets
20 provide New Yorkers with access to our
21 historic Capitol building and our extensive,
22 world-class art program. OGS's
23 accomplishments are New York State's success
24 stories. A properly funded and fully staffed

1 OGS can ensure the fulfillment of Governor
2 Hochul's promise to make government more
3 accessible, transparent, diverse, resilient,
4 and responsive to New Yorkers' needs.

5 In the coming year, OGS will lead
6 several initiatives announced in the
7 Governor's 2023 State of the State. First,
8 we will implement eProcurement, bringing our
9 systems in line with industry standards. New
10 York is the last large state without an
11 e-procurement system. We need realtime
12 access to dynamic data so that we can quickly
13 respond to market changes, reduce the time
14 for users to find and purchase goods and
15 services, and better manage the state's
16 procurement spend.

17 Second, we will pilot new office
18 designs. The COVID-19 pandemic has
19 normalized hybrid work, and our state needs
20 flexible spaces that meet the needs of an
21 increasingly distributed workforce.

22 Third, we will expand our digital and
23 media services center to deliver more
24 customer-oriented, user-friendly digital

1 products and services, and better connect
2 state agencies with New York businesses and
3 residents. These projects will help us to
4 improve state outcomes and advance the
5 Governor's agenda.

6 I would also like to take this time to
7 reflect on OGS's successes. This year we
8 have worked to implement key State of the
9 State commitments. At Governor Hochul's
10 direction, and with the support of this
11 Legislature, OGS launched the Office of
12 Language Access, which is the second office
13 of its kind in the United States. There are
14 over 5.7 million New Yorkers who speak a
15 language other than English, 2.5 million of
16 whom are limited English proficient. We
17 worked with agencies, vendors and
18 community-based organizations to ensure that
19 the language access law is implemented
20 effectively.

21 To meet the Governor's ambitious
22 climate goals and support the necessary state
23 changes to state operations, OGS established
24 its Office of Resiliency and Stability. This

1 new team is implementing many of the
2 Governor's key priorities, in partnership
3 with DEC, NYSERDA, NYPA, and more. We are
4 driving the conversion of the state's
5 light-duty fleet to zero-emission vehicles by
6 2035, and facilitating the build-out of
7 essential fleet charging infrastructure.

8 We have convened a Zero-Emission
9 Vehicle Conversion Interagency Working Group
10 to identify opportunities, barriers and
11 innovations while establishing multiple
12 streamlined procurement mechanisms for
13 rapidly expanding the EV charging
14 infrastructure.

15 OGS is the co-lead of the GreenNY
16 Council, which oversees the development of
17 guidelines and reporting of the state's
18 stability plan. We developed and implemented
19 the rollout for Executive Order 22, managed a
20 Virtual Power Pilot program, working with
21 NYPA, and participated in efforts to shape
22 Environmental Bond Act projects, extreme heat
23 emergency planning, and agency vulnerability
24 assessments.

1 And finally, thanks to Governor Hochul
2 and the Legislature, OGS began work on the
3 \$175.5 million infrastructure package to
4 address critical Empire State Plaza
5 infrastructure needs, including health and
6 safety issues, electrical and conveyance
7 systems, and structural repairs. The package
8 also helps us to target the substantial
9 deferred maintenance in our portfolio. This
10 year we began work on the design for the
11 restoration of the Capitol's eastern
12 approach, and construction on the Capitol
13 roof and the Hawk Street passage. These
14 projects will bring necessary improvements to
15 some of the most prominent public spaces in
16 our State Capitol.

17 Now, these initiatives were natural
18 complements to OGS's already expansive
19 portfolio. OGS manages and maintains
20 20 million square feet of the state's real
21 property. We manage the daily operations of
22 150 state-owned buildings and structures
23 totaling 7 billion in assets, serving
24 approximately 30,000 tenants and thousands of

1 visitors.

2 Our leasing portfolio includes 468
3 leases, over 12 million square feet
4 statewide. This year we've responded to
5 emergencies from floods, fires, burst pipes,
6 snowstorms, credible thefts, and more. But
7 through it all, our doors have remained open
8 for the state's workforce.

9 OGS also provides design, build,
10 construction, and project permitting services
11 to over 50 state agencies and clients, with a
12 current workload of 1.4 billion in active
13 construction projects, and another 2 billion
14 in design development. This year's successes
15 have included the completion of the Office of
16 Victim Services sexual offender evidence kit
17 storage building, the replacement of 104 road
18 salt storage structures for the Department of
19 Transportation, and the federally funded
20 construction of the New York State Police
21 Station in Fredonia.

22 We began construction on the highly
23 anticipated Adirondack Rail Trail between
24 Tupper Lake and Lake Placid for the

1 Department of Environmental Conservation, and
2 we've worked alongside the Division of
3 Military and Naval Affairs towards the
4 completion of 43 capital construction
5 projects, which will make significant
6 improvements to New York's Army National
7 Guard facilities and support troop readiness.

8 OGS has been the central office for
9 processing human resources and financial
10 transactions across the state through its
11 Business Services Center. This year we
12 provided financial services to 66 executive
13 agencies, processing over 12.6 billion in
14 invoices alone, and HR benefits, payroll
15 records, and time and attendance services for
16 55 agencies with nearly 44,000 individual
17 customers.

18 Our procurement team contracts to
19 procure goods and services at the best value
20 for New York State taxpayers, encompassing
21 30 billion in annual spend, over 8,000
22 government entities, including 4500 towns,
23 cities, counties, municipalities, 108 SUNY
24 and CUNY campuses, and over 700 school

1 districts, not-for-profits, public
2 authorities, and public benefit corporations
3 leverage our centralized contracts.

4 This past year we worked to deliver
5 more inclusive cultural events and programs
6 that showcase New York's diversity, including
7 our annual Dr. Martin Luther King, Jr., Day
8 observance, our second annual Lunar New Year
9 celebration, new exhibits from the Harlem Art
10 Collection to celebrate Hispanic Heritage
11 Month, and the New York State chief diversity
12 officer's inaugural Disability Rights and
13 Employment Awareness Month, or DREAM,
14 symposium.

15 We've prioritized bringing New Yorkers
16 together in as safe a manner as possible,
17 through cultural programs and events, because
18 it is a part of our educational and cultural
19 charge as an agency.

20 And finally, one of my key priorities
21 for this year has been to strengthen the
22 foundations of OGS, including our people,
23 processes, and technology. We need to hire,
24 recruit, develop and retain the best talent

1 in order to be successful. We must work
2 efficiently and get the best possible
3 outcomes from our vendors to advance the work
4 of the state. We are focused on helping our
5 customers get better outcomes, whether it's
6 addressing fluctuating fuel costs or
7 constructing a more energy-efficient office.

8 Providing good customer service is not
9 easy, nor is it a luxury. It requires our
10 team to measure our performance both
11 qualitatively and quantitatively, because you
12 cannot manage what you cannot measure. To
13 that end, we've created new offices for
14 project management and strategy to support
15 our efforts to improve our business systems
16 and track agency performance, in partnership
17 with OGS business units, ITS, project
18 management and technology support teams. I
19 firmly believe that these strategic efforts
20 will help us establish a foundation of
21 transparency, collaboration, responsible
22 stewardship, and consistent project success
23 across OGS.

24 Thank you for inviting me to provide

1 testimony today. I now turn it back to Chair
2 Krueger and Chair Weinstein and am looking
3 forward to taking your questions.

4 CHAIRWOMAN KRUEGER: Thank you very
5 much.

6 And our last speaker on this panel,
7 Mara Manus, from the New York State Council
8 on the Arts.

9 NYSCA EXEC. DIR. MANUS: Thank you so
10 much, Chairs Krueger and Weinstein and
11 members of the committee, and welcome to our
12 newly elected legislators.

13 I am Mara Manus, the executive
14 director of the New York State Council on the
15 Arts, also known as NYSCA. On behalf of our
16 chair, Katherine Nicholls, our council
17 members, our staff, and our vibrant nonprofit
18 arts and culture sector, we are immensely
19 grateful to Governor Hochul and the State
20 Legislature for your historic and
21 unprecedented investment in 2023. We are
22 also grateful for Governor Hochul for an
23 additional suballocation of \$100 million in
24 capital. All of this affirms our state as a

1 global economic leader of arts and culture,
2 and our sector as the number-one driver of
3 tourism to our state.

4 Arts and culture are an essential part
5 of our economic and human infrastructure. In
6 fact, "We are on the verge of a cultural
7 shift in which arts can deliver potent,
8 accessible, and proven solutions for the
9 well-being of everyone." Communities with
10 strong cultural assets show improved outcomes
11 in education, mental health, public safety,
12 and civic engagement -- all of which continue
13 to play important roles in our state's
14 recovery and overall health.

15 According to the most recent NEA/BEA
16 report, New York's vast creative economy
17 contributed \$126 billion annually,
18 constituted 7 percent of the state's economy,
19 and comprised of over 435,000 workers. NYSCA
20 is currently supporting a creative economy
21 study of nonprofit arts organizations outside
22 of New York City, focusing on the years
23 between 2009 and '19. Ahead of the report's
24 release in the spring of 2023, we are able to

1 share with you that, one, statewide
2 employment in the arts and culture sector
3 grew almost 30 percent in the decade prior to
4 the pandemic, nearly double the state's
5 overall rate of job growth; and two, that the
6 upstate New York artist/designer population
7 jumped 27 percent over the past decade,
8 outpacing total population growth in nearly
9 every major city in the state.

10 That said, the COVID-19 pandemic has
11 had a significant impact on the arts, which
12 were one of the first sectors to close and
13 one of the last to reopen. The funding that
14 the Governor and Legislature have provided
15 over the last two years has been critical to
16 the sector's recovery.

17 NYSCA's primary work is grant making
18 to nonprofit arts and culture organizations
19 and artists. Our funding reaches over 3,000
20 artists and organizations across all 62
21 counties of our state. These include the
22 Adirondack Experience in Blue Mountain Lake,
23 which offers 40,000 square feet of cultural
24 exhibitions for over 50,000 visitors

1 annually; the Everson Museum in Syracuse, the
2 first museum in the world to be designed by
3 I.M. Pei; and Buffalo String Works, a small
4 CBO organization which provides music
5 education to youth from refugee and immigrant
6 communities.

7 Over the last two years, NYSCA
8 reconceived our application process with one
9 primary goal: to create greater access to our
10 funding while prioritizing eligibility for
11 underrepresented communities and smaller
12 organizations. This was the most significant
13 structural shift to our grant making process
14 in our history. We consolidated 65 funding
15 categories to five, expanded the range of
16 artistic practices, and welcomed new
17 strategic statewide partnerships.

18 Coupled with our historic funding, the
19 results of these changes have been robust.
20 For FY '23, NYSCA saw an 80 percent increase
21 in applications from FY '21 and funded almost
22 300 first-time applicants.

23 It should be noted that small and
24 medium-sized organizations outside of

1 New York City tend to have less access to
2 consistent institutional funding. We are
3 pleased to share that for FY '23, 52 percent
4 of our direct grantees have organizational
5 budgets under half a million dollars.

6 Our '23 funding opportunities included
7 regrowth and capacity enhancement grants,
8 support for organizations, support for
9 artists, partnerships and regrants, special
10 opportunities, and capital projects.

11 For FY '23, NYSCA awarded over 3,600
12 grants totaling almost \$98 million and
13 providing support to 1600 organizations. We
14 also made a significant recommitment to
15 artists, providing support to 426 artists
16 compared to 142 in 2021.

17 The final round of our grant making,
18 capital projects, will be awarded in March.
19 With this historic level of funding for
20 capital projects, we saw a 48 percent
21 increase in applications over last year.
22 Capital projects create new tourism
23 destinations, and investments in these
24 projects provide exponential return for

1 organizations and their venues, as well as
2 returns to every Main Street business and
3 worker at hotels, restaurants, and local
4 stores.

5 NYSCA provided an update on our
6 capital program in December, and I'm pleased
7 to share a summary, which is that we have
8 awarded \$50 million in capital to date to
9 158 projects across all 10 regions of our
10 state. Almost 70 percent of those projects
11 are located outside of New York City.

12 Examples of these projects include the
13 Caroga Arts Collective, a performing arts
14 center in the Southern Adirondacks, an
15 economically depressed area. This new
16 state-of-the-art venue creates a year-round
17 home for artists and continues to drive
18 Caroga as a cultural destination.

19 DCTV, in New York City, reopened in
20 September with a new state-of-the-art cinema
21 in a former historic firehouse. It welcomed
22 2,200 visitors in two months, compared to
23 1,200 visitors in all of '19.

24 We are pleased to play a role in the

1 Buffalo AKG total campus redesign project,
2 which will reopen in May and will be a major
3 economic driver for the region and the state,
4 projected to generate \$36 million annually
5 and attract almost 200,000 visitors.

6 Expansive communications efforts are
7 critical to expanding access to our dollars.
8 And throughout '23, NYSCA reached 6200
9 individuals through our webinars and virtual
10 office hours, and our webinars continue to be
11 posted on our website, ensuring ongoing
12 access for our field.

13 We also distributed our '23 grantee
14 lists to all state legislators, and we are
15 deeply appreciative to you and your offices
16 for amplifying the work of our grantees in
17 your districts.

18 As I have relayed today, the
19 understanding of the impact of arts on our
20 health and well-being has grown immensely. A
21 World Health study from 2019 noted that:
22 "Cognitive stimulation when engaging in the
23 arts ... is not only associated with a lower
24 risk of developing dementia but is also

1 interrelated with mental illness such as
2 depression."

3 I'm pleased to share that we are
4 building on our Arts in Corrections
5 partnership, which we began a few years ago
6 with DOCCS, and we are expanding that
7 programming to 10 new adult correctional
8 facilities, which will launch in April.

9 Thank you again for the opportunity to
10 share the critical impact and vast reach of
11 your historic investment in the arts in
12 New York State. As we have shared, our arts
13 and culture sector is world-renowned and a
14 critical driver for tourism, which fuels our
15 economy and benefits individual health
16 throughout all of life's stages. We are so
17 grateful to the work of our field for
18 delivering such a compelling return on this
19 investment.

20 And I look forward to your questions.

21 CHAIRWOMAN KRUEGER: All right.

22 You're giving us back three minutes.

23 NYS CA EXEC. DIR. MANUS: What's that?

24 CHAIRWOMAN KRUEGER: You're giving us

1 back three minutes.

2 NYSICA EXEC. DIR. MANUS: You got it.

3 CHAIRWOMAN KRUEGER: You get extra
4 points later. Thank you.

5 (Laughter.)

6 CHAIRWOMAN KRUEGER: No, not extra
7 money, sorry, but extra points.

8 (Laughter.)

9 CHAIRWOMAN KRUEGER: Our first
10 questioner will be Chair Sean Ryan.

11 SENATOR RYAN: Thank you, Senator
12 Krueger and Assemblymember Weinstein, for
13 your hard work up to this point.

14 I have some questions for Commissioner
15 Knight. Thank you for being here today, for
16 your testimony, for your work throughout
17 New York State. You know, you've made
18 yourself apparent and recognizable in regions
19 throughout the state, and we appreciate that.
20 Look forward to working with you to ensure
21 that the state economic development programs
22 are working for the people of New York State.

23 Each year in New York State we spend
24 billions of dollars on various economic

1 development programs, you know, all designed
2 to create jobs and revitalize the economy.
3 And I am convinced that we need
4 state-of-the-art programs, and we also need
5 state-of-the-art transparency. So I want to
6 talk about transparency for a minute.

7 In 2019 the budget included items
8 about something akin to a Database of Deals,
9 and I think your agency calls it the Database
10 of Economic Incentives. And the idea behind
11 this was to make it so there's one easily
12 accessible portal so people can see where
13 economic development money is going to.

14 I tried to negotiate that database
15 recently myself. It's a little clunky.
16 There's 3200 different incentives listed.
17 Really hard to figure out where you start
18 looking. Some columns contain useful
19 information. Other columns, whether the
20 award went to a private or a public entity,
21 it seems to be entirely blank.

22 So I have a twofold question for you.
23 Have you tried to use the database, and is it
24 a database in progress or are we there for

1 completion?

2 COMMISSIONER KNIGHT: So thank you,
3 Senator, for your question.

4 We have been working diligently on
5 this Database of Economic Incentives. We
6 have taken the feedback from the Legislature
7 about items that might be included. Because
8 our programs are so broad and wide and
9 varied, it requires us to have many fields
10 for the projects. We've just increased the
11 number of fields from 26 to 52. That can be
12 a little challenging to get around, but it
13 has all of the information that it has been
14 indicated that people are seeking.

15 And so it is an iterative process. We
16 continue to make refinements. We continue to
17 add projects, projects that are also outside
18 of ESD's portfolio. And so it is something
19 that we will try to continue to work on to
20 make sure that it is more navigable by the
21 public.

22 SENATOR RYAN: That's great. Happy to
23 hear it's an iterative process, and I look
24 forward to looking at new iterations.

1 Also in the 2022-'23 budget we passed
2 a requirement that ESD come up with an
3 economic -- hire an economic impact firm to
4 look at all the various programs and to
5 provide an analysis on every tax credit,
6 every tax deduction, every tax incentive, and
7 to look at it through what's our return on
8 investment as taxpayers.

9 Could you give us an idea of where you
10 are in that process and when we should expect
11 a report?

12 COMMISSIONER KNIGHT: Yes, Senator.

13 So in the last budget there was a
14 directive for the Department of Tax & Finance
15 to perform a study of our economic
16 development programs. We are working with
17 Tax & Finance to provide the data that they
18 need to perform these studies. We look
19 forward to seeing these studies in 2024 when
20 they are to be delivered.

21 SENATOR RYAN: And did you hire an
22 outside firm?

23 COMMISSIONER KNIGHT: The Department
24 of Tax & Finance will be hiring the outside

1 firm.

2 SENATOR RYAN: Okay. So it went from
3 you to Taxation, and they're hiring. And do
4 you know if they've hired?

5 COMMISSIONER KNIGHT: They have.

6 SENATOR RYAN: Okay. And do you think
7 you'd be able to deliver periodic updates of
8 how far along we are in the process and when
9 in 2024 we should expect this?

10 COMMISSIONER KNIGHT: We expect to
11 have the report by January 1, 2024. So just
12 at the beginning of next year.

13 SENATOR RYAN: That's great. That's
14 great. I know that's a a big process, but
15 I'm happy to hear it's going.

16 I have a question about science in the
17 economy. You know, we have various incentive
18 programs in Empire State Development. We
19 used to have a NYSTAR program that, if my
20 recollection is right, it was once a
21 stand-alone program. Now it's in Empire
22 State Development. And that's a -- I think
23 it was titled the New York State Foundation
24 for Science, Technology and Innovation. Who

1 runs that within Empire State Development?

2 COMMISSIONER KNIGHT: That is run by
3 Matt Watson today.

4 SENATOR RYAN: That's great. And I
5 know that's a very competitive field. You
6 know, I have Roswell Park Cancer Institute in
7 my area and, you know, we go through there
8 and the research doctors are often like NFL
9 quarterbacks on short-term contracts.
10 They're always looking for, you know, the
11 next best deal, and it's hard to keep them.

12 I know other states have departments
13 just dedicated to this. The state of Texas
14 has a department just dedicated on research
15 universities trying to really acquire federal
16 money. So it is sort of a full-time
17 department only dedicated to bringing federal
18 money into their state research institutions.
19 And if there's state money layered in, it's
20 trying to make sure that that money is -- I'm
21 sorry, that research is then applied into the
22 state economy.

23 I was wondering if you had any
24 thoughts about NYSTAR, how it's working, and

1 are we getting a maximum bump out of it?

2 COMMISSIONER KNIGHT: Sure. I think
3 that we are getting significant benefits from
4 NYSTAR with their -- we provide funding to
5 programs like the Centers of Excellence and
6 Centers of Advanced Technology.

7 We also have another pool of funding
8 through our Life Sciences Initiative. Some
9 of the research, medical research
10 institutions in Western New York have been
11 able to access funding from that Life Science
12 Initiative.

13 And so we have several pools of
14 funding to support innovation and technology
15 here in New York State.

16 We also have put forward this year in
17 the budget a \$6 million matching pool for the
18 Small Business Innovation Research and Small
19 Business Research Transfer Technology
20 program, which small businesses seek to get
21 federal dollars and we would provide
22 one-to-one matching for those grant requests.

23 SENATOR RYAN: So I don't know if
24 that's the same pool of money, but there's

1 been a \$6 million budget request for the last
2 four years, so we've allocated \$24 million.
3 But it looks like only 10 million has been
4 spent of that. I don't expect you to have
5 the answer to this, but if you, through your
6 folks, could provide information about where
7 that -- what happened with that \$24 million
8 and why only, you know, \$10 million is spent.
9 So just give me an update on that.

10 COMMISSIONER KNIGHT: Yes, I --

11 SENATOR RYAN: And then the last thing
12 I wanted to talk about is workforce
13 development.

14 COMMISSIONER KNIGHT: Sure.

15 SENATOR RYAN: Any time I talk to
16 employers in New York State, they talk about
17 workforce and daycare as their two biggest
18 issues.

19 So on the workforce front, you know,
20 we put \$350 million into the budget last year
21 for the Office of Strategic Workforce
22 Development. That money went a lot of
23 places -- you know, OPWDD, OMH, programs at
24 SUNY/CUNY, a program called the Expansion of

1 the Alternative Certification Program.

2 So the question is, you know, where is
3 that money going? And how are we figuring
4 out if that money is actually having an
5 impact on the workforce programs and the
6 workforce problems we have in New York State?

7 COMMISSIONER KNIGHT: So thank you,
8 Senator, for that question.

9 Last year \$350 million was put forward
10 in the budget for workforce development.
11 \$170 million of that was allocated to ESD to
12 stand up its Office of Strategic Workforce
13 Development. We have gotten that office set
14 up and have launched a solicitation for
15 proposals for training. We awarded around --
16 just recently to six projects training
17 3,000 individuals, with nearly a hundred
18 business partners. And that funding is
19 intended to be multiyear, so the \$170 million
20 is multiyear.

21 And the \$180 million that was
22 allocated were to other state agencies like
23 SUNY, DOL, DOH. And the --

24 SENATOR RYAN: So that's my question

1 there, is the money that goes out from ESD to
2 the other agencies. How are we tracking
3 that, and how are we trying to measure its
4 effectiveness?

5 COMMISSIONER KNIGHT: So we are in the
6 process of developing a centralized database
7 to track key metrics to understand the impact
8 of our workforce development programs.

9 SENATOR RYAN: Okay, that's great. If
10 you could give me any information you have on
11 that.

12 And I'll just close with in New York
13 State we have over 500 workforce development
14 programs going on right now. Based on that,
15 you would think we would not have a workforce
16 development problem. So it seems to me
17 what's lacking is a coordinated effort. The
18 programs are in various departments, but
19 there doesn't seem to be anyone holding the
20 conductor's baton to make sure that we're
21 spending that -- those 500 programs are being
22 effective.

23 And I think it's perhaps a role for
24 ESD to come in to help offer guidance to the

1 various workforce development programs
2 layered throughout the state.

3 CHAIRWOMAN KRUEGER: Thank you.

4 SENATOR RYAN: Thank you very much,
5 and I look forward to continuing the
6 conversation.

7 CHAIRWOMAN KRUEGER: Thank you very
8 much.

9 Assembly.

10 CHAIRWOMAN WEINSTEIN: Before we go to
11 our chairs, I just want to acknowledge that
12 we've been joined by Assemblywoman Fahy,
13 Assemblywoman Shimsky, and Assemblyman
14 Zaccaro.

15 And now we go for questions to the
16 chair of our Economic Development Committee,
17 Assemblyman Bronson, for 10 minutes.

18 ASSEMBLYMAN BRONSON: Thank you,
19 Chairs Weinstein and Krueger.

20 My questioning is going to be with
21 Commissioner Knight. Thank you for being
22 here; really appreciate it.

23 As you know from our previous
24 conversations over the last two years since

1 I've taken over as chair of Economic
2 Development, we really have tried to change
3 the focus in two regards. One is when you
4 have economic development, you have to have
5 corresponding workforce development. And I'm
6 very pleased that the Governor in last year's
7 budget proposed the Office of Workforce
8 Development.

9 The second priority is to make sure
10 that all of the investments -- and we invest
11 billions of dollars every year in economic
12 development -- that those investments result
13 in us moving toward a more equitable and
14 inclusive economy. So in all my lines of
15 questioning, those two things are going to be
16 overarching principles.

17 So let me follow up with Senator
18 Ryan's questions regarding the Office of
19 Workforce Development. You indicated in your
20 testimony that there were 3,000 trainees and
21 some 100 businesses. My first question is,
22 how were those businesses selected? The
23 second question is, what industries did we
24 cover? And, in your opinion, what were the

1 strategies used in that approach to move us
2 toward a more inclusive economy?

3 COMMISSIONER KNIGHT: So I'll start
4 with the types of businesses and jobs that
5 the 3,000 trainees are covering. So as I
6 said, we have six proposals, mostly from
7 not-for-profit institutions that will be
8 providing the training.

9 You know, one of the key focuses of
10 the office is that we want the training to be
11 driven by the private sector, so we want to
12 respond to private-sector needs so that the
13 training provides opportunity for trainees to
14 be able to go in and hit the ground running.

15 So we have been able to work with
16 these entities mostly in the area of advanced
17 manufacturing, but we have a number of other
18 areas that we are providing training in.

19 ASSEMBLYMAN BRONSON: Okay. And you
20 said you worked with nonprofits?

21 COMMISSIONER KNIGHT: Yes.

22 ASSEMBLYMAN BRONSON: And how were
23 those nonprofits selected? And also, what
24 was the criteria in selecting the awardees to

1 those grants?

2 COMMISSIONER KNIGHT: So the
3 nonprofits are entities that already do
4 workforce development training. And we had a
5 request for proposals process where we, you
6 know, score proposals based on --
7 relationship with employers is one, because
8 we want to make sure that the training leads
9 to employment opportunities; the experience
10 of the training providers; and whether or not
11 they were proposing wraparound services.
12 Because we know that historically
13 disadvantaged communities have had difficulty
14 accessing employment opportunities due to
15 variables of childcare, transportation and
16 other challenges, so we wanted to see a
17 robust proposal that provided support in
18 those areas.

19 ASSEMBLYMAN BRONSON: So on those
20 proposals, you know, we know that the
21 Manufacturers Association of Central New York
22 has a wonderful apprenticeship program. Any
23 of these proposals align with existing
24 apprenticeship programs?

1 COMMISSIONER KNIGHT: I don't know
2 that any of the proposals aligned with
3 apprenticeship programs, but certainly with
4 advanced manufacturing opportunities.

5 ASSEMBLYMAN BRONSON: Okay, thank you.

6 COMMISSIONER KNIGHT: And I can come
7 back to you with that answer.

8 ASSEMBLYMAN BRONSON: The second line
9 of questioning relates to the FAST NY
10 program, the shovel-ready program which we
11 had \$200 million last year. I had wished
12 that we would get 500 million. I'd like to
13 push for \$500 million for that program. And
14 one of the reasons I'm so supportive of it is
15 because it is aligned to a more equitable and
16 inclusive economy, because it allows
17 localities to select locations, hopefully
18 that may be accessible by public
19 transportation, close to childcare, things of
20 that nature, that a business coming in or
21 expanding may not be focusing on.

22 So of the \$200 million, how much of
23 that has been expended or allocated under
24 that program so far?

1 been the return on investment through the
2 program?

3 COMMISSIONER KNIGHT: So thank you for
4 that question, Assemblymember.

5 We know that the START-UP NY, which we
6 would like to move forward calling EPIC, has
7 had some back connotations. But when we look
8 at the investment the state has made in the
9 program, which is \$68 million during the life
10 of the program, there have been over 3,000
11 jobs created and \$1.3 billion in economic
12 activity as a result of the program.

13 Prior to my coming to ESD, I led the
14 Greater Jamaica Development Corporation, and
15 we were the nonprofit partner to York
16 College, which is a CUNY institution. I saw
17 some really neat features related to the
18 program. The business has to provide some
19 kind of proposal nexus to the institution
20 where it wants to locate. And I saw
21 internship opportunities result from
22 companies locating in the START-UP program,
23 faculty research opportunities.

24 And so if we really lean into those

1 aspects of the program, I think we can make
2 it one authority you can really appreciate.

3 ASSEMBLYMAN BRONSON: Okay. We'll
4 have further discussions about that as we go
5 through the budget negotiations.

6 The next area of questioning is just
7 pretty general. The Center of Excellence and
8 the Centers -- the CATs program, the Centers
9 of Advanced Technology. The budget proposal
10 from the Executive cuts funding to those
11 programs. And similar to what you were just
12 saying about START-UP and the linkages and --
13 you know, these programs have been very
14 successful in innovation across the state.
15 So wouldn't it make more sense to continue to
16 invest in the programs that really link up
17 universities across the state, instead of
18 cutting dollars to that? How is that
19 consistent with trying to advance our
20 economy?

21 COMMISSIONER KNIGHT: So we had an
22 increase in the budget for those programs
23 last year. The -- what's proposed this year
24 is returning them to 2021 levels. So not a

1 significant cut, just we had an increase the
2 year before provided for -- in those
3 programs.

4 ASSEMBLYMAN BRONSON: But a couple of
5 those programs, the smaller ones, the newer
6 ones, one here in Albany, you know, they
7 really needed that additional money, as did
8 all of them. The one that we have in the
9 University of Rochester in my district, the
10 Rochester Institute of Technology in my
11 district. Those expanded dollars have been
12 well-used. And, you know, there's -- you
13 know, usually we want to spend the money on
14 programs that have a record of success, yet
15 the Governor's proposal is to cut dollars
16 away from them. And so just moving it back
17 to 2021 levels, I didn't hear a justification
18 of why that was necessary.

19 COMMISSIONER KNIGHT: We just believe
20 that the 2022 levels would be adequate
21 funding.

22 ASSEMBLYMAN BRONSON: All right.
23 Thank you very much. Appreciate your
24 testimony.

1 CHAIRWOMAN KRUEGER: Thank you.

2 Senator Murray, the ranker on the same
3 committee.

4 SENATOR MURRAY: Thank you, Chairwoman.

5 And welcome, thank you for testifying
6 today. Commissioner Knight, in your
7 testimony, in your opening statement there
8 was a line that you read that said "Governor
9 Hochul's Executive Budget aims to spur new,
10 inclusive economic development, strengthen
11 our business communities, and help all
12 New Yorkers achieve the New York dream."

13 So I've talked to quite a few small
14 businesses, and I assure you they were not
15 dreaming of paying the Unemployment Insurance
16 assessment surcharge.

17 Can we start with why was the decision
18 made not to take advantage of that
19 interest-free window the federal government
20 gave us? We borrowed \$9.2 billion. The
21 federal government gave a window, we could
22 pay it back interest-free. The majority of
23 the other states in the country did so.
24 We're one of only seven that didn't. Who

1 made the decision, and why was that made, to
2 put all of the interest payments now on the
3 backs of New York businesses?

4 COMMISSIONER KNIGHT: So I know that
5 we have been able to ask for forgiveness for
6 the loan. That was done last year. And I
7 know that the Department of Labor is
8 monitoring the situation.

9 SENATOR MURRAY: Well, with all due
10 respect, the Department of Labor also
11 basically handed out \$11 billion in
12 fraudulent claims, so I don't really have a
13 lot of faith there.

14 But we had a window, and other states
15 took advantage of it. But we made a
16 conscious decision, now, to hammer every
17 single New York State business. That wasn't
18 their dream. Why did we not -- even if we
19 paid half -- we paid \$162 million -- and I
20 keep saying "we" because I'm a small business
21 owner. I got that bill. We paid
22 \$162 million in interest last year. We're
23 going to be paying it for at least, what, a
24 decade before we pay it off. Could total

1 somewhere about three-quarters of a billion,
2 when all is said and done.

3 Why couldn't the state help?

4 COMMISSIONER KNIGHT: The state was
5 requesting forgiveness for the loan.

6 SENATOR MURRAY: The forgiveness was
7 there. It was there for a year. We made the
8 conscious decision to ignore that. The other
9 states took advantage of it. The Governor
10 had, I think at the time, about a \$12 billion
11 surplus. She could have paid the whole
12 thing. But even paying a partial would have
13 helped businesses.

14 Why didn't we? I mean, we can
15 request, and they're laughing because they
16 said "You had your chance." How is that the
17 dream of New York businesses?

18 COMMISSIONER KNIGHT: We -- we
19 requested forgiveness. And that's what we're
20 monitoring.

21 SENATOR MURRAY: Okay, so let me ask
22 you this. You were talking about Micron
23 coming.

24 COMMISSIONER KNIGHT: Yes.

1 mean, what efforts are we making to stop this
2 outflow of businesses?

3 COMMISSIONER KNIGHT: We had a
4 \$1 billion Small Business Rescue Plan, which
5 we continue to disburse through a number of
6 our programs. As you know, the Legislature
7 helped with the \$800 million Small Business
8 Recovery Grant program, which we have been
9 providing support to. We've been able to
10 disburse that fund. We provided support to
11 41,000 businesses at an average of 18 --

12 SENATOR MURRAY: Okay, my time is
13 short, so I'm going to -- I'm going to --
14 thank you, but I'm going to cut you there,
15 just to switch real quickly back over to the
16 START-UP NY and the change now to EPIC.

17 Do you know much we spent in
18 advertising, promoting START-UP NY over the
19 years? Tax dollars, I might add.

20 COMMISSIONER KNIGHT: I would have to
21 look at it. I know that happened way before
22 I arrived at ESD. We have not spent any
23 funding while I've been there to promote the
24 program.

1 SENATOR MURRAY: Well, that's because
2 I believe it was the Cuomo promo at the time.

3 But now that we're switching it, do
4 you have an estimate on how much we will be
5 spending to promote the new EPIC program?

6 COMMISSIONER KNIGHT: We will spend no
7 funding to promote the new program. We will
8 use our existing outreach efforts with our
9 REDCs, regional office staff, and ESD staff
10 to promote the program.

11 SENATOR MURRAY: Okay. Thank you very
12 much.

13 CHAIRWOMAN KRUEGER: Thank you.
14 Assembly.

15 CHAIRWOMAN WEINSTEIN: We go to
16 Assemblyman Stirpe, chair of our Small
17 Business Committee.

18 ASSEMBLYMAN STIRPE: Thank you.

19 Commissioner, I'm going to go back to
20 the Centers of Excellence. You know, my
21 colleague Harry Bronson talked about it a
22 little bit. But the disturbing fact for me
23 is this is probably the third time I've come
24 back on this, and knowing that the return on

1 investment for Centers of Excellence is
2 24-to-1 or more.

3 And you have programs like START-UP
4 where I'm sure that the return on investment
5 is not 24-to-1 or more. And yet we struggle
6 to keep that alive while we're cutting
7 Centers of Excellence. And I still can't
8 wrap my head around it, as a former
9 businessman who, when you have something
10 that's successful, you seem to invest more in
11 it in order to get more return. But we seem
12 to not follow that same strategy, for some
13 reason.

14 And let me just ask you, the Center of
15 Excellence for Healthy Water, the
16 collaboration between SUNY ESF and Clarkson.
17 Last year we plussed them up to a
18 million dollars. They were very excited.
19 The money is just being disbursed now. But
20 they're working on some projects that are --
21 I call urgent. You know, the state knows a
22 lot about PFAS problems, and four companies
23 have been created through that Center of
24 Excellence that are working on this problem.

1 And they have solutions, much less expensive
2 than what people are doing now.

3 We also are working on algal blooms in
4 seemingly all of our lakes. And there are
5 two companies working on that issue.

6 So the fact that we only want to spend
7 \$375,000, and I don't know how many millions
8 of dollars we'll try to spend to solve those
9 two issues, it would seem that you could put
10 a lot more money in that particular Center of
11 Excellence.

12 I mean, are we keeping track of what
13 these Centers of Excellence and CATs are
14 working on so we know what's the most
15 important thing?

16 COMMISSIONER KNIGHT: Thank you. We
17 have -- we definitely keep track of what's
18 happening in the Centers of Excellence.

19 We have other programs that businesses
20 who are working on emerging technology can
21 take advantage of. And we are always putting
22 the Centers of Excellence and those
23 businesses in touch with our other programs
24 so they can take advantage of accessing

1 funding for those.

2 ASSEMBLYMAN STIRPE: Okay. All right.
3 Well, that's good. But I hope before the
4 process of the budget is completed at the end
5 of March that we have decided to go ahead
6 and, you know, invest more money in our
7 successful programs.

8 Some of the other things -- you know,
9 we talked about workforce. Everybody talks
10 about workforce. And I think it was great,
11 especially last year, the \$350 million. And
12 I thought it was wise that we're using some
13 economic development money for childcare,
14 different childcare programs. And we've
15 talked about this before.

16 There's the issue of lack of
17 workforce. One other thing I recommended and
18 I thought could be helpful is investing some
19 economic development money in adult literacy.
20 We have lots of immigrants, refugees that
21 have entered our state. You know, it's hard
22 for them to go ahead and get a job without a
23 certain level of literacy. But even at the
24 lower-level positions -- which seemed, you

1 know, throughout the pandemic people have
2 left those positions and moved up to
3 better-paying positions -- they could at
4 least fill those if they could read and write
5 in English.

6 So again, I'd recommend taking a look
7 at these adult literacy programs, which never
8 get funded to the level they need to be.
9 There's always waiting lists in every region
10 of the state. So I hope you'll take a look
11 at that.

12 Let's see. Semiconductors. I was the
13 lucky winner in the \$100 billion Micron
14 agreement. It's in my district. And I'm
15 very grateful for that. I have a lot of
16 people asking me a lot of questions about it.
17 You know, certainly they hear about different
18 high-tech companies, including Micron, laying
19 off employees and how that will affect our
20 program and, you know, like that. I try to
21 assure them that by the time we are built and
22 in production, things will have changed quite
23 a bit. Plus the fact that we'll be building
24 next-generation type of products, not the

1 legacy products they produce now.

2 But the one area which I can't answer
3 any questions yet is about the sustainability
4 side of the agreement. And what does it
5 really mean? What happens if they don't meet
6 those goals? And can you tell me a little
7 bit about that?

8 COMMISSIONER KNIGHT: So thank you,
9 Assemblyman.

10 So we -- we're very excited to attract
11 Micron to your district. And a big part of
12 the negotiations were around sustainability
13 and Micron putting together a sustainability
14 plan.

15 Kevin Younis, chief operating officer
16 of ESD, was very involved in the project, and
17 I'll let him talk a little bit about the
18 sustainability plans that we have for the
19 project.

20 ESD COO YOUNIS: Thanks, Hope.

21 Thanks, Assemblyman. How are you?

22 ASSEMBLYMAN STIRPE: Welcome.

23 ESD COO YOUNIS: Yeah, so as you know,
24 first and foremost, the program is an

1 economic development program. Right? It's
2 about bringing those jobs and that investment
3 to New York.

4 But, you know, in the context of the
5 CLCPA and greenhouse gas emissions, we do
6 require them to have sustainability goals.
7 It is -- it will be part of their commitment
8 to New York. It will be -- the receipt of
9 those enhanced benefits will be contingent
10 upon meeting those commitments. So
11 100 percent renewable electricity, greenhouse
12 gas emissions, I think LEAD certification, a
13 goal they're -- higher for all of their
14 buildings. We're working really closely with
15 NYSERDA and with our colleagues at DEC to --
16 you know, even from today, from construction,
17 that they're using every appropriate effort
18 to reduce greenhouse gas emissions. So
19 that's electric vehicles, that is the type of
20 cement they might be using.

21 So we're meeting with them almost
22 daily, with our colleagues throughout the
23 state. So --

24 ASSEMBLYMAN STIRPE: Can I ask you --

1 I mean, the amount of energy that's required
2 for these facilities is enormous. And I
3 guess the fear that most people have is that
4 if they get all the green energy that's being
5 produced in the area, that will take it away
6 from other businesses, residential homes.

7 You know, do we -- do we see, you
8 know, in the future a plan that shows for a
9 certain amount of green energy coming online
10 continuously as we go through this process,
11 that's going to be able to feed everybody
12 that wants to use that?

13 ESD COO YOUNIS: So I guess the larger
14 CLCPA goals require 100 percent renewable
15 electricity for the state's entire use by
16 2040, I believe. And what's interesting
17 about a company like Micron and their
18 commitments to sustainability is they create
19 a demand. Right? They have a commitment to
20 us and to their customers and to their
21 shareholders for 100 percent renewables.

22 So imagine, you know, it's a real
23 driver for folks to invest in the renewable
24 energy production.

1 ASSEMBLYMAN STIRPE: Okay, thank you.

2 One quick question, Council on the
3 Arts Director Manus. I sort of entered the
4 Marketplace of the Arts a little more than a
5 year ago trying to help get a few things
6 going -- a couple of festivals and stuff --
7 and it was like walking into Lord of the
8 Flies. I mean, there are people in each
9 region that don't play well together,
10 actually hate each other, et cetera. And I'm
11 afraid sometimes the funding goes to
12 duplicative type of festivals and things.

13 Is there any way that there can be
14 some oversight regionally to make sure that
15 we get more of a balance of events,
16 festivals, programs, things like that, so
17 people, you know, aren't fighting amongst
18 themselves for the little bit of money, in
19 their minds, that ends up being provided by
20 the Council on the Arts?

21 NYSICA EXEC. DIR. MANUS: Sure. Thank
22 you so much for that question.

23 And by the way, please direct any of
24 your constituents to our offices. We're

1 happy to talk out and talk through any of
2 their challenges in applying for funding from
3 NYSKA.

4 That said, I just wanted to once again
5 highlight the fact that we did completely
6 overhaul our grantee -- our grant application
7 process a couple of years ago to create
8 greater access for everyone to apply. And
9 so -- and that included changing out the
10 technology, bringing in SmartSimple, which is
11 used by other state arts agencies across the
12 country, literally taking our application
13 down to like three pages.

14 So the goal is continuing to create
15 opportunity for new grantees to enter our
16 funding pool, and this year --

17 CHAIRWOMAN KRUEGER: Thank you, I'm
18 going to cut you off there and you can follow
19 up with the Assemblyman afterwards.

20 ASSEMBLYMAN STIRPE: Thank you very
21 much.

22 NYSKA EXEC. DIR. MANUS: Can I just
23 finish? We had 300 new grantees this year.
24 Thank you.

1 CHAIRWOMAN KRUEGER: Thank you.

2 UNIDENTIFIED PANELIST: You don't get
3 that 2 minutes back.

4 (Laughter.)

5 CHAIRWOMAN KRUEGER: No, you don't get
6 it back.

7 Just so everybody does understand,
8 there's a one-minute warning that beeps and
9 the yellow light goes on, for those who are
10 looking at the clocks. And that means
11 there's one minute left, in total, for the
12 question and the answer.

13 So some of my colleagues love to get
14 to the 3-second mark and throw in a new
15 question. It doesn't work, because you can't
16 get an answer.

17 So I want everybody to understand that
18 that time clock is both for the questions and
19 the answers. So really we're making it
20 unfair for you at the table when we suddenly
21 throw in another question when you can't
22 possibly answer it in time. So this is
23 really addressed to my colleagues. Thank
24 you.

1 Oh, and we do have a gavel. We
2 haven't used it yet. And we're still not
3 sure whether we're supposed to go hit the
4 person or hit the table.

5 (Laughter.)

6 CHAIRWOMAN KRUEGER: But we have a
7 gavel. I'm just letting you know.

8 We're not really violent women, are
9 we?

10 CHAIRWOMAN WEINSTEIN: Just want to
11 introduce -- we've been joined by
12 Assemblyman Colton and Assemblyman O'Donnell,
13 chair of our Tourism Committee.

14 Now to the Senate.

15 CHAIRWOMAN KRUEGER: Thank you. And
16 we're now going to Senator Jeremy Cooney, who
17 is chair of the new Procurement -- and he
18 will say the rest of the name of the
19 committee, because I'm not sure. Thank you.

20 Ten minutes for Jeremy. Oh, and we
21 have to give him a chair. Thank you.

22 SENATOR COONEY: We have a mic issue
23 here. There we go. There we go. We got it
24 all figured out.

1 Thank you, Chair Krueger. And great
2 to see everyone here today, and appreciate
3 your comments.

4 Let me start in my capacity as the
5 chair of Procurement and Contracts, start
6 with my friend Commissioner Moy. And let me
7 commend you for the work that you're doing to
8 modernize and bring us up to the 21st century
9 when it comes to how we get our contracts,
10 interact with our vendors across the State of
11 New York. I think you mentioned in your
12 opening remarks that this is the -- we're one
13 of the last states to get there. So thank
14 you for helping to lead us over the finish
15 line.

16 And I also want to just highlight the
17 work that you're doing around our veterans,
18 and I want to thank you and hope that we can
19 work together this coming year on how to
20 expand that designation across the State of
21 New York.

22 My comments are both to ESD and to
23 NYSCA. I'll start with you, Commissioner,
24 and Kevin if appropriate. Let me echo the

1 comments of my colleague and Rochester
2 friend. Assemblymember Bronson, Chair
3 Bronson, brought up the fact that we were
4 disappointed that we didn't see more
5 investment in the shovel-ready program. Let
6 me just reemphasize how important that is,
7 especially to communities across upstate
8 New York. You know, I previously served as
9 the chair of Cities 2 in the Senate, which
10 visited small and midsized cities across our
11 state. Many of whom are ready to kind of
12 take that next step with their megasite
13 development to hopefully, you know, attract
14 companies -- maybe not as large as Micron in
15 Clay -- but certainly be ready for the
16 opportunities. And being competitive means
17 being ready for that negotiation. And so I
18 think that's incredibly important. I know
19 we're going to hear from folks later today
20 about the importance of that program as well.

21 Let me also say that I do think I'm
22 very proud, as Assemblyman Stirpe said, about
23 the Green CHIPS bill. And it's a huge win
24 for our state. Let me commend you at ESD, of

1 course, and Governor Hochul. But there's an
2 opportunity to kind of think about what that
3 next step is.

4 As we're seeing the success of Micron
5 and the excitement, there are more
6 opportunities coming to communities outside
7 of Syracuse to take advantage, whether we're
8 talking about supply chain or whether we're
9 talking about other aspects of manufacturing
10 and packaging. And I think we're going to be
11 putting together some legislation where we'll
12 work closely with you at ESD about how we can
13 attract those types of businesses like we're
14 seeing in my neck of the woods in Batavia and
15 STAMP. In Genesee County, we're very pleased
16 with Edwards Vacuum. But I think that's just
17 the beginning, and there's more companies
18 across the state that are looking for that
19 investment to help grow. And those, of
20 course, are job-creation opportunities.

21 It's been mentioned before over the
22 course of this week, especially in our public
23 safety hearing, that there's a direct
24 relationship between economic opportunity and

1 public safety. And we know that far too
2 often our residents who live in these small
3 and midsized cities outside of the City of
4 New York don't often get the opportunities to
5 get these good-paying jobs because oftentimes
6 they're locating in rural parks because of
7 the site-readiness that we've talked about
8 before.

9 And so we want to be more intentional
10 about creating opportunities for those living
11 in the cities to access these types of jobs,
12 many of which are paying well beyond their
13 current earnings for their families. So as a
14 strategy to reduce poverty and to increase
15 public safety across our state, investment in
16 these types of opportunities is going to be
17 critical. And I thank you for your
18 partnership and work in that.

19 Let me turn to NYSCA and Director
20 Manus. Thank you for your leadership. Your
21 comments were great and encouraging. I would
22 say, in just picking up the mantle from my
23 colleague, it is a little bit like Lord of
24 the Flies. And let me -- let me blow into

1 the conch for you.

2 (Laughter.)

3 SENATOR COONEY: I think that we have
4 good intentions and we have good
5 opportunities. That modernization of the
6 grant portal is huge. We're hearing direct
7 feedback. As someone who sits on the
8 Cultural Affairs Committee in the Senate,
9 I've been very pleased to hear firsthand from
10 a lot of our grantees and recipients in the
11 Finger Lakes region. But we're not getting
12 the money out fast enough. And, you know,
13 we've got to figure out a better way to do
14 that.

15 It's my understanding that the Senate
16 and Assembly made a legislative add last year
17 to add \$10 million in new funding for upstate
18 arts organizations, organizations outside of
19 the City of New York, which have
20 disproportionately been invested in over the
21 course of years. But my understanding is
22 that money may have just gone out as recently
23 as last week. I'm wondering why it took so
24 long after the allocation last year for it to

1 actually be disbursed to the first round of
2 recipients.

3 NYSCA EXEC. DIR. MANUS: Sure. Thank
4 you so much for that question.

5 So all of those contracts start in
6 January 2023. We are not -- our agency
7 cannot start processing anything or even
8 request those funds until the beginning of
9 January. So I think it's something that
10 probably we need to address with our
11 recipients. They get award letters starting
12 in early fall and -- but again, we cannot
13 start putting money into the field until --
14 we can't start even processing those
15 contracts until January.

16 So here we are in February. I'm happy
17 to share that 78 percent of our grants, the
18 small grants, our \$10,000 and less grants,
19 have been already paid out as of this date.
20 And we are working as quickly as we can to
21 move the rest of those contracts.

22 I will also let you know that
23 depending on the size of the grant -- so if
24 it's over \$50,000, that also entails a

1 process that includes AG and OSC, and so --
2 which can add a number of weeks until it gets
3 back to finance for payout.

4 SENATOR COONEY: Understood. And I
5 think, you know, if there's -- we can have
6 this conversation offline if there are
7 resources that NYSCA needs, whether it's more
8 reviewers or just a little bit of help to
9 make sure that our partners in government are
10 coordinating this, we certainly are willing
11 to do that.

12 But I do think that, you know, this
13 time frame for getting money out the door,
14 even if it was communicated for January 2023,
15 is still alarming, because people are, as you
16 know better than me, a lot of these
17 organizations are so dependent on funding,
18 especially these smaller type organizations.

19 One of the goals that we had when we
20 added this funding -- and that I spoke to
21 Chair Serrano about -- was making sure that
22 different types of organizations would be
23 give the opportunity to get this funding.
24 And I want to speak very clearly for at least

1 my neck of the woods, in the Rochester area:
2 Arts organizations, many artists of color,
3 are clearly just missing the opportunities.
4 Maybe they don't know about it or they're not
5 eligible to apply for some reason because of
6 their size and scope, they don't have a paid
7 lobbyist looking for these opportunities.

8 And so we want to make sure that these
9 types of organizations -- not necessarily the
10 large institutions or even the midsize
11 institutions -- are getting an opportunity to
12 access these dollars. Because we know the
13 value that the arts have, not only on
14 economic development, certainly, but also in
15 just the quality of life across New York.

16 I'll also add that I think this
17 opportunity, if we're able to restore it in
18 the budget for next year, maybe we can work
19 with your office to kind of put some
20 guardrails, if you will, in kind of how this
21 money could be steered or what some
22 preferences might be as you go through your
23 review process, so that we're getting this
24 money directly into the hands of these

1 organizations that may not know about it or
2 may have not received funding in the past
3 from NYSCA.

4 I know that you already have a
5 regional approach, and I applaud that. But I
6 do think that we can improve that process.

7 And I'll also say, as we're talking
8 about the arts -- and we're going to hear
9 from some speakers later today -- let me say
10 in front of all my colleagues how supportive
11 I am of our upstate theaters, especially our
12 historic theaters, which are the lifeblood
13 for many of downtown communities. Again,
14 putting my arts hat on and my upstate cities
15 hat on, I see that a lot of these theaters
16 were able to survive the pandemic, but
17 barely. And finding ways to make not just
18 capital but also operational investments in
19 these theaters is going to be critical, not
20 only to the health of the arts, but also our
21 urban centers outside of New York City. So
22 just wanted to emphasize that while I had
23 your attention.

24 NYSCA EXEC. DIR. MANUS: Yeah, no,

1 thank you so much. And look forward to
2 working with your office to bring our funding
3 to the attention of -- the opportunity for it
4 to many more organizations.

5 I just want to let you know that this
6 year we made 507 grants to organizations with
7 budgets under \$250,000. So -- and 82 percent
8 of our grants are to organizations with, as I
9 said, \$3 million. But we really -- I mean,
10 the majority of our funding is really still
11 directed at very small and medium-sized
12 organizations across our state. And as you
13 said, we do prioritize regional distribution.

14 SENATOR COONEY: Yes, and I think
15 that's great. And I know that with the
16 additional money put into arts capital, a lot
17 of that was going to that larger-sized
18 institutional dollars -- and that's where the
19 need is, obviously, with capital. But I
20 think there's ways that we can improve still
21 those small individual artists who may not
22 have an organization but could work
23 collaboratively with an organization. I'm
24 talking about teaching artists or working

1 with local community foundations -- ways that
2 we can empower those individual artists to
3 stay and thrive in New York State.

4 Be happy to follow up with you
5 offline, and I'll be mindful of my time and
6 leave it back to the chair. Thank you.

7 NYS CA EXEC. DIR. MANUS: Look forward
8 to that. Thank you so much.

9 SENATOR COONEY: Thank you.

10 CHAIRWOMAN KRUEGER: Thank you very
11 much.

12 Assembly.

13 CHAIRWOMAN WEINSTEIN: We go to
14 Assemblyman O'Donnell, chair of our
15 Tourism Committee, for 10 minutes.

16 ASSEMBLYMAN O'DONNELL: Good morning,
17 and I apologize for being late. All the
18 lights in my car started to flash like a
19 Christmas tree. I'm not sure what that's
20 about, but I got here.

21 When we began session this year we had
22 a minister, a woman minister, lead a prayer,
23 and one of the things that she said to us was
24 that budgets are moral documents. So

1 Ms. Knight, I'd like to ask you first whether
2 or not this budget that you're presenting
3 today reflects your morals. Because I want
4 to be very clear, it does not reflect mine.

5 COMMISSIONER KNIGHT: Yes,
6 Assemblymember, it does.

7 ASSEMBLYMAN O'DONNELL: Okay. So in
8 the end of your testimony -- I didn't hear
9 it, I just read it, I read quickly -- you
10 talk about tax credits. And the interesting
11 thing about tax credits is they're only
12 useful for people who pay taxes. Right?

13 So the arts budget is criminal, it's
14 criminal, the amount of money. It's the
15 lowest art proposal since the 1960s. Really?

16 And it defies credibility that you
17 could count on an entity that is such an
18 economic engine in the State of New York to
19 continue to try to recover unless you provide
20 them with the resources to do that. Giving a
21 tax-exempt organization the impossibility of
22 applying for a tax credit gets them nothing.
23 What do you have to say about that?

24 COMMISSIONER KNIGHT: Assemblymember,

1 we clearly understand at ESD the role that
2 the arts play in economic development. We
3 focus on providing support to entities that
4 are supporting tourism through Broadway and
5 other performing entertainment industries.

6 We do not focus on supporting arts
7 organizations at ESD. NYSCA is the entity
8 that supports those groups.

9 ASSEMBLYMAN O'DONNELL: Yes, I'm very
10 aware of that.

11 Ms. Manus, can I ask you a question?
12 Is it even possible for you to do your job
13 with this level of funding?

14 NYSCA EXEC. DIR. MANUS: I would say
15 that NYSCA does its best, the best that we
16 can with the funding that we're given on a
17 yearly basis. It is true that the COVID -- I
18 mean, we have a survey that just closed on
19 Monday with some very timely data about the
20 impact of COVID on our arts sector. And
21 there is -- you know, it's clear that
22 basically the headlines are that we have
23 decreased audiences, decreased revenue, and
24 dramatically increased operating costs. And

1 for a sector that returns so much to the
2 state in terms of economic development,
3 obviously more investment would be -- would
4 have further return.

5 ASSEMBLYMAN O'DONNELL: So the record
6 is clear, I have family members who produce
7 for-profit theater on Broadway, so I'm
8 familiar with that entity entirely. But
9 that's not the sort of work that you promote,
10 correct?

11 NYSCA EXEC. DIR. MANUS: So any
12 investment -- you know, I think we have to
13 think about this -- or what we know about
14 theater is basically it's one ecosystem,
15 right? So there's a lot of fluidity in terms
16 of the workers and the work between the
17 nonprofit theater community as well as
18 Broadway. So investment in Broadway is still
19 investment in supporting the creative workers
20 and the artists in our field. However and
21 still we need to recognize the fact that the
22 origination of work, some of the hit shows
23 that have gone on Broadway, like Hadestown,
24 Dear Evan Hansen, Hamilton, all originated in

1 nonprofit theaters. And also that most of
2 the artists and even creative workers on
3 Broadway have started their careers and work
4 interchangeably between the off-Broadway
5 theaters and Broadway.

6 ASSEMBLYMAN O'DONNELL: If New York is
7 to remain the capital of arts in America, how
8 can we do that without supporting the
9 non-for-profit companies that are creating
10 that art? Kimberly Akimbo, A Strange Loop,
11 Hamilton, all of those things did not start
12 in the for-profit Broadway theater. They
13 started with creative people who came to
14 New York to have a chance to do that, and
15 obviously it's an expensive city to live in.
16 But they come with the dream that maybe one
17 day they're going to write the next Hamilton.

18 So without that funding to provide the
19 support for the creation of those pieces of
20 art, won't that in the long run hurt and
21 destroy Broadway?

22 NYSICA EXEC. DIR. MANUS: I think it
23 will definitely have impact, for all the
24 reasons that you're stating.

1 I think that we also have to recognize
2 the fact that COVID has -- when we talk about
3 recovery of audiences, our conversations with
4 the theater, any of the organizations in the
5 performing arts, is that audiences may not be
6 coming back in the way that they were in
7 2019, because of the way that we now work and
8 live. And so the -- so we are now thinking
9 that -- we're now having to support and think
10 about supporting really a pivot to a
11 completely different paradigm, or a different
12 paradigm for many performing arts
13 organizations and museums as well. How can
14 they monetize a hybrid structure which was
15 started under COVID, and now may not be as
16 formally in place, but is certainly now a
17 part of the new norm for the arts?

18 ASSEMBLYMAN O'DONNELL: And so how do
19 you suggest we plan financially for a new
20 norm in supporting of the arts?

21 NYS CA EXEC. DIR. MANUS: Well, any
22 dollar invested in the arts is returned to
23 New York State in so many ways. And we are I
24 think recognizing the fact that we are still

1 in recovery mode, as I have pages and pages
2 of our COVID impact study that I'm happy to
3 share.

4 And, you know, it -- the numbers are
5 there in black and white and I think we have
6 to be cognizant of the fact that continued
7 investment would result in a more robust
8 industry for all of us.

9 ASSEMBLYMAN O'DONNELL: One of the
10 frustrations of mine in this job is everybody
11 who comes to see me wants something, and they
12 all feel like they don't get enough. It
13 doesn't make a difference where they are or
14 who they are, but they feel that their group
15 that they represent is not given enough
16 support to do what they do. And that is
17 partially -- has a regional breakdown. Last
18 year at the end of this budget session
19 Westchester came to me and said, We don't get
20 enough. Now, I represent Manhattan, but
21 never heard "We don't have enough in
22 Westchester" before, the sentence. Right?
23 And yet they honestly feel that way. Right?

24 So how do we as a body make sure that

1 the resources we put in are balanced in their
2 distribution? Ms. Fahy, sitting to my left,
3 would regularly complain about the fact that
4 not enough money went to the Capital Region.
5 She doesn't complain so much to me anymore;
6 she has other things to do. But she still
7 thinks that, right? And it's a part of human
8 nature.

9 So how can we make sure that the money
10 we give to grow the arts is distributed
11 fairly?

12 NYSCA EXEC. DIR. MANUS: Right. Thank
13 you so much. And that continues to be
14 obviously one of our goals in our overhaul of
15 our application process and the outcomes of
16 it.

17 We -- we should know that we
18 basically -- it's -- our funding breaks down
19 to about 60/40 because of the concentration
20 of arts organizations in New York City. So
21 it's reflective of and on a proportional
22 basis, in terms of our -- the success of our
23 grantees, those that apply to us, they are as
24 successful if not more successful outside of

1 New York than they are in New York. So I
2 think getting the word out about our funding,
3 our new application process, that we're here
4 for everyone, is critical. And we look to
5 all of your offices to help us in that.

6 ASSEMBLYMAN O'DONNELL: And most
7 importantly, giving you the adequate funding
8 to do your job would be helpful too, I
9 suppose.

10 NYSICA EXEC. DIR. MANUS: Thank you.

11 ASSEMBLYMAN O'DONNELL: You do? Okay.

12 One last thing. I've always supported
13 tax credits, but under no circumstances will
14 I support tax credits unless this arts budget
15 is restored.

16 Please send that to the Second Floor.
17 Thank you very much.

18 CHAIRWOMAN WEINSTEIN: Senate?

19 CHAIRWOMAN KRUEGER: Thank you.

20 Senator Serrano.

21 SENATOR SERRANO: Thank you, Chairs
22 Krueger and Weinstein, to all my colleagues.
23 NYSICA Executive Director Mara Manus, always
24 great to see you. Thank you very much for

1 being here.

2 I know I'm preaching to the choir when
3 I talk about how important the arts are to
4 the entire State of New York, how important
5 they are to our society -- certainly not
6 merely a luxury or an aesthetic, but indeed a
7 very important part of the fabric and
8 foundation of our society.

9 And indeed the trauma that all of us
10 have dealt with through this pandemic, the
11 arts are that good medicine that will help us
12 continue to heal, in so many important and
13 positive ways, as a state.

14 Also the arts historically have been
15 such an important vehicle for social justice
16 and discussion, in ways that I believe no
17 other medium can get close to. Having
18 important discussions, allowing all of us to
19 move forward on things that we really need to
20 deal with. And sometimes uncomfortable
21 conversations are done in a way with the
22 arts, and in theater or any other type of
23 cultural venue, in ways that are not
24 polarizing, in ways that bring us all

1 together.

2 Also it's obvious that the arts are a
3 tremendous economic engine for the State of
4 New York, and not just for New York City. I
5 mean, for many years some thought of the arts
6 in New York State as a very New York
7 City-centric idea. But indeed it is a major
8 economic generator for the entire state.
9 Upstate economies, Western New York, all rely
10 very heavily on a strong and robust arts
11 community and the ability for artists to
12 continue to do the work that they love.

13 And I would argue that in the worst of
14 economic times it's really the best time to
15 truly support the arts, because of the fact
16 that they are best able to turn around and be
17 that economic generator that we need.

18 And during the pandemic we heard from
19 more arts organizations than ever before.
20 The pandemic weighed heavily on their ability
21 to keep their doors open, to maintain their
22 staff and to keep them safe. In response,
23 the Legislature and the Governor wisely made
24 over \$85 million available, additional

1 dollars available, in each of the last two
2 budgets. Obviously this was federal pandemic
3 relief, but it was so wonderful to see it go
4 to an area that had such tremendous need.

5 Unfortunately, in the proposed budget,
6 now we see that the funding has returned to
7 the pre-pandemic levels: I believe
8 41 million. And I would argue that 20 years
9 ago it should have been higher. And it
10 should have been increasing ever since.

11 And that leads me to a couple of
12 questions. And you mentioned in your
13 testimony, Executive Director Manus, about an
14 overhaul of the application process for NYSCA
15 to create greater access to dollars and
16 prioritizing and sort of expanding, I guess,
17 the reach of these grants. I think that's
18 such a wonderful -- a wonderful thing,
19 because the more organizations that
20 historically have not been part of this, to
21 become part of it, I think it just expands
22 the good things in different regions
23 throughout the State of New York.

24 But with this reduction, this proposed

1 reduction in funding, how will NYSCA be able
2 to move forward with their grants? Because
3 I'm assuming in the last two years there was
4 an increase in the number of applications.
5 And again, how will we able to sort of
6 reconcile the increased interest and desire
7 to access these funds with the lower amount?

8 NYSCA EXEC. DIR. MANUS: Thank you so
9 much for your questions.

10 I think the bottom line is we'll try
11 to do our best with what we have. I'm sure
12 that you're aware that we also offer
13 multiyear grants for organizations, and we
14 have a number of organizations -- I can get
15 you that exact number -- on multiyear grants.
16 So one of two, one of three years, and those
17 commitments have been made. Of course
18 they're adjusted, they're subject to
19 adjustment by the budget, the appropriation
20 that we receive. But they -- if we do get
21 lower budgets, that will have an impact on
22 those as well as, as you've mentioned, our
23 goals in trying to expand the field, expand
24 our funding and create greater access to

1 those who are seeking it.

2 We do our best every year with what we
3 have. And I commend our incredible staff for
4 figuring out the puzzle on an annual basis.
5 But we -- I mean, as you said, we're so
6 grateful for the last couple of years of
7 funding, recognizing the huge impact on the
8 sector that delivers so much to our state.
9 And, you know, look forward to being able to
10 provide support to them as they come through
11 and even have to reconfigure in response to
12 this COVID -- to the COVID crisis.

13 SENATOR SERRANO: And a quick
14 follow-up. And I know that you touched upon
15 this in your discussion with Senator Cooney.
16 But how does NYSCA ensure that grantees will
17 receive their money in a timely manner?

18 NYSCA EXEC. DIR. MANUS: So again, I
19 think there may have been a mis -- or a -- we
20 can probably improve our communications to
21 the field that when we send them a grant
22 award letter, that we also make sure they
23 understand when that -- the contract actually
24 starts. While it does say 2023, people may

1 expect that on January 1st it's in their bank
2 account, which is something that we cannot
3 actually do within the state processes. We
4 have to actually start processing on our end
5 come January 1st.

6 But as I mentioned, 78 percent of our
7 grants under \$10,000 -- which, by the way, is
8 the majority of our grants that we make --
9 funding that we -- yeah, the majority of the
10 number of grants we make has gone out as of
11 today.

12 SENATOR SERRANO: And I know Senator
13 Cooney mentioned about regional arts
14 councils, and I just want to talk a little
15 bit more about that. We've heard some
16 concerns about this funding stream, including
17 payment delays, limitations on award size --
18 which are often smaller, \$5,000 or \$10,000
19 allotments. Could you please lay out a bit
20 of the grant-making process for allocating
21 this 10 million to regional arts councils,
22 describe the types of activities funded and
23 the role that the regional councils have in
24 selecting the grantees, and if there are any

1 parameters placed on this funding by NYSCA?

2 NYSCA EXEC. DIR. MANUS: Sure.

3 So our regional -- it's called SCRs,
4 statewide community regrant programs,
5 administered by 26 across the state. They
6 are our partners in many ways, and we are
7 pleased to be able to continue working with
8 them.

9 I want to just make this distinction,
10 which is there's a fundamental difference in
11 the award that they give out versus what we
12 give out. So they provide project support.
13 And the majority of that project support,
14 those regrantees, goes to artist fees.

15 They do not provide organizational
16 support. That is provided by us. And to
17 organizations of all sizes, including those
18 who have \$50,000 budgets. So if you are a
19 small organization across the state, you're
20 applying to us for organizational support.
21 Which is one of many reasons that there's a
22 cap on the project support. By the way, the
23 average size grant administered by the SCRs
24 is about \$1700, even though their cap is

1 about \$5,000.

2 And again, these projects are created
3 and developed for -- created by artists, for
4 the most part, and therefore that constitutes
5 the majority of those fees.

6 SENATOR SERRANO: Okay. Thank you.

7 I do have a follow-up question, but I
8 think I'll wait for the second round because
9 I'm running short on time, Madam Chair.

10 CHAIRWOMAN KRUEGER: You only have
11 three minutes on the second round, so think
12 carefully.

13 SENATOR SERRANO: Okay. Thank you.

14 CHAIRWOMAN KRUEGER: Thank you.

15 CHAIRWOMAN WEINSTEIN: Thank you.

16 We go to Assemblyman Friend, our
17 ranker, for five minutes.

18 Just a reminder to the colleagues who
19 aren't sitting by a microphone, that the end
20 seats on both sides of the lower dais are for
21 people who don't have a seat. So that would
22 be the microphone to use.

23 CHAIRWOMAN KRUEGER: Right. So you'll
24 have to give up your seat if someone else

1 needs it when they're asking questions. Just
2 letting you know.

3 ASSEMBLYMAN FRIEND: I'd like to thank
4 Chairs Weinstein and Krueger for allowing me
5 to participate on this panel.

6 My comments and questions will be
7 directed to ESD. I appreciate -- my first
8 comments can go back to the unemployment
9 insurance, like the previous Senator
10 mentioned. I appreciate that you applied for
11 a waiver, but as we all recently saw, the
12 Comptroller found significant fraud that
13 occurred during those unemployment insurance
14 payments.

15 On top of that, many of these small
16 businesses didn't have the opportunity to
17 stay open like our big box stores or the
18 liquor stores. And for those reasons, I
19 would think that it would have been nice,
20 like the 31 other states, that we would have
21 used some of that COVID funding to pay down
22 that \$8 billion that we currently owe.

23 At the very least, if you can make a
24 recommendation or the Legislature, in our

1 budget process, makes the recommendation to
2 at least allow those businesses that were
3 forced to close, given no opportunity to stay
4 open, given no guidance to stay open like
5 Walmart or the liquor stores, if we at least
6 paid off their unemployment insurance because
7 they could not stay open, they could not make
8 any money, they still kept their employees in
9 most cases, trying to go with the PPP and
10 other programs that were out there.

11 So that would be my recommendation.
12 If you could pass that along, I'd really
13 appreciate that.

14 I'd like to then move on to the
15 Buffalo Billion. I realize that that was
16 before your time here, and with a previous
17 administration, but it's still something that
18 we're dealing with. And I'm not sure if you
19 might have some updated numbers on employment
20 at the Tesla, the Gigafactory.

21 COMMISSIONER KNIGHT: Yes, I do. I
22 have visited the Gigafactory at RiverBend,
23 and we have received a report as of the end
24 of last year: Tesla has lived up to its

1 commitments at that facility with over 1700
2 people employed through the end of the year,
3 and we also have indication that they have
4 hired another 200 people since that time.

5 ASSEMBLYMAN FRIEND: That's really
6 encouraging to hear. And do you have any
7 idea if the -- all the equipment that
8 New York State paid for, is that still being
9 used? Or is that sitting mothballed?

10 COMMISSIONER KNIGHT: So a large
11 amount of that equipment is not being used.
12 And I know that we were in the process of
13 disposing of it.

14 Kevin, do you have an update?

15 ESD COO YOUNIS: Sure.

16 Thanks, Assemblyman. Yes, some of
17 that equipment was ultimately resold because
18 the original tenant, what they were doing was
19 very different, ultimately, than what Tesla
20 was doing. And so the equipment was sold on
21 the market.

22 ASSEMBLYMAN FRIEND: It was sold?

23 ESD COO YOUNIS: Yes. Some of it.

24 Some of it. Not all of it.

1 ASSEMBLYMAN FRIEND: Okay. And --

2 SENATOR RYAN: I couldn't hear that.

3 Would you mind again?

4 ESD COO YOUNIS: Some of that
5 equipment was sold that ultimately wasn't
6 used.

7 ASSEMBLYMAN FRIEND: Okay. So again,
8 my recommendation, with Micron moving into
9 the area, that equipment would be very
10 valuable for other businesses to be able to
11 start up. And again, that would have been a
12 great transfer or even for businesses that
13 collocate there, in conjunction with
14 supporting Micron moving into the state.

15 So I appreciate your answers on that.
16 And I would like to move to Micron next.

17 Congratulations on bringing that huge
18 industry to our state. But there definitely
19 are serious issues that we have to talk
20 about. And again, the energy was one of
21 them, the fact that we're -- the CLCPA is
22 going to require 100 percent renewable. I'm
23 really questioning how that's going to
24 happen. I mean, there is nuclear up in

1 Oswego, and if we add that to the mix, I
2 think that you could support that Micron
3 industry as well as all the other industries
4 that are going to need that intense amount of
5 energy.

6 But my other question with energy, on
7 the flip side, is the water that they're
8 going to use. When we were considering
9 fracking in New York State, which was very
10 big in the Southern Tier and is no longer
11 allowed, water was one of those major
12 concerns. And we do currently have a permit
13 in Tioga County to allow for a waterless
14 fracking. But you can't do waterless
15 semiconductor chip manufacturing.

16 And in this instance, is there any
17 processor or what are we looking to do to
18 provide -- make sure that the residents and
19 the other businesses in the Syracuse region
20 are going to have clean, fresh water?

21 ESD COO YOUNIS: So, you know, one of
22 the reasons that that site was selected was
23 the abundance of water coming out of Oneida
24 Lake and Lake Ontario. And so there is

1 sufficient water. But the conservation,
2 reuse is absolutely a big part of what their
3 commitments on sustainability will be about.

4 ASSEMBLYMAN FRIEND: Okay. All right.

5 I do have other questions as to
6 whether the Comptroller reviewed that report
7 or whether or not there were any hearings
8 before this was announced, because that's
9 similar to what happened with the Buffalo
10 Billion and what we saw happen with the
11 Gigafactory and how long that sat vacant.
12 But my time is up, and I'll have to write and
13 get those questions from you later.

14 Thank you.

15 CHAIRWOMAN WEINSTEIN: Thank you.

16 We go to Senator Borrello for three
17 minutes.

18 SENATOR BORRELLO: Thank you. Just a
19 quick comment on the arts. You know, if the
20 Spider-Man musical didn't kill Broadway, I
21 don't think anything can. So I think
22 Broadway will be just fine.

23 (Laughter.)

24 SENATOR BORRELLO: But that being

1 natural gas. What is ESD's plan to address
2 the fact that we are not going to -- not only
3 are we not going to be able to attract new
4 businesses, but we are going to chase out
5 some of the largest employers in New York
6 State with this conversion to electric.

7 COMMISSIONER KNIGHT: So thank you for
8 your question, Senator.

9 I was a member of the CLCPA, and I
10 feel like I was able to bring a
11 business/industries perspective to the group.
12 DEC and NYSERDA are proposing a cap and
13 invest program, and we're looking at
14 providing allowances to businesses that are
15 energy-intensive-trade exposed, as the ones
16 that you have just mentioned, to be able to
17 create a timeline so that this is a gradual
18 introduction of renewable energy to these
19 businesses that you cite.

20 SENATOR BORRELLO: But here's the
21 problem. You know, this whole cap and invest
22 is really just a Hunger Games, right, because
23 it's going to continue to decrease. That
24 means the biggest corporations are going to

1 be able to buy those credits, and the smaller
2 businesses, the smaller manufacturers, are
3 just going to be forced out. And in the end,
4 we're not going to really have any impact on
5 climate change because those businesses are
6 just going to relocate -- in most cases,
7 probably right across the border in
8 Pennsylvania, in my district, where I border
9 Pennsylvania for more than 100 miles.

10 So what's the long-term plan, if the
11 technology doesn't exist, to ensure
12 especially our small businesses and our small
13 manufacturers can survive with this, you
14 know, ridiculous idea?

15 COMMISSIONER KNIGHT: I think ESD will
16 have a voice in the crafting of the program
17 with respect to creating allowances, so that
18 small businesses do have the opportunity,
19 when the supply is available, for renewable
20 energy for their businesses.

21 SENATOR BORRELLO: Well, I have a lot
22 of concerns, because according to the
23 businesses -- I know we've mostly taken this
24 from environmentalists, but according to the

1 businesses, the technology just doesn't exist
2 and isn't going to.

3 So that's going to be a huge challenge
4 for you and for all of New York State. So
5 thank you.

6 CHAIRWOMAN WEINSTEIN: Thank you.

7 We go to Assemblyman McGowan, ranker,
8 five minutes.

9 ASSEMBLYMAN MCGOWAN: Good morning.

10 So I guess my questions are for
11 Commissioner Knight and Commissioner Moy.
12 I'm really going to share with you generally
13 my concern, and if I could hear your
14 responses.

15 You know, small business in New York
16 State -- I think wherever you live, whether
17 it's the city, a rural area or a suburban
18 area like Rockland County, where I represent,
19 small businesses are so vital to the services
20 they provide to residents, the economic
21 impact to the local community. So we can't
22 overstate that.

23 But as my colleagues have shared
24 concern of the issue of outmigration of

1 individuals leaving the state, but it's also
2 of businesses either shutting down or
3 closing. And we're coming -- we're coming
4 out of the pandemic, we're coming to a place
5 where we want businesses to thrive -- you
6 know, large business but especially small
7 business to thrive.

8 So I want to know from ESD and OGS
9 what's being done -- how does this budget
10 affect kind of the outreach to these small
11 businesses, retention efforts, to help
12 struggling businesses, to allow them
13 opportunities for grants or incentives or
14 different programs that could aid them? Are
15 things being done or contemplated through
16 this budget -- outreach to local business
17 associations, chambers of commerce, things
18 like that. And that's really kind of my
19 focus, and I'd love to hear your response and
20 specifically how this budget affects that.

21 COMMISSIONER KNIGHT: So I'll start.

22 We have a number of programs available
23 at ESD for small businesses, almost a dozen
24 capital access programs. And I have flyers

1 you can bring to your constituents to see
2 what are the programs that we provide.

3 We also have -- are working with the
4 Department of Labor on a Business Express
5 platform that will update the existing
6 website to create more information for
7 technical assistance and support for
8 businesses, and staff a 24/7 hotline so that
9 owners that don't want to go to a website can
10 actually pick up the phone and call someone
11 and get assistance.

12 ASSEMBLYMAN MCGOWAN: So those
13 programs, is there active outreach, though?
14 I mean, is there outreach to -- like I
15 mentioned, like a local chamber of commerce
16 or a business association, to again, either
17 electronically or in person, to let them know
18 that, hey, if you know about a struggling
19 business -- you know, again, that might be
20 something that's not directly accessible to
21 your agency or to the state but would
22 probably be known by the local business
23 community. Is there active outreach to those
24 folks?

1 COMMISSIONER KNIGHT: There is active
2 outreach to chambers of commerce, other
3 business associations. We also have active
4 outreach to the Legislature and your offices,
5 and we provide, you know, social media,
6 internet tiles so that you can get the word
7 out to your constituents that own businesses.

8 ASSEMBLYMAN MCGOWAN: And does this
9 budget support that? Is there a decrease, is
10 there an increase? I mean, is it the same?
11 Are we able to do that with this budget, is I
12 guess my question.

13 COMMISSIONER KNIGHT: We're able to do
14 that with this budget. That is part of the
15 work that we do on a normal course of
16 business, and so we are able to support it
17 with this budget.

18 ASSEMBLYMAN MCGOWAN: Okay. Thank
19 you, Commissioner.

20 Commissioner Moy?

21 OGS COMMISSIONER MOY: Absolutely.

22 (Discussion off the record.)

23 ASSEMBLYMAN MCGOWAN: Yes, thank you.

24 OGS COMMISSIONER MOY: Wonderful. So

1 two things to note. One is part of OGS is
2 our Service Disabled Veteran Owned Business
3 program, so we do certifications for
4 service-disabled veterans. And this is one
5 of the items I was speaking with Senator
6 Cooney about. We do a significant amount of
7 outreach, reminding individuals that you can
8 be a part of this program.

9 We also oversee the centralized
10 contracts on behalf of the state. They're a
11 \$30 billion worth of spend that happens
12 through our contracting process.

13 And it's important for businesses to
14 be able to know how to do business with the
15 state. It's one of the reasons why we're
16 thrilled that the Executive Budget includes
17 an e-procurement methodology. We're looking
18 to upgrade our systems so it's easy for
19 individuals to be able to identify
20 opportunities that happen with the state,
21 know when contracts expire, know when they
22 have the opportunity to respond to an RFP and
23 become a vendor.

24 So certainly outreach is an important

1 part of that work so that when those
2 businesses have an opportunity to be
3 competitive, that they know how to quickly
4 get on board to find the opportunity and be
5 competitive. And that's one of the great
6 things about this Executive Budget, is we
7 take on what is a difficult and antiquated
8 process and we'll be modernizing it through
9 this year's Executive Budget.

10 ASSEMBLYMAN MCGOWAN: And you
11 mentioned that in your operating statement,
12 talking about, you know, digital media
13 services connecting state agencies and
14 advancing such as the infrastructure; your
15 procurement efforts and everything.

16 So is that something that through this
17 budget is going to be accomplished in this --
18 over the next year? Is it going -- what's
19 the rollout for that implementation and, I
20 guess, revitalizing or upgrading your
21 systems?

22 OGS COMMISSIONER MOY: Oh, that's a
23 great question.

24 So our Digital Media Services Center

1 is a shared service where we provide support
2 for other agencies who are building their own
3 digital campaigns, who are looking at their
4 online properties. Our goal is to take on
5 these projects and support agencies to better
6 connect. So happy to speak with you further
7 about that offline.

8 ASSEMBLYMAN MCGOWAN: Thank you so
9 much.

10 OGS COMMISSIONER MOY: Thank you very
11 much, Assemblymember.

12 CHAIRWOMAN KRUEGER: Thank you.

13 CHAIRWOMAN WEINSTEIN: Senate?

14 CHAIRWOMAN KRUEGER: Senator John Liu.

15 SENATOR LIU: Thank you very much,
16 Madam Chair.

17 I want to thank the entire panel for
18 joining us this morning. And I want to -- I
19 just wanted to ask Commissioner Knight a
20 couple of questions.

21 Remember a year ago when I
22 congratulated you, I gave you my condolences.
23 Are you feeling it now?

24 COMMISSIONER KNIGHT: No.

1 which it could. But at least it's there.

2 Now, I'm looking for Tesla. It's not
3 even in the database anywhere. Is that -- am
4 I searching for the wrong word?

5 COMMISSIONER KNIGHT: It is in the
6 database.

7 SENATOR LIU: I clicked download; I
8 downloaded the whole thing --

9 ESD COO YOUNIS: If it's not -- so in
10 that case, the funding went to the
11 not-for-profit Fuller Road, and they built
12 the facility. So Tesla --

13 SENATOR LIU: What's the name of the
14 nonprofit? Does anybody know that there's a
15 nonprofit involved?

16 ESD COO YOUNIS: Yeah. Yeah.

17 SENATOR LIU: Really?

18 ESD COO YOUNIS: Yeah.

19 SENATOR LIU: Most people think of it
20 as a Tesla deal.

21 ESD COO YOUNIS: Yeah, Tesla did not
22 receive any support directly. In fact, Tesla
23 wasn't the original tenant. It was a
24 separate tenant.

1 SENATOR LIU: I also searched Micron.
2 Micron's not in there either.

3 ESD COO YOUNIS: That hasn't even
4 started yet.

5 SENATOR LIU: I mean, I just -- I
6 don't know, I guess I'm just super-naive
7 here. When we hear -- when we see huge
8 stories about Micron, about Tesla, about
9 other companies, I would think that a
10 database of deals would at least include a
11 reference. If they didn't actually get the
12 money per se, maybe somehow they're connected
13 to that particular deal that's in the
14 so-called database of deals. Or is that too
15 much to ask?

16 COMMISSIONER KNIGHT: Well, the Micron
17 project will be in the database of deals.

18 SENATOR LIU: Oh, so it's not -- it's
19 not started yet, that's why it's not in --

20 COMMISSIONER KNIGHT: It's not, that's
21 right. It hasn't started yet.

22 SENATOR LIU: So the database of deals
23 only deals with projects that have already
24 commenced.

1 COMMISSIONER KNIGHT: Yes.

2 SENATOR LIU: Okay. Is it too much to
3 ask to have some kind of reference to Tesla?

4 COMMISSIONER KNIGHT: We can provide
5 you information with --

6 SENATOR LIU: Well, not me. I mean, I
7 think everybody -- lots of other people want
8 to know too. Maybe include that in the
9 database. And more so, include the names of
10 companies involved in these economic
11 development deals.

12 CHAIRWOMAN KRUEGER: Thank you,
13 Senator. We're going to cut that off.
14 Sorry.

15 SENATOR LIU: Thank you. Thanks for
16 not using the gavel on me.

17 (Laughter.)

18 CHAIRWOMAN WEINSTEIN: We go to
19 Assemblyman Simone for three minutes.

20 ASSEMBLYMAN SIMONE: Thank you.

21 Thank you all for testifying. Thank
22 you, President Knight. This question is for
23 you.

24 I'd like to ask you about the Penn

1 Station project. All levels of government
2 agree it's essential that we have a fabulous
3 new Penn Station that we can be proud of.
4 Unfortunately, we do not have a plan that has
5 any unified support right now. Local elected
6 officials oppose the plan, and Senator
7 Schumer has called on the state to
8 compromise. With Vornado having declared it
9 cannot provide funding for years, maybe a
10 decade, the GPP appears dead.

11 Isn't it time to consider a new
12 approach, put together another state finance
13 plan, in coordination with the federal
14 government, to expedite the Penn project with
15 no dependence on a private developer who is
16 in a fiscal crisis?

17 Second, why is the project to rebuild
18 the busiest transit hub in the Western
19 Hemisphere not being led by a transit agency?

20 And last, ESD has ignored the presence
21 of Madison Square Garden, which sits on top
22 of Penn Station. Why has the state not
23 pushed to end MSG's tax abatement of nearly
24 50 million a year to help fund the

1 reconstruction, which would massively,
2 massively benefit MSG if it remains in the
3 current location?

4 COMMISSIONER KNIGHT: So thank you for
5 your questions, Assemblymember.

6 I'll start with the Penn plan as it
7 stands right now. We are in partnership with
8 the MTA, Amtrak, New York Transit, and we
9 continue to talk to the majority property
10 owner to execute a project pursuant to the
11 GPP. We believe that the value capture
12 scheme is the best way to fund transit
13 improvements. We are working with Amtrak,
14 who is currently undertaking a federal review
15 process, and that process will be over in
16 2026. And we'll be able to begin working
17 through whether or not there's a southern
18 expansion and work with the developer to get
19 the first several projects up.

20 ASSEMBLYMAN SIMONE: Thank you.

21 CHAIRWOMAN WEINSTEIN: Thank you.

22 To the Senate.

23 CHAIRWOMAN KRUEGER: Thank you.

24 Senator Walczyk.

1 SENATOR WALCZYK: May I have five?

2 Awesome.

3 CHAIRWOMAN KRUEGER: Oh, you are a
4 ranker. Yes, you are. Yes, you may.

5 SENATOR WALCZYK: Thanks, Madam Chair.
6 Appreciate it.

7 Ms. Manus, why is Hollywood 280 times
8 more important to the Governor than our local
9 and regional tourism systems?

10 NYS CA EXEC. DIR. MANUS: I think I'll
11 direct that to my colleague Commissioner
12 Knight, since she's --

13 COMMISSIONER KNIGHT: Film falls under
14 the ESD, yes. So thank you for your
15 question.

16 The film and television industry is
17 very important to the state's economy. You
18 know, for every dollar of incentive that we
19 provide, we get \$9 of economic benefits. And
20 so we're looking to increase the support for
21 the cap on the film and television industry
22 credit so that we can begin to expand the
23 industry, fight off a little bit of the
24 competition that we have from neighboring

1 states who have been taking some of our
2 productions away over the last two years.

3 SENATOR WALCZYK: So Hollywood can get
4 reimbursed or get a post-production film
5 credit for up to 25 percent, and the Governor
6 is increasing the fund from \$420 million last
7 year to \$700 million this year, a
8 \$280 million increase.

9 I appreciate that you brought the
10 nine-to-one ratio here. I don't believe in
11 that return on investment. I haven't seen
12 it, and most of New York doesn't see that.
13 They see the films that are produced, and
14 they may be able to watch them on Netflix,
15 but that doesn't mean they see any benefit in
16 their local communities.

17 And here's the point that I want to
18 leave you with. At the same time that you're
19 adding \$280 million for Hollywood, you've
20 continually reduced, over time, and the
21 Governor is continuing this trend, what is a
22 very small match for local tourism dollars.
23 So we do know this ratio, because counties
24 across New York State leverage what is a very

1 small amount of the total pot in New York
2 State. And she's reduced, in her budget -- a
3 few years ago there was \$5 million for the
4 tourism matching grants program. It was
5 reduced last year to 3.45 million. And this
6 year she's proposing to reduce it again to
7 2.45 million.

8 I would just communicate to you that
9 our local tourism dollars do bring a lot by
10 way of sales tax, bed tax. All of the
11 industries, whether it's summer, winter,
12 shoulder -- our communities, many of them
13 across New York State, survive on these
14 tourism industries. And it's a very small
15 amount in comparison to what we're investing
16 in things like Hollywood.

17 So please send that back to the
18 Governor, and I hope to see it negotiated at
19 the table. And I know my colleagues on both
20 sides of the aisle are hearing me, so I hope
21 they take that back.

22 My next question is -- you know, in
23 hearing housing issues, many folks have said
24 that nobody should spend more than 30 percent

1 of their income on housing. Which I can
2 appreciate that we've brought that to the
3 table. How much should New York State spend
4 in GDP on their government? What percentage
5 of New York State's GDP should go to overall
6 government spending?

7 COMMISSIONER KNIGHT: I have not
8 looked at that, but I can come back to you
9 after taking a look at that.

10 SENATOR WALCZYK: I would think
11 someone with the title of commissioner of
12 Empire State Development and the Department
13 of Economic Development would give that some
14 consideration, and I would love to hear a
15 good number back from you. Thanks very much.

16 And then my final one is for OGS. How
17 are you? Prison redevelopment. I didn't see
18 it in your testimony. We have many prisons,
19 and the Governor said she was going to get
20 very creative about redeveloping the prisons
21 that were shuttered recently. Creativity so
22 far has been one visit to each one of the
23 prisons, and then we had to beg just to keep
24 the heat on.

1 What is the plan for prison
2 redevelopment?

3 OGS COMMISSIONER MOY: This is
4 something that we work very closely with the
5 Economic Development Corporation on -- sorry,
6 Empire State Development Corporation.

7 The role for OGS and what we've been
8 doing, we are -- we do the design and
9 construction work on behalf of the Department
10 of Corrections and Community Supervision. We
11 have made some recommendations about how to
12 maintain the facilities and how best to
13 transfer them over. It's been a very
14 collaborative process to identify ways in
15 which we can look towards reuse of those
16 buildings and adaptive reuse. A lot of our
17 recommendations as a part of that commission
18 related to understanding infrastructure,
19 sharing that information with developers,
20 making sure that it's easily discoverable,
21 and smoothening over that transition. That
22 was OGS's role.

23 SENATOR WALCZYK: What's the dollar
24 amount that the Governor has proposed in this

1 year for prison redevelopment?

2 OGS COMMISSIONER MOY: I will have
3 to --

4 COMMISSIONER KNIGHT: There is not
5 funding in the budget for an amount --

6 SENATOR WALCZYK: Yeah, I didn't see
7 it either. All right. Thank you.

8 CHAIRWOMAN KRUEGER: Thank you.
9 Assembly.

10 CHAIRWOMAN WEINSTEIN: Assemblywoman
11 Woerner.

12 ASSEMBLYWOMAN WOERNER: Thank you,
13 Madam Chairwoman.

14 And thank you all for testifying
15 today. And, you know, until Micron puts the
16 foundation in, I still have the largest
17 semiconductor chip plant in North America,
18 and I'm very proud of that. And I appreciate
19 the work that you're doing to grow that
20 industry.

21 But my question is for Ms. Manus about
22 the arts today. So I note that you are
23 programmed to take a 56 percent cut in the
24 allocation this year. So I'm wondering, in

1 But I'm happy to do those calculations and
2 revert with an answer.

3 I will say that one thing that we've
4 done separate of the years that we received
5 recovery -- because as you know, we've had a
6 pretty steady state budget for a very long
7 time -- is that we raised our floor and
8 dropped our ceiling on our grant sizes. So a
9 lot of organizations used to get much larger
10 grants; they do not. But the small
11 organizations get bigger grants, because
12 that's where we can have the most impact.

13 ASSEMBLYWOMAN WOERNER: And certainly
14 I have a number of those organizations in my
15 district, and they are -- they and I are very
16 grateful for that level of support and hope
17 that it can continue into the future.

18 We are not -- we may be through with
19 the most -- the worst of COVID, but I think
20 our arts organizations are still dealing with
21 the impact of that in terms of reduced --
22 reduced reserves. And so I think we need to
23 continue that.

24 And I would just -- I would use my

1 last 38 seconds for OGS. You're doing
2 capital renovation projects, and as a
3 preservationist, I'm really thrilled about
4 that. But I just have to ask, when are the
5 elevators in this building going to get
6 fixed?

7 (Laughter; applause.)

8 ASSEMBLYWOMAN WOERNER: And the
9 escalators?

10 OGS COMMISSIONER MOY: We are -- we
11 are modernizing the elevators. The last one
12 should be coming into production relatively
13 soon; I'll come back to you with an exact
14 date on it.

15 But it is something where I -- I will
16 make sure you have a date on that execution.
17 I believe it is this year.

18 ASSEMBLYWOMAN WOERNER: Thank you.

19 CHAIRWOMAN WEINSTEIN: Thank you.

20 Senate.

21 CHAIRWOMAN KRUEGER: Senator Michele
22 Hinchey.

23 SENATOR HINCHEY: Thank you. I think
24 we would all love that data, so if you could

1 provide that to everybody, that would be
2 great.

3 OGS COMMISSIONER MOY: Absolutely.

4 SENATOR HINCHEY: My questions are for
5 Commissioner Knight.

6 Cell service, or lack thereof, is a
7 safety issue. And I would argue it's also an
8 economic development issue. What do you
9 believe is the state's role in ensuring that
10 we have reliable cell service across our
11 state? And what kind of funding should be
12 allocated to that?

13 COMMISSIONER KNIGHT: So as you
14 know -- thank you for your question --
15 providers, service providers have different
16 cell coverage areas, and sometimes they don't
17 overlap, which provides gaps in services.
18 And so that's what you're experiencing.

19 The ConnectALL initiative that ESD is
20 overseeing will be providing municipalities
21 with a cellular 5G Siting Guide to provide
22 more guidance to municipalities and
23 jurisdictions around cell service and working
24 with providers so that we can eliminate many

1 of those gaps in services.

2 SENATOR HINCHEY: Thank you. I mean,
3 I represent four counties; one of them is
4 nearly almost an entire country without
5 cellphone service. And so this is something
6 we need to get on pretty quickly. And I
7 appreciate the ConnectALL initiative and look
8 forward to working with you on that.

9 Which leads me to my next question on
10 ConnectALL. We together allocated
11 \$1.5 billion to that ConnectALL initiative,
12 specifically with broadband. Happy to hear
13 it includes cellphone service -- some
14 federal, some state. Can you provide an
15 update on the status of that money? Because
16 I know we've also put parameters in place
17 requiring information to the Legislature
18 every six months when those grants are out,
19 and I don't believe we've heard any update.

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

22 We are working with the federal
23 government on the lion's share of the
24 funding, so some of it was ARPA money, some

1 of it was IIJA, and we expect some of that
2 funding to start to flow at the end of this
3 year.

4 There was \$300 million in the State
5 Budget that we will be using to support
6 projects that don't cover the projects that
7 will be funded by the federal money. We
8 started with a couple of pilot projects in
9 Central New York, working on existing
10 infrastructure, and look forward to rolling
11 out more.

12 SENATOR HINCHEY: Thank you. I'd be
13 curious how those pilot projects were
14 selected in those communities, whether that's
15 based on the mapping that was done from the
16 PSC or how we got to that place, and making
17 sure that we can also provide more language
18 for last-mile buildout, right, because I
19 think we got pushback from the Second Floor
20 in the budget last year on some of that
21 last-mile buildout, and I would like to
22 ensure that's where the money goes.

23 In my last 10 seconds I'll just make a
24 statement to I think generally we have a

1 challenge in our state of getting money out
2 the door. And so I think it's incumbent upon
3 all of us here in the Legislature, the Second
4 Floor, and all of our agencies, to make sure
5 we can actually get the money to the places
6 and the people that we want to allocate it
7 to. Thank you.

8 CHAIRWOMAN KRUEGER: Thank you.
9 Assembly.

10 CHAIRWOMAN WEINSTEIN: We go to
11 Assemblyman Otis, three minutes.

12 ASSEMBLYMAN OTIS: Thank you, Chair.
13 And thank you all three of you for the
14 great work that you and your agencies do.

15 I am Steve Otis, chair of the Science
16 and Technology Committee, so I'm going to
17 move in semiconductor speed, since I have
18 limited time and two topics I want to hit.

19 The first, with OGS and Commissioner
20 Moy, yesterday at our hearing on Education
21 and in other -- through other sources we've
22 heard concerns from school districts about
23 their having the bandwidth to do the
24 conversion to electric school buses, a lot of

1 the electric charging infrastructure on-site
2 that they have to cover.

3 So I'm wondering with the interagency
4 task force, does that task force that you're
5 part of and the skills that you have, are you
6 already or can OGS play a bigger role in
7 assisting school districts in terms of
8 addressing something they see as an obstacle?

9 OGS COMMISSIONER MOY: Assemblymember,
10 thank you for that question.

11 OGS, in our capacity in procurement
12 and in our work in partnership with NYSERDA
13 and NYPA, have been a part of a solicitation
14 for electric school buses. We have gathered
15 feedback from the school districts. We have
16 sent out a solicitation. We've identified 12
17 electric school bus vendors that are able to
18 provide out those services for purchase.

19 We are also working to make sure that
20 the right contract methodologies are in
21 place. School districts leverage our
22 contracts very much. And to make sure that
23 the EV equipment and the charging stations
24 are ones they can purchase through our

1 contracts.

2 We do actively gather feedback from
3 vendors and from our authorized users on
4 whether or not the contracts are useful, and
5 we'll be looking to see how the feedback is
6 from those that are doing those purchases.
7 Happy to hear more from your constituents as
8 they come up.

9 ASSEMBLYMAN OTIS: We'll stay
10 connected on that.

11 And to connection, Hope, I want to
12 talk a little more about the ConnectALL
13 program and agree with Senator Hinchey's
14 comments. But the other piece of ConnectALL
15 is digital inclusion. And so I had a good
16 call with your ConnectALL folks last week,
17 and they're doing a great job.

18 One thing I would like to stress is
19 for us to grow as quickly as possible the
20 digital inclusion, digital equity work that
21 they are a key part of. You can share any
22 comments or -- we have a little time. But
23 just a priority in terms of the digital
24 literacy and digital equity issues around the

1 state. What I'd like to see is to find other
2 sources of funding to try and jump-start some
3 of that, and I'm eager to work with you.

4 COMMISSIONER KNIGHT: Yes, we're going
5 to begin to put together a digital equity
6 plan for the state, really focus on providing
7 devices to folks that don't have access to
8 them, and training so that folks have the
9 ability to use the internet and --

10 ASSEMBLYMAN OTIS: I would say that
11 the digital equity plan, which is a
12 requirement for some of the federal money,
13 there are other federal funds and other funds
14 we could be using in advance of that to give
15 these programs more of a boost around the
16 state. So we'll continue the conversation.

17 But thank you for the good work of
18 that office and everyone else at ESD. And
19 our Regional Economic Development Council,
20 I'll just put in a plug for them, they do a
21 great job.

22 COMMISSIONER KNIGHT: Thank you.

23 CHAIRWOMAN WEINSTEIN: Thank you.

24 Senate?

1 CHAIRWOMAN KRUEGER: Thank you.

2 Senator Tom O'Mara, five minutes,
3 ranker.

4 SENATOR O'MARA: Thank you.

5 Good morning. Thank you for your
6 testimony and presence here today.

7 President Knight, unless I missed it,
8 I don't see any funding in the budget for the
9 Restore program, is that correct?

10 COMMISSIONER KNIGHT: That's correct.

11 SENATOR O'MARA: Why has that been
12 eliminated?

13 COMMISSIONER KNIGHT: So we had
14 funding for Restore in the last budget, and
15 we are working to solicit requests for that
16 funding from municipalities and
17 jurisdictions, and continue to work through
18 that on a forward basis. So we're working
19 through that funding that was put forward
20 last year.

21 SENATOR O'MARA: There's a -- are you
22 going to go through all the existing funding
23 before next year?

24 COMMISSIONER KNIGHT: We have not gone

1 through all the existing funding at this
2 time.

3 SENATOR O'MARA: How much is left?

4 COMMISSIONER KNIGHT: I'd have to get
5 back to you with the number. But I would say
6 less than half.

7 SENATOR O'MARA: Well, that concerns
8 me. That's been a very important program for
9 communities in rehabbing vacant and
10 abandoned, blighted properties, and it's
11 helped incentivize projects to help improve
12 those types of sites in the state. So I
13 would hope that that could be revisited and
14 make sure that we have sufficient funds to
15 continue to provide for those types of
16 projects.

17 You know, with all the broad and
18 varied economic development programs we have
19 in the state, what is your focus of your
20 department on the overall affordability of
21 New York State? I'd rather not have to have
22 all these programs. And if New York State
23 was just more affordable from all aspects, we
24 wouldn't need these programs.

1 So what is being done, or what
2 recommendations are you making to make
3 New York State more affordable?

4 COMMISSIONER KNIGHT: So we want to
5 make New York State a place where businesses
6 want to locate. And I think that Micron is
7 an example of a company who's decided that,
8 after looking across the United States as
9 well as globally, decided that New York State
10 had all of the assets that it needed to build
11 one of the largest semiconductor facilities
12 in the country.

13 And so we continue to invest in
14 creating those assets so that we can attract
15 businesses to New York State because we will
16 have the best to offer.

17 SENATOR O'MARA: Our track record in
18 recent decades, frankly, has been loss of
19 population, loss of businesses. What
20 specific things is New York State Economic
21 Development doing to turn that around?

22 COMMISSIONER KNIGHT: We have a number
23 of programs to support existing small
24 businesses. From a capital access

1 perspective, we've expanded our programs in
2 that regard. We believe that we have
3 technical support for businesses. I
4 mentioned that we are expanding our
5 Business Express platform.

6 So we're trying to provide assets to
7 existing businesses, attracting new
8 businesses to the state with all that we have
9 to offer.

10 SENATOR O'MARA: Well, it doesn't seem
11 to be working. And by all accounts, you
12 know, we're the most expensive state to do
13 business in, most expensive state to live in.
14 And I really think more focus needs to be
15 given on lowering the everyday cost of living
16 and doing business in New York State, since
17 we're about the highest in every category
18 that I can think of.

19 You know, it's very concerning to me
20 that -- your answer to Senator Walczyk on
21 prisons. There's no funding in here for the
22 redevelopment of these prisons that have been
23 shut down.

24 COMMISSIONER KNIGHT: We will be

1 working on two prisons, Watertown and
2 Downstate, as a result of the Prison
3 Commission Redevelopment Project, and we'll
4 look at how we put those -- our piece for
5 other prisons out on a forward basis.

6 SENATOR O'MARA: If something comes up
7 for one of these other prisons, what's going
8 to be available to them to help incentivize
9 those projects?

10 COMMISSIONER KNIGHT: We will be
11 working with our partner agencies in the case
12 that things do come up. Like keeping prisons
13 warm, we've worked with OGS to make sure that
14 these prisons don't deteriorate in existing
15 communities. So we'll be working with our
16 other partners on that.

17 SENATOR O'MARA: Thank you.

18 CHAIRWOMAN KRUEGER: Thank you.
19 Assembly.

20 CHAIRWOMAN WEINSTEIN: We go to
21 Assemblyman Jones, three minutes.

22 ASSEMBLYMAN JONES: Good morning. Can
23 everybody hear me? Because I couldn't hear a
24 darn thing back there for the last hour. We

1 should shut that speaker off, honestly. It's
2 kind of like a punishment or something, you
3 can hear every fifth word.

4 But great to be here, great to see
5 you. I'm going to talk about the budget here
6 for a minute, and I'm going to ask all my
7 questions and hopefully you can answer them
8 in three minutes.

9 Restore NY, I don't see a reapprop for
10 that. It's gone. It's a great program. I
11 have 18 municipalities and organizations
12 right in my district right now that have
13 applications in on it. I understand it's a
14 rolling application. I don't know why we
15 didn't reappropriate for that.

16 Shovel Ready, Senator Cooney and
17 myself put in that bill last year with the
18 support of Mr. Bronson back there. We wanted
19 200 -- or we wanted 500 million, we got 200
20 million. I don't see a reapprop for that. I
21 understand it's been slow getting out, but
22 good program, love to see a reapprop for
23 that.

24 NYSCA, obviously we need to do

1 something there.

2 1.4 billion, I know Senator Hinchey
3 mentioned it, but the ConnectALL, I did not
4 hear the answer. That we appropriated a lot
5 of money last year. We have been doing a
6 pretty good job in the Broadband Program, but
7 I still get calls from my constituents saying
8 they need broadband hookups. This is my
9 seventh year here; I mention it every time.

10 Thank you for acknowledging that we
11 still have an issue with it, but we have to
12 get that money out the door and really would
13 like to, you know, understand that.

14 Also mentioned was cellular. Still
15 having huge issues with it upstate. I was
16 actually on the Upstate Cellular Task Force,
17 can you believe that, three years ago. What
18 have we done in this -- now I turn to you.
19 What have we done for the recommendations
20 that came out of that? We worked on it,
21 there was a report that was filed. What are
22 the recommendations that have been
23 implemented that have come out of that?

24 Thank you.

1 COMMISSIONER KNIGHT: So thank you for
2 your questions. I'll answer the last one
3 first.

4 With respect to the Cellular Task
5 Force, we've taken those recommendations and
6 we'll be putting together this 5G Siting
7 Guide for municipalities to create a
8 user-friendly way for municipalities to be
9 able to work with service providers to create
10 more service coverage.

11 ASSEMBLYMAN JONES: Okay. We're going
12 to have to be very unique about that in the
13 Adirondacks; you know the limitations there.
14 So, I mean, we're going to have to work on
15 that.

16 What was the -- I guess the idea
17 behind not reappropriating money for these
18 programs that we get interested in and then
19 we just kind of not claw back? And I think
20 they are great programs, I commend you for
21 putting them up there in the first place, but
22 you can't get everybody interested in it and
23 then we don't reappropriate money for it:
24 Shovel Ready and Restore.

1 programs and what the projects are for. And
2 the status of each project. So just almost
3 like one giant spreadsheet that gave us how
4 much money is out there on the table, where
5 are we in that project, what is it for.

6 COMMISSIONER KNIGHT: Yes.

7 CHAIRWOMAN KRUEGER: Do you have an
8 ability to use that database in that way?

9 COMMISSIONER KNIGHT: Yes, we can
10 provide that.

11 CHAIRWOMAN KRUEGER: And you can help
12 us by just giving us -- I'm not even asking
13 for it in paper, because I know it's huge.
14 So just one spreadsheet that does all that --

15 COMMISSIONER KNIGHT: That we could
16 forward to you.

17 CHAIRWOMAN KRUEGER: -- that would be
18 very helpful. Thank you.

19 I think we discussed the -- and that
20 would include the tax incentives that
21 actually go through Tax and Finance, you have
22 that information and that also is on the
23 database?

24 COMMISSIONER KNIGHT: We have some of

1 the information, all of the ESD programs in
2 some -- from other agencies.

3 CHAIRWOMAN KRUEGER: So but not from
4 all the agencies.

5 COMMISSIONER KNIGHT: Not from all the
6 agencies.

7 CHAIRWOMAN KRUEGER: Not from all the
8 agencies. Okay, thank you.

9 My understanding is that there have
10 been two models, historically, with economic
11 development incentives: Projects where the
12 money is given up front -- say that Tesla
13 deal, which I never thought was a very good
14 idea; and then programs where the board
15 doesn't even approve the money until after
16 everything's been completed.

17 So are we switching now more to we
18 only give the money out when the project has
19 been completed, so that we don't have to deal
20 with those clawbacks that never seem to
21 happen?

22 COMMISSIONER KNIGHT: So the lion's
23 share of the incentives that we provide at
24 ESD are pay for performance. And so that

1 would require not really having to have a
2 clawback, because the funding is only
3 provided once the commitment is fulfilled.

4 CHAIRWOMAN KRUEGER: And that Micron
5 deal that lots of people here seem to be very
6 happy about -- I'm a little nervous, myself,
7 but that's okay -- that will be pay for
8 performance? They actually have to --

9 COMMISSIONER KNIGHT: That will be pay
10 for performance.

11 CHAIRWOMAN KRUEGER: -- come here and
12 do what's been announced in order to get any
13 of the incentives.

14 COMMISSIONER KNIGHT: Job creation,
15 yes.

16 CHAIRWOMAN KRUEGER: Okay. And so
17 you're not concerned that currently they seem
18 to be seeing their stock plummet and laying
19 off 10 percent of their workforce.

20 COMMISSIONER KNIGHT: We're not
21 concerned. We understand that the
22 semiconductor industry is very cyclical, and
23 we're at a sort of bottom at the cycle and
24 know that, you know, we'll have a turn up and

1 that that project will commence and start
2 building in 2024 with commencing operations
3 in 2026. We anticipate that to happen.

4 CHAIRWOMAN KRUEGER: And the Governor
5 in her budget address, or perhaps her State
6 of the State, or perhaps both, said that this
7 was going to bring in 50,000 jobs?

8 COMMISSIONER KNIGHT: Yes.

9 CHAIRWOMAN KRUEGER: So are you going
10 to be able to give us a breakdown of what and
11 where those jobs are? Because as I
12 understand it, there will obviously be
13 construction jobs to build each plant, but
14 then the plants themselves, once you get them
15 operating, have a tiny crew of people in
16 them. So I can't figure out where we get
17 50,000 jobs.

18 COMMISSIONER KNIGHT: So I'll talk a
19 little bit about the 50,000 jobs. That's
20 50,000 jobs, Micron employees, construction
21 as well as supply chain companies. So we
22 expect to have 9,000 jobs with the Micron
23 plant when it's up and running at the end of
24 the grant period. There will be another sort

1 of 3-to-1 ratio of supply chain companies
2 that actually work in the plants that run the
3 equipment in the facility. And so we expect,
4 you know, tens of thousands of jobs in the
5 Micron plant, not necessarily being employed
6 by Micron, but supply chain companies also.

7 CHAIRWOMAN KRUEGER: So will you be
8 able to give us a master list of how you
9 think that will be breaking down?

10 COMMISSIONER KNIGHT: Yes.

11 CHAIRWOMAN KRUEGER: Yes, okay. Thank
12 you. All right, so that's it for Micron for
13 me right now.

14 Jumping back to the broader question
15 of how we measure economic development
16 subsidies, now that we have a database that
17 will help us track, do we have a standardized
18 cost-benefit analysis on each project that is
19 also available to the public?

20 COMMISSIONER KNIGHT: When we look at
21 our projects, particularly our tax credit
22 programs, we do run a cost-benefit analysis,
23 and it is included in our materials for our
24 projects.

1 CHAIRWOMAN KRUEGER: And those
2 materials are available to us where?

3 COMMISSIONER KNIGHT: So it's
4 usually -- I know it's in the board materials
5 that we bring to the board. I'm not sure
6 it's in the database. We'll check for you.

7 CHAIRWOMAN KRUEGER: Do you have a
8 projection of -- for your department of what
9 you think is a reasonable amount of public
10 funds to spend to create one new job in
11 private-sector employment?

12 COMMISSIONER KNIGHT: Well, we believe
13 that if we are able to get more economic and
14 fiscal benefit than we invest, state dollars
15 invested, that is a good economic development
16 program.

17 CHAIRWOMAN KRUEGER: But there's not a
18 number that, you know, 50,000 is worth it,
19 300,000 isn't worth it, something like that?

20 COMMISSIONER KNIGHT: I think we look
21 at it specifically program by program because
22 the metrics don't work, you know, sort of
23 uniformly across all programs.

24 CHAIRWOMAN KRUEGER: Program by

1 program meaning area within the economy or a
2 deal?

3 COMMISSIONER KNIGHT: Like with the
4 Excelsior job tax credit program. You know,
5 a semiconductor project is going to be
6 different than, you know, an advanced
7 manufacturing project. So we have to look at
8 it project by project.

9 CHAIRWOMAN KRUEGER: And do you have a
10 different number evaluation that you do to
11 keep a job in New York?

12 COMMISSIONER KNIGHT: So we rarely are
13 incenting pure retention deals in New York
14 City. We provide support for firms that want
15 to expand, but pure retention, we rarely
16 provide support for those kind of projects.
17 Less than 1 percent.

18 CHAIRWOMAN KRUEGER: Film and tax
19 credit.

20 COMMISSIONER KNIGHT: Yes.

21 CHAIRWOMAN KRUEGER: Historically in
22 your materials to support the film and tax
23 credit you've talked about it creating jobs
24 and economic activity, and yet the materials

1 increase our tax credit program as well as
2 the percentage of the tax credit.

3 CHAIRWOMAN KRUEGER: So this is the
4 first year that you've also proposed a change
5 in the credit that would pay for jobs within
6 the industry in what the terminology is
7 called above the line --

8 COMMISSIONER KNIGHT: Yes.

9 CHAIRWOMAN KRUEGER: -- so that it
10 would be, you know, paying for part of the
11 salary of Brad Pitt, George Clooney, Jennifer
12 Lawrence, Steven Spielberg as the director.

13 Do we really need to subsidize people
14 at that level? Why are we doing that? We
15 always said no to that before.

16 COMMISSIONER KNIGHT: So there again,
17 you know, with respect to intense competition
18 that we have with other states, there are
19 other states that are providing support for
20 above-the-line roles with no cap.

21 We're presenting a cap at \$500,000 for
22 those roles. And just because we want to be
23 competitive against other states who have
24 been taking some of the productions that had

1 traditionally been here in New York.

2 CHAIRWOMAN KRUEGER: So I don't have
3 any time left. I'll just point out the
4 reason I was asking about the estimate of
5 what is being spent by us for what jobs, with
6 the film credit we show that there's
7 57,000 jobs being supported by this.

8 But we don't know at what cost, when
9 you look at the math at 700 million, and we
10 don't know at what cost for a small project
11 in one of the upstate counties versus the
12 Tesla plant, which apparently has plummeting
13 fewer jobs than we ever imagined they would
14 have.

15 But we really need, I think, a hard
16 and fast set of numbers that we can look at
17 and hold all the projects up against and ask
18 the really important question: Is this a
19 good use of taxpayers' money? So that's what
20 I'm hoping we can get to for evaluation.

21 I've gone over my time. Assembly.

22 CHAIRWOMAN WEINSTEIN: Ranker,
23 Assemblyman Gray, five minutes.

24 ASSEMBLYMAN GRAY: Thank you, Chairs.

1 I appreciate it very much.

2 So I just wanted to double back on the
3 prisons, because I think I heard there was no
4 money allocated this year for prison
5 redevelopment. Is that correct?

6 COMMISSIONER KNIGHT: So there is no
7 money allocated, but we do have funds that
8 could support redevelopment and maintaining
9 the prisons so that we can look at economic
10 development projects for repurpose.

11 ASSEMBLYMAN GRAY: Okay. So in my
12 district we have the Psych Center that was
13 vacated back in the eighties and the
14 buildings are still dilapidated, falling
15 down. Is that going to follow the same path
16 as the Psych Center properties -- the prison
17 redevelopment? Or is there concrete plans to
18 actually do something? They're massive
19 buildings, so they're going to be tough to
20 repurpose.

21 COMMISSIONER KNIGHT: So the subject
22 of the Prison Redevelopment Commission was
23 really around prisons. That was the focus.
24 I know that --

1 OGS COMMISSIONER MOY: The one thing I
2 would note that was incredibly comprehensive
3 about the work that took place during the
4 Prison Redevelopment Commission is making
5 sure that developers and others who might be
6 interested in the properties have full
7 transparency into the properties themselves.

8 And that is something that we know
9 that there needs to be transparency about the
10 access to infrastructure, which portions of
11 the sites can be redeveloped, which ones have
12 access to transportation.

13 And so those are areas in which we
14 spent much of our time making sure that there
15 is a comprehensive plan so that we can move
16 forward and identify how to invest those
17 funds.

18 I think, to Commissioner Knight's
19 point, it is a priority to identify what are
20 the opportunities with existing pots of
21 dollars in order to look at those areas. But
22 part of our priorities as part of the
23 commission was to make sure, frankly, that we
24 helped to responsibly transfer over these

1 properties to developers and bring it back to
2 the tax rolls.

3 I appreciate and I think we all
4 appreciate the perspective that, you know,
5 these prisons -- they are complex properties,
6 to your point. They are all under different
7 and varying degrees of condition, and how
8 quickly they can return back. One of the
9 biggest points of feedback that we've heard
10 from the public has been around, you know,
11 what am I buying if I get into these
12 properties.

13 And that's why we've been trying to
14 construct more information that provides for
15 better and richer RFPs so that we can bring
16 it back to the tax rolls appropriately.

17 Not to interject.

18 ASSEMBLYMAN GRAY: Thank you very
19 much.

20 And I would just like to echo my
21 colleagues that -- for the Restore NY program
22 to be reinstated.

23 Just one final thing. The EV, the
24 move to EV, what's the schedule for that

1 for -- in terms of the executive branch and
2 the legislative branch?

3 OGS COMMISSIONER MOY: So the goal is
4 to have the entire 18,000 light-duty vehicles
5 to transition to EV by 2035. And just to add
6 a little bit more color to that, we are in
7 the process of developing a responsible plan
8 for that transition. Certainly when it comes
9 to EV vehicles, one of the priorities is
10 making sure that we have infrastructure to be
11 able to handle that -- the charging.

12 So we are undergoing a study right now
13 to identify where are the sites where we can
14 locate Level 2 and Level 3 chargers in
15 support of the EV fleet.

16 As a lot of the industry market
17 studies have come out, they've shown that
18 they believe there will be price parity
19 between the EV vehicle and internal
20 combustion engine for the next five to
21 seven years. Which is why our priority has
22 been getting the infrastructure in place,
23 piloting a number of EV vehicles to make sure
24 that we are buying the right and best ones

1 for the State of New York.

2 ASSEMBLYMAN GRAY: Thank you.

3 You know, I just think it's important
4 that we lead by example in terms of the
5 executive branch and the legislative branch,
6 so -- and as well as lead by example on the
7 properties. Because I notice that you say
8 we're overseeing -- in your testimony,
9 overseeing capital projects responsible for
10 public stewardship, modernizing state office
11 buildings and things like that. But our
12 history has shown that we're not exactly
13 stewards, and you have to look no further
14 than the Psych Center up in Ogdensburg.

15 OGS COMMISSIONER MOY: I appreciate
16 the feedback. As commissioner, one of my
17 priorities has been to make sure that we are
18 managing both the fleet and buildings.
19 Certainly with our partners in NYSERDA and
20 NYPA and DEC, we know that one of the top
21 contributors to greenhouse gas emissions are
22 buildings and transportation, which is why
23 that's where we're focused at this exact
24 moment in time.

1 We've had a great track record of the
2 conversion of at least one of our steam
3 chillers here in the Empire State Plaza,
4 which is reducing greenhouse gas emissions.
5 Our goal right now is to create an inventory
6 so we know, in partnership with NYSERDA,
7 where the greatest emitters of greenhouse
8 gases are so we can prioritize them
9 responsibly in the upcoming budgets.

10 But I do appreciate the feedback.
11 Thank you.

12 ASSEMBLYMAN GRAY: Thank you very
13 much. I appreciate your time today, and best
14 wishes. Thank you.

15 OGS COMMISSIONER MOY: Thank you.

16 CHAIRWOMAN KRUEGER: Thank you.

17 Senator Sean Ryan for his three-minute
18 second round.

19 SENATOR RYAN: Trying to go lightning
20 round here.

21 First, I want to thank Assemblymember
22 Woerner for her best questions of the day,
23 the escalator -- elevator question. But add
24 on the escalator to that too, because there's

1 an escalator that's been defunct for I think
2 a decade. You don't have to answer that
3 now --

4 OGS COMMISSIONER MOY: Well, I'm happy
5 to answer that now, actually, Senator.

6 So first, the Elevator 4 is in the
7 process of being repaired. I do have an
8 update on that, I apologize. We were waiting
9 for parts; they were supposed to be in on
10 Thursday. We anticipate that it will be back
11 in service relatively soon so long as there's
12 no additional damage as we install them.

13 But we do anticipate that we'll be
14 bringing Elevator 4 back.

15 Insofar as the escalators, so they
16 have been out of service for about a decade.
17 When it was initially assessed, the cost of
18 it was prohibitively high to repair the
19 escalators. The priority was on the
20 elevators to make sure they were in working
21 order. That's where we put in our capital
22 investment. And so there's no plan at this
23 time to restore the escalators.

24 SENATOR RYAN: It does give an

1 impression of sort of not being tended to.
2 So I've seen in the past when escalators were
3 not repaired, they boxed them off so it did
4 not look like a broken escalator.

5 OGS COMMISSIONER MOY: I will take it
6 under advisement.

7 CHAIRWOMAN KRUEGER: Give Sean a
8 minute back, because he really asked that
9 question on behalf of all of us.

10 (Laughter.)

11 OGS COMMISSIONER MOY: I will
12 certainly look at signage and make sure that
13 we can think through other ways of dealing
14 with that out-of-service elevator --
15 escalator.

16 SENATOR RYAN: Thank you.

17 And then going real quick to the arts,
18 you know, thank you for what you've done as
19 the director. I appreciate it. I've seen
20 you all around the state. We appreciate
21 that.

22 But, you know, just looking at your
23 funding, in '18 you were at 46.9 million; now
24 you're back to just 48 million. Once again,

1 following up on Assemblywoman Woerner, you
2 know, based on your demand, what do you think
3 your budget should be?

4 NYS CA EXEC. DIR. MANUS: You know, I
5 have an update for Assemblymember Woerner and
6 for you, actually, about the numbers from the
7 last year. So it was 79 percent that we
8 funded, not 70 percent. So we were able to
9 support more demand.

10 If we have continued demand,
11 especially in light of the COVID impact, we
12 are going to have to seriously recalibrate
13 our processes and pivot. In terms of -- you
14 know, if we can -- 80 percent or 79 percent,
15 to be able to provide that to the field at
16 this time, it seems like an investment that
17 will pay off in many ways for our economy.

18 I also wanted to -- there's a question
19 I hope I could answer about our volume and
20 our timely payments. So just for
21 perspective, we're one of the smallest
22 agencies and we move the largest volume of
23 contracts in the state. We have, so this
24 year, 2,000 letter agreements, 1600

1 contracts.

2 So we are going to continue to improve
3 our processes, but just wanted to provide
4 some context on that.

5 SENATOR RYAN: Thank you.

6 And then back to Commissioner Knight,
7 the question about Restore NY. I believe you
8 testified that about half of last year's
9 budget wasn't spent -- was unspent. But was
10 money from previous years unspent? Is there
11 cash in the drawer for the Restore NY
12 program?

13 COMMISSIONER KNIGHT: I don't believe
14 there's cash in the drawer for the Restore
15 program. But like I said, we continue to
16 work through the amount that was allocated
17 for last year at this time.

18 SENATOR RYAN: Do you have
19 applications in that exceed the amount that
20 we budgeted for last year?

21 COMMISSIONER KNIGHT: Not at this
22 time.

23 SENATOR RYAN: That's excellent.
24 Thank you very much.

1 CHAIRWOMAN KRUEGER: Thank you.
2 Assembly.

3 CHAIRWOMAN WEINSTEIN: We go to
4 Assemblywoman Fahy.

5 ASSEMBLYWOMAN FAHY: Thank you.

6 And I had to step out for a Majority
7 conference call, so I apologize if I'm
8 repeating a couple of things. But I've got a
9 couple of questions, mostly for OGS, but just
10 want to start with a couple of comments.

11 Thank you for the responsiveness from
12 each of you. We've had some just terrific
13 recent conversations with ESD and the
14 Governor's office regarding Harriman Campus
15 as we look to redo the Wadsworth public
16 health labs, and appreciate that the
17 Governor's put the funding in for that. And
18 tying that into a redo of the entire campus,
19 which is the worst of 1960s design, has meant
20 a lot, and we truly look forward to working
21 with ESD on that.

22 As well as the fact that the Nano
23 College is coming back here to Albany, where
24 it originated, so I want to echo some of the

1 comments of my colleague Al Stirpe and others
2 about a Thruway corridor to making sure we're
3 working with Micron, with SUNY Poly, with the
4 Nano College here, and of course Rochester
5 and Buffalo. So I see it as an entire
6 semiconductor corridor, and welcome ESD's
7 involvement on that as well.

8 Also want to just share the concerns
9 from my colleagues regarding the UI surtax.

10 But a couple of questions. One, I
11 represent -- I live here in Albany, represent
12 Albany and surrounding towns. But downtown
13 Albany is still struggling -- not just the
14 arts, which is struggling as well, but also
15 the businesses. Any update, Commissioner, on
16 the -- when workers may be returning?

17 And then I'm going to get my second
18 question in as well, which is OGS also, on
19 the entire electrification of some of the
20 properties. I know you've been working here
21 in the Capitol, which also ties into the
22 plants at Sheridan Hollow. We've been
23 working with you for a number of years. It
24 had been one of our more environmentally

1 impacted areas of the city, and it's also one
2 of our most economically disadvantaged. So
3 what we do to electrify the Capitol also
4 impacts Sheridan Hollow where we've had the
5 power plants.

6 So if you could just give us an update
7 on that and how those plans match the Climate
8 Action Council, Commissioner.

9 OGS COMMISSIONER MOY: Assemblymember
10 Fahy, thank you for that question. I'm very
11 proud of the work that OGS has done in order
12 to reduce the energy usage here at the
13 Empire State Plaza, as well as to look at
14 generation of power.

15 I want to walk through a handful of
16 items that were -- that have happened here at
17 the Empire State Chill Plant, which is in the
18 Sheridan Hollow area, as you know. We have
19 installed an on-site electric chiller, which
20 replaces a steam-driven chiller. That has --
21 by electrifying that one chiller, we have
22 reduced local gas and emissions use at our
23 steam plant by 18 percent. That's real
24 emissions in carbon that's coming out of the

1 air that is going to be incredibly impactful
2 for local communities. We're very proud of
3 that work.

4 We have installed LED lighting
5 throughout the entire plaza, which again
6 reduces our energy usage --

7 ASSEMBLYWOMAN FAHY: I'm about to run
8 out of time, thank you. I'm going to follow
9 up with you, and just want to add the support
10 for the arts funding being restored. Thank
11 you.

12 Thank you, Chairs. Sorry,
13 Commissioner, want to be sensitive to the
14 time. Thank you.

15 OGS COMMISSIONER MOY: Absolutely.

16 CHAIRWOMAN WEINSTEIN: Thank you.

17 We were joined earlier by two members
18 I believe I neglected to announce.
19 Assemblywoman Lucas joined us, and
20 Assemblyman Brown joined us.

21 Now to the Senate.

22 CHAIRWOMAN KRUEGER: Thank you.

23 Senator Serrano, three-minute second
24 round.

1 SENATOR SERRANO: Thank you,
2 Madam Chair.

3 This is for Executive Director
4 Mara Manus.

5 On the issue of capital grants, it
6 appears in the proposed budget that there's
7 elimination of the 40 million made available
8 last year in capital funding. And we know
9 that during the pandemic the needs for
10 capital were great, with organizations
11 upgrading their ventilation systems, others
12 ADA compliance and other needed projects.

13 So I just wanted to ask, what is the
14 status of last year's allocation for small
15 and mid-sized capital projects? And, you
16 know, what does the elimination of that
17 funding in the current year, what could that
18 possibly mean?

19 NYSCA EXEC. DIR. MANUS: Thank you so
20 much. And we are so grateful for the
21 allocation and appropriation for capital over
22 the last few years.

23 The status of last year's grants is
24 that they've all been fully committed, that

1 the fund has been fully committed. I'm happy
2 about 70 -- to date, about 70 projects have
3 been completed across the state. And I can
4 give you further detail on that offline.

5 I would say that what we know is that
6 the majority of our grantees are small
7 organizations with budgets of less than
8 \$3 million, and would be -- and those are the
9 ones that would access the small and
10 medium-size fund -- would access that fund
11 for the most part.

12 As we know, the government is the
13 number-one stop for accessing capital dollars
14 in the arts. The city and the state and the
15 counties are -- the foundations do not have,
16 for the most part, any kind of capital
17 funding to offer. And when you're thinking
18 about individuals, wealthy individuals, they
19 mostly accrue to the largest organizations --
20 museums -- in the city and the state.

21 SENATOR SERRANO: (Mic off.) I'm
22 having a little trouble hearing.

23 NYSICA EXEC. DIR. MANUS: Should I get
24 closer? Is that better? Okay, great.

1 So just to repeat, government is the
2 number-one stop for capital dollars for most
3 arts organizations. Foundations don't have
4 those dollars, and wealthy individuals, those
5 mostly accrue to the largest institutions,
6 like museums, in the city.

7 When you get out of city, there are
8 fewer funding avenues, whether it's capital
9 or operations, as you guys know.

10 So eliminating -- with the small and
11 medium-size opportunities we've been able to
12 reach the majority of our grantees, which
13 are, as I said, 82 percent have budgets below
14 \$3 million. So not having that opportunity
15 will be a -- definitely have impact on the
16 majority of our grantee pool.

17 I would also say that, you know, we
18 have to understand to what extent the capital
19 has real economic development return. I
20 mean, thinking about even the Little Theater
21 in Rochester, which received a \$550,000 grant
22 from our small and medium-size pool, they
23 have a \$1.5 million budget and they return
24 about 3.5 to the local economy every year.

1 CHAIRWOMAN KRUEGER: Thank you.
2 Assembly.

3 CHAIRWOMAN WEINSTEIN: Assemblywoman
4 Jackson.

5 ASSEMBLYWOMAN JACKSON: Thank you,
6 Chair.

7 Based on the testimony, we hear that
8 we're seeing job growth; the unemployment
9 rate declined in the state to 4.3 percent.
10 What is the job growth and unemployment rate
11 for Black people, Latino people and young
12 people? And -- we'll start there and I'll
13 ask my next question after that.

14 COMMISSIONER KNIGHT: So thank you for
15 your question.

16 I have to get back to you with
17 specific demographic information. But we
18 know that it is not sufficient.

19 And with respect to our Office of
20 Workforce Development, we are looking
21 specifically to focus on disadvantaged
22 communities, barriers that prevent folks from
23 accessing employment. So we're looking at
24 programs that are providing wraparound

1 services, support for transportation,
2 childcare, and any other challenges that
3 prevent folks from accessing training
4 opportunities.

5 ASSEMBLYWOMAN JACKSON: Okay. And one
6 of my colleagues said something about adult
7 literacy, so we can add that, as well as
8 language barriers.

9 And then for OGS, what percentage of
10 your vendors are MWBE?

11 OGS COMMISSIONER MOY: We have
12 exceeded the Governor's targets of
13 30 percent, and we've done so for many years
14 in a row. I will have to get back to you on
15 the exact percentage, but I believe it's
16 about 43 percent.

17 ASSEMBLYWOMAN JACKSON: Okay. And
18 then in the City of New York, we've noticed
19 that the MWBE is mostly white women and Asian
20 men that get contracts. And so I'm just
21 wondering, are we seeing the same situation
22 for the state?

23 COMMISSIONER KNIGHT: We see more of
24 about half and half with respect to women and

1 minorities.

2 ASSEMBLYWOMAN JACKSON: So we have an
3 issue with job vacancies, but we have so many
4 workforce development sites. What is the
5 disconnect?

6 COMMISSIONER KNIGHT: So this is what
7 our Office of Strategic Workforce Development
8 is really focused on, really working with
9 employers to understand what their needs are
10 and then training folks for those specific
11 jobs.

12 You know, we've seen in the past
13 there's been a lot of training, not
14 necessarily for a specific job opportunity,
15 and we want to tailor the training for a job
16 opportunity.

17 ASSEMBLYWOMAN JACKSON: Okay. So my
18 last question is geographically, are the
19 workforce development sites in a different
20 place where the work is needed, versus where
21 the people are? Like are they just not in
22 the same areas?

23 COMMISSIONER KNIGHT: No, the -- it's
24 just that it's really -- what we're seeing is

1 a disconnect with skills needed and jobs
2 available. So we're trying to make that
3 match.

4 ASSEMBLYWOMAN JACKSON: Okay. And so
5 I'm hoping that next year we won't have this
6 same conversation. Because it's not new,
7 right? Like we've been dealing with this for
8 a long time. And I'm just hoping that we can
9 make some headway in this area.

10 Thank you all so much.

11 COMMISSIONER KNIGHT: Thank you.

12 OGS COMMISSIONER MOY: Assemblymember,
13 if I may correct, we have -- 34 percent is
14 our current target. We're very proud because
15 in 2011 we were at 14 percent. This year
16 we've grown and met -- passed the 30 percent
17 mark.

18 Because our spend is so significant,
19 it's a fair amount of dollars that are going
20 in. As an example, MWBEs have received in
21 excess of 1.17 billion in funding and
22 contracts from OGS.

23 ASSEMBLYWOMAN JACKSON: Thank you.

24 CHAIRWOMAN WEINSTEIN: Thank you.

1 To the Senate.

2 CHAIRWOMAN KRUEGER: Thank you.

3 Three minutes to Chair Senator Cooney.

4 SENATOR COONEY: Thank you, Madam
5 Chair.

6 This question is for Empire State
7 Development. Last year the Legislature was
8 intentional about adding funds and a tax
9 credit for digital gaming. I wondered if you
10 could give us an update on the program so
11 far.

12 COMMISSIONER KNIGHT: Yes. So last
13 year there was a \$25 million tax credit
14 added, \$5 million for five years.

15 We are beginning to receive
16 applications and awarding projects, and so we
17 look forward to continuing to execute that
18 program.

19 SENATOR COONEY: And in terms of
20 competitiveness -- we've talked about this in
21 relationship to the film and tax credit. But
22 for digital gaming, are we staying
23 competitive as a state at that \$25 million
24 mark in terms of competing with other states

1 as it relates to getting digital gaming jobs
2 and creators to come to our New York?

3 COMMISSIONER KNIGHT: Well, because it
4 is a new program, it seems like it is
5 sufficient now.

6 You know, the issue is that we produce
7 so much of the talent from our outstanding
8 academic institutions, but the folks don't
9 stay here. And so the goal is to have that
10 digital game development happen here in
11 New York.

12 SENATOR COONEY: Great. Well, I am
13 continuing to be supportive, obviously. I
14 represent RIT, which has the Magic Spells
15 Studios, as well as RPI and NYU, which are
16 also leaders in this space.

17 But I do want to keep an open mind
18 whereas in the future, within that five-year
19 window, that there's an opportunity to
20 increase -- through the budget, of course --
21 to make sure that we stay competitive.
22 because I think this is a huge job creation
23 opportunity, in addition to what we're seeing
24 with our TV and film industry.

1 Thank you very much. Thank you,
2 Chair.

3 COMMISSIONER KNIGHT: Thank you.

4 CHAIRWOMAN KRUEGER: Thank you.
5 Assemblymember McDonald.

6 ASSEMBLYMAN McDONALD: Thank you,
7 Madam Chair.

8 Commissioner Moy, actually you
9 probably dodged a question, because I think
10 Member Fahy and another member got to this.
11 But I do want to thank your department, along
12 with NYPA. They've been very responsive in
13 regards to the Sheridan Hollow project in
14 particular here in Albany.

15 As you know, in the budget there's a
16 discussion about all-electric buildings.
17 That is not really in your department, but
18 it's gotten a lot of attention. We all know
19 we need to move in the right direction, just
20 the speed is what's going to be the critical
21 part.

22 But are there other examples -- I
23 firmly believe the state should lead by
24 example. I think you've demonstrated some

1 examples today. Are there any more examples
2 coming up that we could point to support?

3 OGS COMMISSIONER MOY: Thank you,
4 Assemblymember McDonald.

5 One of our priorities is going to be
6 doing an energy audit to identify and
7 baseline the greenhouse gas emissions so we
8 can focus on our top targets to reduce our
9 greenhouse gas emission production.

10 So we are looking not just to stay
11 with what we've done in Sheridan Hollow, but
12 how to further reduce greenhouse gas
13 emissions here in the Empire State Plaza and
14 other properties. Harriman is certainly one
15 that is a significant campus for OGS and for
16 the state.

17 So we are looking forward to some of
18 the work that was funded through this
19 Executive Budget to create those baselines.
20 And we are doing energy audits in partnership
21 with NYPA to figure out how we can further
22 reduce those emissions.

23 ASSEMBLYMAN McDONALD: Thank you.

24 Commissioner Knight, I want to second

1 though MWBE kind of jumps all over, about the
2 Governor wants to remove barriers for MWBE.
3 And admittedly the pandemic had an impact.
4 But what about recertification? That seems
5 to be something that is blowing my mind --
6 it's taking three, four years for women-owned
7 and minority-owned businesses to continue to
8 recertify, because they get blacklisted in
9 the process. People don't agree with that.

10 Is there any effort to change that?

11 COMMISSIONER KNIGHT: Yes. Thank you
12 for your question.

13 And we really do appreciate that there
14 are MWBEs that are having challenges with
15 respect to time frame for recertification.

16 When I came into this role, we had a
17 backlog of MWBE applications -- I can talk to
18 you about this later, the update.

19 ASSEMBLYMAN McDONALD: That would be
20 great, thank you.

21 COMMISSIONER KNIGHT: Thank you.

22 CHAIRWOMAN WEINSTEIN: Senate?

23 CHAIRWOMAN KRUEGER: I believe the
24 Senate is complete, so we can roll it on to

1 the Assembly.

2 CHAIRWOMAN WEINSTEIN: Okay, here we
3 go.

4 Assemblyman Maher.

5 ASSEMBLYMAN MAHER: Thank you.

6 Appreciate all your time. I would say
7 good afternoon, I think at this point. And
8 my questions are going to be focused on
9 workforce development and career paths.

10 And one area that I wanted to ask you,
11 if your office has had discussions that have
12 reached your desk -- and if not, are you open
13 to them -- in identifying industries that
14 have a real issue with workforce.
15 Specifically, ones such as EMS that we see a
16 real struggle with.

17 Have there been any discussions within
18 the industry, and are there any plans to
19 incentivize this group of potential workers
20 in the future?

21 COMMISSIONER KNIGHT: So thank you for
22 your question. We know that there have been
23 a shortage of EMS as well as
24 healthcare-related services.

1 ESD is not involved in training of
2 healthcare-related service careers. I know
3 that DOH is involved in supporting health
4 service careers, and they do have money in
5 various programs for different pathways in
6 health careers.

7 ASSEMBLYMAN MAHER: Okay. The second
8 part of that -- and I would love to follow-up
9 with your office on that specific topic to
10 see how ESD can be engaged in that process as
11 well. There are so many industries that need
12 employment, and there are so many folks that
13 need training and jobs that will become
14 available.

15 When we talk about the issue of youth
16 flight, has your office talked about programs
17 -- not just in colleges, because there's a
18 tremendous amount of funding that I see
19 towards colleges and university programs --
20 but in the high schools, in the middle
21 schools, to develop programs that are
22 successful and build on them and help create
23 programs at that level to really get to kids
24 when they're most at that point to become

1 inspired and decide, hey, they want to be in
2 New York.

3 Because as much as we want to tackle
4 affordability, in 10 years, if we're still
5 having the same issue with affordability, we
6 need to inspire our youth to be invested at a
7 very young age, to see themselves living here
8 and growing their families here.

9 COMMISSIONER KNIGHT: Thanks for that
10 question.

11 We do -- I do see money in the budget
12 for programs for high school, things like
13 P-TECH programs, which create exposure to
14 career opportunities; continuing ed programs
15 in community colleges that are not
16 necessarily for folks that are college-bound
17 but can get a certificate, and then that
18 could lead to employment opportunities.

19 So we do look at a number of programs
20 that are not, you know, AA- or
21 BA-credentialed programs to support job --

22 ASSEMBLYMAN MAHER: Would you be
23 willing to further support those programs and
24 really prioritize that effort at a younger

1 age, so that we can see this return 10,
2 15 years from now?

3 COMMISSIONER KNIGHT: We will
4 definitely look at that in our Office of
5 Workforce Development.

6 ASSEMBLYMAN MAHER: Thank you.
7 appreciate it.

8 CHAIRWOMAN WEINSTEIN: We go to
9 Assemblyman Cunningham.

10 ASSEMBLYMAN CUNNINGHAM: Good morning.
11 thank you so much. Good afternoon, actually.
12 thank you so much for your work.

13 Question for NYSCA on the percentage
14 of funding for BIPOC organizations of color
15 distributed last year. Do you have that
16 number for us by any chance?

17 NYSCA EXEC. DIR. MANUS: You know,
18 your question's a little -- the sound is a
19 little distorted.

20 ASSEMBLYMAN CUNNINGHAM: Oh. Let me
21 ask again. The percentage of funding for
22 BIPOC organizations that were distributed
23 last year.

24 NYSCA EXEC. DIR. MANUS: What percent

1 of our funding, is that what you said?

2 We don't have those numbers. We
3 don't -- but I can tell you that we do
4 prioritize underrepresented communities. And
5 that was one of the priorities in our
6 overhaul of our process a couple of years
7 ago.

8 I'm happy to share with you the
9 language from our application about how we
10 prioritize those communities. But we don't
11 capture those numbers.

12 ASSEMBLYMAN CUNNINGHAM: Thank you.

13 OGS. I'm noticing in the parking lot
14 a lot of EV vehicles among state employees
15 and also members of the Assembly and the
16 Senate. Wondering what the timeline is for
17 putting more charging stations in our New
18 York State buildings.

19 OGS COMMISSIONER MOY: I appreciate
20 the question, Assemblymember.

21 We have identified a number of
22 locations where we'll be installing
23 additional charging stations. We have been
24 working with NYPA to expedite that process,

1 and we hope to make sure that the
2 infrastructure is available to support the
3 electric load within the next year or so.

4 But that study has begun. We'll be
5 sharing information about those sites, and we
6 are looking at places not just for our
7 employees but also for the Legislature, to
8 make sure that you have capacity.

9 I will note that we do actively
10 monitor usage, and at this point in time the
11 capacity is available. What we are going to
12 be focused on is also making sure the
13 appropriate signage -- if a place is not
14 available for charging, that you can easily
15 find another one, is something that we are
16 looking actively to improve.

17 ASSEMBLYMAN CUNNINGHAM: Thank you so
18 much.

19 And Commissioner Hope, my last
20 question is for you. I'm thinking about the
21 ConnectALL program and all the resources. I
22 think there was \$1 billion last year
23 allocated, particularly in upstate New York,
24 to help create rural districts' connectivity.

1 But I represent parts of Brooklyn,
2 Central Brooklyn, where folks still don't
3 have broadband access. And I'm thinking
4 about adoption and affordability and what the
5 action plan is there for both of those items.

6 COMMISSIONER KNIGHT: So with respect
7 to affordability, we've been proud to get
8 1 million households in the federal
9 Affordability Broadband Program, which
10 provides a \$30 a month subsidy. And so we
11 continue to market that as a program, as well
12 as we will have more competition in markets
13 to try to drive prices down of broadband
14 service.

15 ASSEMBLYMAN CUNNINGHAM: Thank you
16 all.

17 CHAIRWOMAN WEINSTEIN: We go to
18 Assemblyman Zebrowski.

19 ASSEMBLYMAN ZEBROWSKI: Thank you.
20 Good afternoon. I chair the Committee
21 on Corporations, Authorities and Commissions,
22 so we are definitely interested in the
23 broadband rollout. I heard you mention --
24 answer some of my colleagues earlier, that

1 300 million, the 1 billion. Did you give a
2 timeline? I know you said it's coming up.
3 But is there not a timeline where we can
4 expect sort of a plan for this?

5 COMMISSIONER KNIGHT: We'll be able to
6 put together a more comprehensive plan once
7 we know when we're going to get the federal
8 money. Which we --

9 ASSEMBLYMAN ZEBROWSKI: When we'll get
10 the federal money?

11 COMMISSIONER KNIGHT: Yes. We expect
12 to get it the end of this year.

13 ASSEMBLYMAN ZEBROWSKI: I know a
14 majority of the money is extremely necessary,
15 it's going to go out to build broadband in
16 rural areas. I think the office has stated
17 that some of the money will also be spent
18 downstate. I haven't heard any additional
19 details.

20 Is that true, and we'll hear those
21 details when you get the federal money and
22 you roll this out?

23 COMMISSIONER KNIGHT: You know, some
24 of the money will be spent downstate to

1 create more competition to drive prices down
2 for consumers.

3 ASSEMBLYMAN ZEBROWSKI: Okay. While
4 you can't give an exact timeline, are we
5 talking this year we'll get -- do you have a
6 timeline on the timeline?

7 COMMISSIONER KNIGHT: So we think that
8 we will provide a timeline probably towards
9 the end of the year when we are getting the
10 money from the federal government.

11 ASSEMBLYMAN ZEBROWSKI: Okay. I know
12 New York City recently lost -- launched a
13 program to provide free broadband to NYCHA
14 residents. I think that was a program
15 through the New York City budget, in
16 partnership with private companies.

17 Do you expect the ConnectALL program
18 to replicate anything like that outside of
19 New York City to low-income and senior
20 housing around the state?

21 COMMISSIONER KNIGHT: So with respect
22 to digital equity, that will definitely be a
23 part of the digital equity plan in trying to
24 provide broadband to underrepresented

1 communities, seniors, low-income communities.

2 ASSEMBLYMAN ZEBROWSKI: Okay. So that
3 would be part of the plan --

4 COMMISSIONER KNIGHT: We'll look at
5 the -- yes.

6 ASSEMBLYMAN ZEBROWSKI: -- when we get
7 it. Okay.

8 Briefly, Commissioner Moy, on the
9 school buses, if you could. You gave a
10 little bit of information to my colleague
11 earlier. I'm hearing a lot from my school
12 districts on this issue. They're estimating,
13 you know, current school buses cost about
14 150,000. The electric buses cost about
15 450,000.

16 They talk about the mileage capacity
17 and are extremely worried about an inability
18 to handle their routes, especially in extreme
19 weather -- or not even that extreme weather.
20 They talk about the issues with the
21 utilities, their willingness and ability to
22 install the infrastructure necessary.

23 Do you have any comments as you're
24 looking at this regarding those price

1 estimates, those mileage and the
2 infrastructure?

3 OGS COMMISSIONER MOY: I can get back
4 to you with specifics around the accuracy of
5 that data.

6 I have a child myself, and my children
7 ride school buses, and we're up here in the
8 Capital Region. So I know -- when I hear
9 some of the feedback that comes about, you
10 know, anxiety around those EV buses, whether
11 or not they'll be able to pass their routes,
12 it is items that we've shared and discussed
13 during that procurement.

14 We feel confident in the procurement
15 that took place, and we are going to be
16 monitoring it very closely to make sure that
17 the school districts are getting what they
18 need.

19 Our role in this is to make sure that
20 we have the best possible vendors and that
21 we're doing the training and providing the
22 infrastructure or the access to build that
23 infrastructure. So I appreciate the
24 feedback; it is something we are watching.

1 ASSEMBLYMAN ZEBROWSKI: Any data would
2 be great. Thanks.

3 OGS COMMISSIONER MOY: Absolutely.

4 CHAIRWOMAN WEINSTEIN: Thank you.
5 Assemblyman Zaccaro.

6 ASSEMBLYMAN ZACCARO: Thank you so
7 much, Chairs.

8 Just really quickly, Commissioner, you
9 outline in your testimony that the Governor's
10 budget will provide matching grant funding to
11 attract federal research dollars to New York.
12 And so I just had a question. How many small
13 businesses in New York currently participate
14 in the federal Small Business Innovation
15 Research or the Small Business Technology
16 Transfer programs? And of those programs,
17 how many of those are minority- and
18 women-owned businesses?

19 COMMISSIONER KNIGHT: So,
20 Assemblymember, I will have to get back to
21 you on the specific data related to the
22 program. But we know that that program is
23 very important to small businesses involved
24 in innovation.

1 ASSEMBLYMAN ZACCARO: Okay. Are there
2 regions of New York where there's a higher
3 concentration of participants in those
4 programs?

5 COMMISSIONER KNIGHT: I have to get
6 back to you on the mix of where those
7 businesses are located.

8 ASSEMBLYMAN ZACCARO: Okay. And
9 lastly, would there be any limit on the
10 number of New York-based small businesses
11 that could participate in this matching grant
12 program? And if so, how many would -- how
13 would New York small businesses be notified
14 of the matching grant program?

15 COMMISSIONER KNIGHT: So the
16 businesses -- are you talking about the Small
17 Business Innovation Research program?

18 ASSEMBLYMAN ZACCARO: Both programs.

19 COMMISSIONER KNIGHT: Both programs.
20 And the transfer of technology program, okay.

21 So they apply to the federal
22 government for grants, and we provide a
23 letter that we would provide matching grants
24 to that funding. And that funding is

1 available from \$10,000 to \$50,000. So
2 depending on -- the level of award would
3 dictate how many grants we'd be able to fund.

4 ASSEMBLYMAN ZACCARO: Okay. And
5 how -- just on my last question, how would
6 New York small businesses be notified of this
7 program?

8 COMMISSIONER KNIGHT: We'll use our
9 existing outreach efforts through our REDCs,
10 regional offices. We will work with the
11 Legislature to provide information and
12 collateral to businesses that the program is
13 available.

14 ASSEMBLYMAN ZACCARO: Okay. Well, I
15 look forward to the follow-up on the first
16 two questions that I had.

17 Thank you, Chairs, so much for the
18 opportunity.

19 CHAIRWOMAN WEINSTEIN: Thank you.
20 Assemblywoman Lucas.

21 ASSEMBLYWOMAN LUCAS: Good afternoon
22 to everyone. Thank you, Chair, for
23 recognizing me.

24 There's so many concerns that you can

1 barely wrap it in three minutes. But I'll
2 get to the point.

3 I noticed a lot of really amazing
4 things in your testimony around workforce as
5 well as MWBE. But I come from a district
6 that kind of makes up both rural and urban.
7 I'm sure that my colleagues up here as well,
8 they share some similar factors of the
9 district. But I see that there's a lot of
10 employment opportunities, job creation,
11 opportunities for MWBE.

12 But I can't help but to understand --
13 or to wonder why is it, with all of these
14 opportunities, we are high in unemployment in
15 our district of East New York? Why is it
16 that our Local Development Corporation, some
17 of the services that they had been receiving
18 from ESD have been cut, which affects their
19 ability to support small businesses and those
20 who want to create business opportunities.

21 And how, at the same time, we're
22 saying that we want to support MWBEs but the
23 very organizations and systems that are in
24 place to do that, there's a lot of funding

1 that's additionally being cut every time we
2 have these conversations.

3 I just need to know, for full
4 transparency, so that we can get a real
5 assessment of what's happening, because I
6 know there's some questions that you were
7 unable to answer today. Can we get a
8 breakdown of how many Black people are
9 benefiting from these opportunities?

10 The reason why it's important for me
11 to emphasize that is because in New York City
12 alone, we've lost over 200,000 Black families
13 that have exited New York City. Our
14 enrollment in the school system is down to
15 roughly about 23 percent. The reason why
16 that's happening is because we can't afford
17 to live in New York City.

18 If we can't afford to live in New York
19 City, there's something wrong with the job
20 opportunities. And the job opportunities
21 that then come are always those low-hanging
22 fruit, those low-paying jobs. I'm seeing
23 that there's opportunities for folks to make
24 over \$100,000, but that's not in our

1 district.

2 So I'd just like an opportunity for a
3 breakdown of what that looks like and how
4 we're going to get to a point where we can
5 work collectively to address that issue
6 effectively.

7 COMMISSIONER KNIGHT: I look forward
8 to working with you.

9 CHAIRWOMAN WEINSTEIN: Thank you.
10 This question, along with other questions, if
11 you can respond to Senator Krueger and
12 myself, and we'll make sure that answers will
13 be distributed to all of the members. There
14 also may be a need for some offline
15 conversations.

16 Thank you. We're going to go now to
17 Assemblyman Manktelow, for three minutes.

18 ASSEMBLYMAN MANKTELOW: Thank you,
19 Madam Chair.

20 Commissioner Moy, just a couple of
21 questions of you, back on prisons. In my
22 district we have a prison that's been closed
23 for about 10, maybe 15 years now. Last
24 summer we did walk through that with some of

1 the members of the commission to take a look
2 at it. Since then, our local economic
3 development, as you see, has identified
4 several businesses that are willing to buy it
5 today, and at a fair market price. But we
6 can't seem to move from there. We keep being
7 stalled from -- in one way or another.

8 What can you do to expedite this?
9 It's a win-win. It's a win-win for the state
10 because those dollars are back in your
11 pocket -- back in our pocket as taxpayers.
12 But secondly, it takes the cost of what it's
13 costing the state to take care of that
14 property. And the buildings are full of
15 mold, and they're willing to deal with all of
16 that. So what can we do to expedite this so
17 we can make this happen?

18 COMMISSIONER KNIGHT: Thank you for
19 your question, Assemblymember. I've been
20 keeping my eye on this project very directly.
21 We're working to --

22 ASSEMBLYMAN MANKTELOW: Do you know
23 where I'm talking about?

24 COMMISSIONER KNIGHT: Absolutely.

1 And we are working to expedite the
2 transaction of this prison as soon as
3 possible. So we'll be in touch, but trying
4 to make sure that this happens as soon as it
5 possibly can.

6 ASSEMBLYMAN MANKTELOW: Well, that's
7 the best news I've heard all day. So thank
8 you very much, and thank you for being here.

9 I do have another minute and
10 40 seconds. So, Commissioner Moy, back to
11 you.

12 There are other OGS properties
13 throughout the state, and in my district as
14 well there's properties that the state owns
15 that have been vacant for four to five
16 decades. And the same situation there. We
17 have buyers that want to buy part or all of
18 those properties, which would be beneficial
19 to the state so we don't have to deal with
20 them anymore, it puts them back on the tax
21 rolls. But when we change governors, we
22 change leadership, and they can get kicked
23 back to the beginning again.

24 What can we do to help expedite those

1 situations so those businesses can grow as
2 well?

3 OGS COMMISSIONER MOY: That is a
4 process in which we work in partnership with
5 the chamber, and we work in partnership with
6 ESD. Our role is to make sure that these
7 deals, as they are facilitated, we can either
8 help them come out for proper sale through an
9 RFP process, we can handle it through special
10 legislation.

11 But what is the best way of making
12 sure, as I've been in this job for about
13 14 months, is if something has fallen off our
14 radars, please reach out; we'll look out to
15 those items in particular and we'll
16 coordinate with our partners in state
17 government to get you good answers.

18 ASSEMBLYMAN MANKTELOW: That would be
19 great. Because the one buyer has worked
20 through this process three times. And it
21 stops, he's ready to buy it, and then it gets
22 kicked back.

23 OGS COMMISSIONER MOY: I'm not
24 familiar with the deal. I don't have an as

1 encyclopedic memory as Commissioner Knight.
2 But we are absolutely happy to look into
3 those areas and expedite if there are
4 opportunities to bring it back to the tax
5 rolls.

6 ASSEMBLYMAN MANKTELOW: Perfect, thank
7 you. Thank you all for being here this
8 morning -- this afternoon, I apologize.
9 Thank you for your time.

10 CHAIRWOMAN WEINSTEIN: We go to
11 Assemblyman Ra, ranker, for five minutes.

12 ASSEMBLYMAN RA: Thank you.

13 I have a question for Commissioner
14 Knight, but I do want to thank Commissioner
15 Moy for reaching out last week to try to
16 connect before the hearing. I don't have any
17 questions for you at this time, but thank you
18 for your answers today.

19 Commissioner Knight, we had last year
20 at this hearing talked a little bit about --
21 I know you mentioned it in your testimony,
22 about doing kind of third-party evaluations
23 of some of the economic development programs.
24 Can you update me on any of those that have

1 taken place in the last year?

2 COMMISSIONER KNIGHT: Absolutely.

3 So those programs were -- our tax
4 credit programs are being reviewed by the
5 Department of Tax and Finance, who has hired
6 a third party to do those studies. We've
7 been providing data and information to Tax
8 and Finance to their outside consultant so
9 that they can work through these studies.
10 And we expect to get these studies done by
11 the beginning of next year, 2024.

12 ASSEMBLYMAN RA: Okay. And so
13 relative to START-UP in particular, do we
14 have any type of preliminary information or
15 anything of that sort? I'm asking because
16 obviously we have a proposal to kind of
17 rebrand and change that program in this
18 budget, and I'm wondering if we're putting
19 the cart before the horse a little bit.

20 COMMISSIONER KNIGHT: So we don't have
21 a third party study on START-UP, what we'd
22 like to call EPIC. But we know that there's
23 been \$68 million of state resources since the
24 program's inception dedicated, and we've seen

1 over 3,000 jobs and \$1.3 billion in economic
2 activity. So we do have that data that we
3 collect.

4 ASSEMBLYMAN RA: And one thing in
5 particular, maybe a little more parochial
6 from -- for myself. It seems like there has
7 been more of a drop-off in businesses leaving
8 the program on Long Island than the rest of
9 the state. And I don't know if you have any
10 thoughts on why that is or if something like
11 that might be something that could be
12 included in the review as to why that's the
13 case.

14 COMMISSIONER KNIGHT: I'm not familiar
15 with a decrease in businesses in the
16 Long Island programs, but we'll take a look
17 and see why that might be the case.

18 ASSEMBLYMAN RA: Okay, great. I
19 appreciate your answers with it. I think
20 this is -- I know there's many who view this
21 program skeptically. We've obviously spent a
22 lot of money over the years of the prior
23 administration on -- you know, on selling it,
24 on the commercials and all that other stuff.

1 So I hope that, you know, as we have
2 this conversation on a rebrand, a path
3 forward, we get as much information as
4 possible and figure out if it's -- if we can
5 make it a successful program, great. You
6 know, if there are ways to improve, great.
7 But otherwise, you know, I think it may be
8 time to move on from it.

9 So thank you.

10 CHAIRWOMAN WEINSTEIN: We go to
11 Assemblyman Stirpe for his second round of
12 three minutes.

13 ASSEMBLYMAN STIRPE: Thank you.

14 Commissioner Knight, just some quick
15 question and answer.

16 The Office of Semiconductor Expansion,
17 Management and Integration, is there funding
18 in the executive proposal for this?

19 COMMISSIONER KNIGHT: There is not
20 funding in the executive proposal, but we
21 expect to access funding from various sources
22 like the Community Benefits Fund that would
23 be provided by Micron.

24 ASSEMBLYMAN STIRPE: Okay. So we

1 don't know what the budget is yet for the
2 office, or how many people might work there?

3 COMMISSIONER KNIGHT: We have
4 allocated \$40 million --

5 ASSEMBLYMAN STIRPE: Forty, okay.

6 COMMISSIONER KNIGHT: Yes.

7 ASSEMBLYMAN STIRPE: Okay.

8 COMMISSIONER KNIGHT: To support the
9 implementation of Micron, other semiconductor
10 businesses, as well as supply chain.

11 ASSEMBLYMAN STIRPE: Okay. All right,
12 thank you.

13 On, you know, some of the older
14 programs, the Small Business COVID Recovery
15 Grant Program, you know, the \$825 million and
16 then 200 million last year, I know we changed
17 some of the criteria and a bunch of
18 businesses went back into the queue and they
19 were all excited, and then I guess we ran out
20 of money.

21 Is there any idea how many businesses
22 were left in that queue that didn't get
23 funded?

24 COMMISSIONER KNIGHT: We can go back

1 and look at the number of businesses that
2 didn't get funded.

3 We know that once we did relax
4 criteria, back in August and September, that
5 we were definitely oversubscribed with many
6 more businesses than funding available.

7 ASSEMBLYMAN STIRPE: Yeah. Yes, I had
8 a lot of them call and email me, so I got a
9 pretty good idea there were quite a few.

10 Last thing is on offshore wind ports.
11 We had \$500 million for the development of
12 ports for offshore wind production. You
13 issued a \$48 million -- or there was a
14 federal grant awarded to Arthur Kill
15 Terminal. And just wondering, you know,
16 what's the status of the \$500 million
17 appropriated last year? And is there still
18 an opportunity for the Port of Albany to win
19 some funding?

20 COMMISSIONER KNIGHT: So we continue
21 to work with NYSERDA on the Offshore Wind
22 Program. I know that the Port of Albany
23 is -- the project is moving forward. And I
24 believe there's an RFP that is on the street

1 that will be evaluated very shortly for that
2 project.

3 ASSEMBLYMAN STIRPE: Okay, thank you.

4 CHAIRWOMAN WEINSTEIN: We go to
5 Assemblyman Bronson for his second three
6 minutes.

7 ASSEMBLYMAN BRONSON: Thank you,
8 Madam Chair.

9 Commissioner Knight, you've indicated
10 that we're commissioning a study in
11 connection with our tax incentives and their
12 effectiveness. Ten years ago, roughly
13 10 years ago, 2013, we had a report of the
14 Governor's Tax Reform and Fairness
15 Commission. The conclusion indicated that
16 certain of our business incentives violate
17 principles of good tax policy and tenets of
18 good budgeting, and also indicated that much
19 of the research showed that there was little
20 or no positive impact on the net economic
21 gains.

22 Is this going to be a similar study?
23 Do you expect a different conclusion? And
24 that was a report that came out in 2013, and

1 we have no significant change in our approach
2 to economic development since that report.

3 COMMISSIONER KNIGHT: Well, thank you
4 for your question, Assemblymember.

5 When we look at the impact of our
6 programs we see, you know, significant
7 economic benefits being delivered. And so we
8 expect to see and have that validated by the
9 reports that get done that will be delivered
10 at the beginning of next year.

11 ASSEMBLYMAN BRONSON: And -- but if
12 the report concludes similar to the 2013
13 report, are you open to changing our
14 strategies and re-looking at our approaches?

15 COMMISSIONER KNIGHT: We look forward
16 to looking at the information to understand
17 what the reports convey.

18 ASSEMBLYMAN BRONSON: Okay. This is a
19 macro-level question. Through all of our
20 programs, whether grants, tax credits, bonds,
21 et cetera, they ultimately have a tremendous
22 impact on our communities -- some of them
23 positive, but some of them also negative:
24 Increases in housing prices. Demands on

1 transportation that our public transit
2 companies make adjustments that may impact
3 our families in favor of where businesses are
4 located. Demands on utility usage. Those
5 kind of things.

6 Yet I hear often from small
7 businesses, from neighborhood associations --
8 especially those in marginalized
9 communities -- and others, that they have no
10 voice in this. One could argue their voice
11 is through local government, but they don't
12 feel like they have a voice, especially
13 marginalized communities.

14 What strategies do you think we can
15 put in place to get those voices heard as
16 we're making decisions that will have an
17 impact on their lives?

18 COMMISSIONER KNIGHT: So thank you for
19 that question.

20 I think that ESD, you know, has
21 implemented strategies related to getting
22 community feedback, particularly with big
23 projects. That process is happening in
24 Central New York with respect to Micron.

1 We'll have a community task force that will
2 provide advice and prioritize -- I can come
3 back to you with --

4 ASSEMBLYMAN BRONSON: Sure thing.
5 Thank you so much, Commissioner.

6 COMMISSIONER KNIGHT: Thank you.

7 CHAIRWOMAN WEINSTEIN: Thank you.

8 So I neglected to mention that
9 Assemblymember Fall joined us a while ago.

10 I just have a quick question myself,
11 on behalf of one of our colleagues. So I was
12 wondering, Hope, if you could give us a
13 report on the outcome of the newly created
14 Office of Financial Inclusion and
15 Empowerment.

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

18 CHAIRWOMAN WEINSTEIN: Okay.

19 COMMISSIONER KNIGHT: Yes.

20 CHAIRWOMAN WEINSTEIN: Okay. So that
21 we would appreciate and that would be, you
22 know, again something that would be
23 distributed to all of the members.

24 And Senator Krueger, I believe the

1 Assembly is now done.

2 CHAIRWOMAN KRUEGER: Well, then I
3 would like to thank all of you on the panel
4 for spending, you know, half of your day with
5 us. And thank you to OGS because several
6 members have reported that the elevator they
7 ride is working again, and they are very
8 happy --

9 (Laughter; overtalk.)

10 CHAIRWOMAN KRUEGER: So we should
11 apparently keep you here more often and get
12 more things done. So, really, thank you.

13 As they leave, some of you are going
14 to want to grab them -- which you have the
15 right to do, but take it out in the hallway,
16 because we want to continue with the next
17 panel. Or you could grab them in the
18 elevator, whatever. Just not in this room.

19 So everyone who wants to talk or
20 stretch, go outside, please.

21 And I'm going to call the next panel,
22 which is Ryan Silva, New York State Economic
23 Development Council, and Ross Frommer,
24 NYFIRST, Fund for Innovation in Research &

1 Science Talent. Okay.

2 (Off the record.)

3 CHAIRWOMAN KRUEGER: All right,
4 everyone. Take your seats if you're staying,
5 and head outside if you're leaving. Thank
6 you.

7 Thank you, gentlemen. Why don't we
8 take it in the order I called you in: First,
9 New York State Economic Development Council.

10 MR. SILVA: All set?

11 CHAIRWOMAN WEINSTEIN: Yup.

12 CHAIRWOMAN KRUEGER: Yes.

13 MR. SILVA: Thank you very much,
14 Senator Krueger, Assemblywoman Weinstein, as
15 well as the entire delegation, for the
16 opportunity to join you today and to address
17 you.

18 First and foremost, I think what I
19 would like to do is say thank you to all of
20 you for your leadership and commitment to
21 economic development in the 2022 budget.

22 I should probably introduce myself
23 first as well before I dive into my comments.
24 Ryan Silva, New York State Economic

1 Development Council executive director.

2 I would like to highlight a few items
3 that were not included in the Executive
4 Budget that we would like to see prioritized
5 in this year's final budget resolution. And
6 it was actually kind of reassuring to hear
7 several of those programs referenced by many
8 of you already.

9 Reauthorization of the Shovel-Ready
10 FAST NY program. I do want to thank --

11 CHAIRWOMAN KRUEGER: I'm so sorry.
12 The clock should only be three minutes for
13 everybody testifying. They are not -- we're
14 post-government. Thank you. So just set it
15 at three.

16 MR. SILVA: I promise I will be quick,
17 Senator. You will not have to throw the
18 mallet at me.

19 Shovel Ready/FAST NY, there was
20 \$200 million committed last year. I want to
21 thank Assemblyman Bronson and Senator Cooney,
22 amongst several others, for prioritizing
23 this. We agree that 500 million is a great
24 number. We would be very happy with another

1 \$200 million in this year's budget.

2 Assemblyman Jones, thank you as well
3 for sponsoring that.

4 Restore NY. Our understanding is that
5 there were over \$400 million in applications
6 for the program over the past 12 months. As
7 many of you know, \$250 million was allocated
8 to that program, which is a record number.
9 We would encourage a reauthorization or
10 reappropriation of funding for Restore. It
11 is an extremely popular economic development
12 program as well as a very impactful economic
13 development program.

14 I think we've all heard about
15 workforce development and its importance
16 training the next generation of workforce and
17 providing them the skills necessary for the
18 jobs of tomorrow. It's something we would
19 encourage the Legislature as well as the
20 Governor's office to continue investing in.
21 The \$350 million for this strategic workforce
22 department at ESD is a good start. We would
23 like to see that continue for years to come.

24 The Centers for Advanced Technologies

1 and Centers of Excellence, those really do
2 need to have funding not only reauthorized
3 but increased. They've been at the same
4 level for over a decade, and their economic
5 impact, as referenced earlier, is just
6 incredible. It is New York State's
7 innovation ecosystem for entrepreneurship and
8 the next generation of career opportunities.

9 The SBIR matching grant program, which
10 was in the Executive Budget, is something we
11 are very supportive of. I know,
12 Senator Ryan, you have a bill as well that I
13 believe passed the Senate, S1824. We agree
14 and support that as well and hope that we
15 continue to match federal investment dollars.
16 We take advantage of the opportunity that the
17 federal government is providing by sending
18 federal dollars towards New York.

19 The digital gaming tax credit. I do
20 want to recognize and thank the Legislature
21 for introducing and finally getting this
22 done, specifically Assemblyman McDonald and
23 Senator Breslin. The \$2.5 million per year
24 over the next 10 years is a good start.

1 But in reality, with the large
2 ecosystem as it exists, we know that number
3 needs to increase and we hope that the
4 Legislature will consider increasing the cap
5 on that over the coming years and certainly
6 in this budget.

7 And then finally, I will close with
8 the Green CHIPS. Thank you to Senator
9 Cooney, Assemblyman Bronson, Assemblyman
10 Stirpe. This has put us back on the map in
11 the semiconductor industry. We are the state
12 that many of those in the industry are
13 looking at as the opportunity to expand their
14 manufacturing operations in New York.

15 CHAIRWOMAN KRUEGER: Thank you.

16 Good afternoon.

17 MR. FROMMER: Chairs, ranking members,
18 distinguished members of the Assembly and the
19 Senate, thank you for asking me to testify
20 here today.

21 My name is Ross Frommer, vice
22 president for government and community
23 affairs at Columbia University Irving Medical
24 Center, and I'm here to speak on behalf of

1 the NYFIRST program.

2 And I want to thank members of the
3 Legislature because the NYFIRST program is
4 actually part of the Life Science Initiative
5 which you passed in I believe 2017, and
6 frankly the NYFIRST that originated here in
7 the Legislature is not part of the original
8 program, and you sought fit to add it.

9 Senator Ryan, you talked about the
10 importance of attracting and retaining
11 scientific talent in New York, and that is
12 what NYFIRST does. It helps medical
13 schools -- and by the way, I should add I'm
14 also here on behalf of -- we are a member of
15 the Associated Medical Schools of New York,
16 the trade association for New York's
17 17 medical schools. I'm here on their behalf
18 as well.

19 Although early on NYFIRST was
20 extremely successful at attracting
21 high-quality, top research talent to New York
22 State, with just a small number of grants
23 they have already created 183 new,
24 good-paying jobs, higher-than-average

1 salaries, benefits that are a very good
2 package, and created almost a four-to-one
3 return on investment.

4 I should note that under the program
5 the medical schools are required to
6 contribute a two-to-one match. We're running
7 now almost twice that at this point. So so
8 far you see tremendous success, a total
9 economic return of like over 4 percent --
10 excuse me, almost four times return on
11 investment.

12 Other states are doing this --
13 California, Texas -- and they are doing it to
14 the tune of billions of dollars. NYFIRST
15 helps us compete. We should keep doing that.
16 It is a new program, but I should note that
17 it's modeled after the old faculty
18 development program, which also had a
19 tremendous return on investment. The state
20 invested about \$39 million over 10 years two
21 decades ago, and the return on that was
22 eight-to-one. By 2015, at which point the
23 state stopped counting, the numbers are
24 undoubtedly higher.

1 At Columbia we have been able to
2 recruit two top-notch scientists. One we got
3 from Texas -- that was fun, we actually stole
4 one back from Texas. In just under three
5 years, I think it is, they've already created
6 47 new jobs and attracted I think over
7 \$20 million of NIH funding.

8 This is the time to do this. The NIH
9 budget has gone up now for, I think, eight
10 years in a row, and I can't predict the
11 future. There's one thing that most people
12 in Washington do agree upon -- the importance
13 of biomedical research funding. If this is
14 an arms race, we need to equip ourselves.

15 If we are not there at the table, you
16 can bet that Texas and California and all
17 those other states will be, and they're going
18 to take our scientists and prevent us from
19 recruiting and the jobs that go with them.

20 So thank you very much. Happy to
21 answer any questions.

22 CHAIRWOMAN KRUEGER: Thank you very
23 much.

24 Our first questioner is Senator Sean

1 Ryan.

2 Everyone, by the way, it's three
3 minutes for everybody, one round for the rest
4 of the hearing.

5 Thank you. Sean.

6 SENATOR RYAN: Good afternoon.

7 I wanted to talk a little bit with
8 Mr. Silva about IDAs. So we just had the
9 Empire State Development chair come in, and
10 they outlined about \$1.8 billion of the
11 spending every year, and it's all done
12 through a centralized state program.

13 And then you look at IDAs, and it
14 looks like there's about 107 of them in
15 New York State, and they give out about
16 \$1.8 billion a year in economic development.
17 And report after report, whether it's the
18 Comptroller or an authority's budget office,
19 they kind of give a collective "meh" to their
20 performance.

21 You know, most of them promised high,
22 and then the chart shows over a 10-year
23 period they come in lower. And also, you
24 know, there's been incident after incident of

1 economic development activity that was just
2 going to occur anyway -- like companies like
3 Medline, in Orange County, threatening to
4 move unless the IDA gave them dough. It was
5 rejected, they built anyway, and I guess
6 that's been referred to the district
7 attorney's office.

8 But throughout my history here, I've
9 seen IDAs just really engaging in poaching
10 from town to town, county to county, and also
11 just needlessly subsidizing companies like
12 Amazon. Gates gave Amazon \$150 million; Clay
13 gave Amazon 70 million; East Fishkill gave
14 Amazon 18 million; and 6 million in Hamburg,
15 New York, which is in my area.

16 I would note that facility never
17 opened, and also note the big winner in that
18 project appears to be the Hamburg IDA, who
19 retained \$470,000 worth of fees -- and they
20 don't get their fees clawed back if in fact
21 they don't really make what they were
22 supposed to make.

23 So what the question really comes down
24 to is, do we need to rein in the IDAs? Are

1 we happy with them subsidizing A&W Root Beer,
2 the Moe's, fast-food places, and Gold's Gym?
3 Is this the type of uplifting economic
4 development that we should be spending our
5 taxpayer dollars on and often taking money
6 from our schoolchildren to subsidize such
7 investment as Moe's Tacos and A&W Root Beer?

8 To you, Mr. Silva.

9 MR. SILVA: With 34 seconds to go, I
10 will do my best --

11 SENATOR RYAN: Take your time, take
12 your time.

13 MR. SILVA: -- to respond to many of
14 those discussions and conversations.

15 I would point first to the OSC report
16 about annual IDA performance. The
17 \$1.8 billion number you're quoting, I
18 believe, is from an outside study. I believe
19 the number is significantly lower, based on
20 OSC reporting, which was about \$986 million
21 net.

22 That being said --

23 SENATOR RYAN: Call it a billion.
24 Just among friends.

1 MR. SILVA: No -- I appreciate
2 "amongst friends", Senator.

3 And that certainly is something that
4 I'm willing to talk to and work with you
5 about. For years we have been talking about
6 how do we modernize the Industrial
7 Development Agency general municipal statute.
8 And we look at the performance of IDAs and
9 what do IDAs do. I firmly believe, and I
10 think several of my colleagues up here would
11 agree, that the IDAs remain the best local
12 economic development tool we have in our
13 community for retaining and creating jobs.

14 Which is part of it. Retaining and
15 creating jobs is a fundamental core part of
16 economic development.

17 CHAIRWOMAN KRUEGER: I'm apologizing
18 that even though he said take your time --

19 MR. SILVA: Right.

20 (Laughter.)

21 MR. SILVA: Senator, can we take the
22 conversation and continue it offline with
23 your office?

24 SENATOR RYAN: We can.

1 MR. SILVA: Thank you.

2 CHAIRWOMAN KRUEGER: Thank you.

3 Assembly.

4 CHAIRWOMAN WEINSTEIN: Assemblyman

5 Jones.

6 ASSEMBLYMAN JONES: Good morning -- or
7 good afternoon, gentlemen.

8 MR. SILVA: Good afternoon,
9 Assemblyman.

10 ASSEMBLYMAN JONES: This is kind of
11 directed towards -- it is directed towards
12 Mr. Silva.

13 You know, we get up here every year,
14 and every budget we see another program
15 announced or a new program or other old
16 programs. And, you know, you're out in the
17 business world, you're talking to businesses
18 obviously, that is part of your job, and some
19 programs work, some don't.

20 What are you hearing back from
21 businesses on the programs, the state
22 programs, state-funded by all of our
23 taxpayers? What programs are working -- and
24 be blunt. What programs are working and what

1 programs aren't?

2 Because we should continue -- and I
3 see this budget, and I'm disappointed in some
4 of the programs that haven't been
5 reappropriated. Restore, I think, will work.
6 It's fairly new. You've touched on the
7 amount of applications, and I think many of
8 our colleagues here have communities that
9 want to invest more or want to see them
10 invest more in Restore NY.

11 Shovel Ready -- I'm kind of biased
12 towards that, because it was my legislation.

13 But what programs out there are
14 working and what aren't? I will leave that
15 to you.

16 MR. SILVA: Thank you very much,
17 Assemblyman. And from the perspective of the
18 New York State EDC, I think I referenced
19 several of the programs that we know are
20 effective and efficient, and one of the
21 things that we hear from the business
22 community is consistency.

23 Consistency is important. If
24 something is working, you continue to do it.

1 And if it works effectively, you invest
2 further with it. Public-private
3 partnerships, because New York is a high-cost
4 state, is something that is necessary in
5 order for us to maintain our competitive
6 advantage.

7 So when I look at programs that are
8 effective, I look at a program like
9 Restore NY, a program like Shovel Ready. The
10 CATs and the COEs have been around since the
11 mid-'90s. The entire semiconductor industry
12 was born out of the research and development
13 that was being done at CNSE 30 years ago.
14 The optics and photonics, the advanced
15 materials -- those kinds of things I think
16 are incredibly effective.

17 And I will use this opportunity to say
18 that if you look at the numbers, IDAs --
19 industrial development agencies -- are
20 effective. Over 175,000 net new jobs in
21 2020, the pandemic year when our state lost
22 over a million jobs. Those projects that
23 IDAs were supporting helped grow
24 167,000 jobs.

1 Not only that, IDAs are also helping
2 the state achieve its clean energy goals with
3 all the wind and solar projects that they are
4 bringing on to the market.

5 ASSEMBLYMAN JONES: Thank you.

6 CHAIRWOMAN KRUEGER: Thank you.

7 Senator Walczyk.

8 MR. SILVA: And now I'm getting
9 hungry.

10 (Laughter.)

11 SENATOR WALCZYK: Thank you, Chair.

12 How are we doing, gentlemen?

13 MR. SILVA: Senator.

14 SENATOR WALCZYK: Good.

15 So the film tax credits, the
16 Governor's added \$280 million this year, for
17 a record investment of \$700 million. A lot
18 of money going towards post-production tax
19 credits.

20 ESD just testified that there is a
21 nine-to-one return on investment for each of
22 those dollars we give to Hollywood. The
23 Empire Center did a report on this, pretty
24 in-depth, a few years ago, and they are

1 saying that taxpayers are spending over
2 \$40,000 -- this is in 2019 dollars -- over
3 \$40,000 per job in the film industry that is
4 produced.

5 Who is right here?

6 MR. FROMMER: With all due respect,
7 Senator, this is really not my area of
8 expertise. I just don't feel comfortable
9 answering that question.

10 MR. SILVA: I will do my best to
11 answer it. Because we don't spend a ton of
12 time focusing on the film tax credit, and I
13 think it would go towards the broader
14 conversation about tax-dollar-per-job created
15 being a metric but not the only metric we
16 really ought to look at.

17 The reality is is the film industry
18 creates and retains 57,000 good-paying union
19 jobs in New York City. Those are blue-collar
20 jobs. And I see what other states are doing.
21 I look at what New Jersey is doing.

22 I'm going to use a little bit of
23 anecdotal information. I have three young
24 kids. I watch Disney+. I see the Avengers

1 movies come on, and then I see that Georgia
2 logo with the peach, and it drives me crazy.
3 Those jobs and those productions should be
4 happening in New York. I would rather see a
5 big apple as opposed to a peach logo at the
6 end of every one of those films.

7 So I understand the analysis that the
8 Empire State Center does. But if you are
9 talking about the industry as a whole,
10 without those tax credits, the industry will
11 suffer tremendously.

12 SENATOR WALCZYK: Yeah, and here is
13 the number that is difficult to drill down
14 to. So, you know, if we've been spending
15 \$400 million a year on those post-production
16 tax credits and you're saying that's a
17 retention of 57,000 jobs for New York City --
18 you know, as a Senator from upstate New York,
19 I don't really care that much. The Georgia
20 peach doesn't offend me. I would rather see
21 taxes cut for businesses in my area and
22 tourism promoted in my area for sure, but I
23 can understand the greater picture here.

24 What is \$280 million in additional

1 taxpayer money that's going towards this
2 industry? What is that going to produce for
3 New York City? And does that mean that
4 57,000-job retention turns into 80,000 jobs,
5 90,000 jobs?

6 MR. SILVA: I believe there is a panel
7 that will be coming up later this afternoon
8 that is probably more qualified to answer
9 that question than me. My assumption and
10 hope is that that would not only help retain
11 but expand the number of jobs.

12 SENATOR WALCZYK: I'll ask them.
13 Thanks.

14 MR. SILVA: You got it. Thank you,
15 Senator.

16 MR. FROMMER: And I'll just add that
17 the best way to create jobs is to bring
18 talent into New York, which is what I've been
19 trying to focus on.

20 CHAIRWOMAN KRUEGER: Thank you.
21 Assembly?

22 CHAIRWOMAN WEINSTEIN: We go to
23 Assemblyman McDonald.

24 ASSEMBLYMAN McDONALD: Ryan, a

1 question for you.

2 You know, IDAs -- you know, I'm biased
3 because I was chair for 13 years. We did
4 some good things in revitalizing a city, but
5 I also understand there are some bad deals
6 that go on. There are some bad actors.

7 Yesterday my colleagues had an event
8 which I thought was well-intended in regards
9 to the fact that -- let's face it, most of
10 the taxes people pay in this state are school
11 taxes. Is your entity supportive of -- I
12 mean, my first thing that I did as mayor is I
13 put a school board representative on my
14 board.

15 MR. SILVA: Sure.

16 ASSEMBLYMAN McDONALD: Do you guys
17 support that?

18 MR. SILVA: I would say that every
19 community is different, Assemblyman.

20 And I appreciate you calling me
21 "Ryan." Please refer to me as "Ryan" moving
22 forward instead of "Mr. Silva."

23 (Laughter.)

24 MR. SILVA: Yes. I've known the mayor

1 for almost 20 years now.

2 I do know that actually several
3 industrial development agencies have
4 modernized and do have school representation
5 on their boards of directors. I think it is a
6 good idea.

7 I cannot speak to 107 IDAs, whether or
8 not they should. But I believe having them
9 at the table and part of the conversation
10 makes those discussions about the proposals
11 and the investments that are being made by
12 IDAs and why and how they benefit schools.

13 ASSEMBLYMAN McDONALD: Let me ask you,
14 another discussion that comes up -- which has
15 merit, I'm not dismissing this -- is that --
16 and, you know, Sean had mentioned
17 \$1.8 billion is taken out of taxpayers. I
18 get that.

19 However, just to be clear, the
20 majority of projects that your members deal
21 with, I'm assuming that this is growth. In
22 other words, does the tax base expand at all?

23 I look across the river at Rensselaer
24 County: Regeneron invested \$800 million.

1 hundred fifty-four -- thousand -- somewhere
2 in that range --

3 ASSEMBLYMAN McDONALD: Which is more
4 than Global Foundries. No disrespect to --

5 MR. SILVA: Oh, Assemblywoman
6 Woerner's not here, I won't touch that one.

7 ASSEMBLYMAN McDONALD: Question. Last
8 comment, because I understand -- and, you
9 know, as we know, the Comptroller's office
10 has clear oversight over the IDAs. What's
11 been lost in the discussion for the last
12 23 years I've been in government is these
13 local development corporations are growing up
14 with three people on a corner, and they're
15 spending a ton of taxpayers' money with very
16 limited oversight because the ABO is
17 minuscule in this effort. No disrespect to
18 them.

19 Thank you.

20 CHAIRWOMAN KRUEGER: Thank you.

21 Senator Borrello.

22 SENATOR BORRELLO: Thank you,

23 Madam Chair.

24 Mr. Silva, good to see you.

1 MR. SILVA: Senator.

2 SENATOR BORRELLO: A question for you,
3 the same question I asked Hope Knight. You
4 know, we're talking about eliminating natural
5 gas. There are very few industries,
6 particularly manufacturing, that can survive
7 without natural gas where the technology does
8 not exist. How are we going to replace the
9 massive loss of jobs and economic impact from
10 eliminating natural gas?

11 MR. SILVA: I don't have the answer to
12 that.

13 What I will say is the position of the
14 New York State EDC is that we have long
15 supported our members, industrial development
16 agencies and others -- reducing our carbon
17 footprint is something we should 100 percent
18 aspire to do. Bringing more clean energy
19 onto the grid, whether it's wind, solar,
20 hydro, is something we all should be trying
21 to achieve.

22 So we in principle support the CLCPA.
23 We should be trying to reduce our carbon
24 footprint. At the same time, we have to

1 recognize that the timetable needs to work so
2 that it doesn't put New York State at a
3 competitive disadvantage.

4 You highlighted natural gas, and I'm
5 very familiar with the project that you
6 referenced in your district. Can't happen.
7 Won't happen without access to natural gas.
8 And I believe, as the CLCPA scoping plan is
9 being developed, there are carveouts and
10 there are provisions that would ensure
11 manufacturers that need access to natural gas
12 will have access to it.

13 SENATOR BORRELLO: For a limited time.

14 MR. SILVA: For a limited time. With
15 the hope that -- well, I don't believe they
16 completely phase it out 100 percent, but I
17 would have to look at it.

18 SENATOR BORRELLO: Yeah. So it would
19 be far more expensive. So why wouldn't you
20 just pick up and move to Pennsylvania?

21 MR. SILVA: I don't want them to move,
22 Senator. I want them to stay here.

23 SENATOR BORRELLO: Five miles away.

24 MR. SILVA: Yeah, and that's a real

1 challenge.

2 SENATOR BORRELLO: If you make it
3 unaffordable --

4 MR. SILVA: And we are concerned with
5 the timetable and our ability to meet that.
6 In order for us to meet the reduction in
7 greenhouse gas -- whether it's coal, natural
8 gas, we can argue about nuclear being clean
9 or not clean -- in order for us to keep up
10 with the demand, we have to exponentially
11 grow the amount of wind, the amount of solar,
12 the amount of hydro we produce here in
13 New York.

14 And on top of that, we also have to
15 figure out how do we get it into transmission
16 lines, how do we modernize that
17 infrastructure, and how do we get it into
18 places in New York State that it's needed.

19 So we are supportive of the CLCPA, but
20 we continue to hope that this will not
21 negatively impact our economic development
22 attraction efforts.

23 SENATOR BORRELLO: I would say that
24 your support of the CLCPA is divorced from

1 the reality of what it means to have economic
2 development in New York State. With all due
3 respect, I think you guys do a great job, you
4 know, I'm a big supporter of the IDAs, I
5 spent 10 years in county government. But
6 this is not reality-based. And until it is,
7 we are going to have a big problem.

8 And you can blanket all of New York
9 State with wind and solar, and it won't be
10 enough power to replace the need that we're
11 going to have, and that's the real issue.

12 CHAIRWOMAN KRUEGER: Thank you.

13 Assembly?

14 CHAIRWOMAN WEINSTEIN: We go to
15 Assemblyman Rivera.

16 MR. SILVA: Assemblyman, how are you,
17 sir?

18 ASSEMBLYMAN RIVERA: Good. Good.

19 I don't know if we've met yet. I'm
20 one of the new folks. I'm happy we're
21 meeting right now.

22 I have a couple of questions, and
23 given how short my time is, if you could give
24 me relatively sort of yes or nos on this.

1 MR. SILVA: I'll do my best,
2 Assemblyman.

3 ASSEMBLYMAN RIVERA: And they're all
4 going to be about IDAs.

5 MR. SILVA: Sure.

6 ASSEMBLYMAN RIVERA: So are there
7 particular industries that you think the IDA
8 should not be granting abatements to? For an
9 example, a fast-food restaurant? Do you feel
10 we can impose some sort of straight standard
11 and say, you know what, regardless of
12 everything else, fast-food restaurants
13 shouldn't receive anything, yes or no?

14 MR. SILVA: I will work with you and
15 the Senator on the bill that you are
16 potentially introducing around a third-party
17 study. I would be very interested in working
18 with you on that.

19 ASSEMBLYMAN RIVERA: Okay.
20 What is your position on town IDAs
21 within counties that already have county
22 IDAs?

23 MR. SILVA: I think it really does
24 depend. I know there's seven, eight in

1 Erie County, right?

2 ASSEMBLYMAN RIVERA: Five or so.

3 MR. SILVA: Is it six? I apologize, I
4 don't know -- seven. I was around it.

5 It's very hard for me to say that the
6 City of Albany shouldn't have its own
7 industrial development agency and the county
8 should. The economies are very uniquely
9 different. It works in some areas; it works
10 in others.

11 ASSEMBLYMAN RIVERA: Would you support
12 some other funding mechanism for IDAs? I
13 think that there's a deep, deep disincentive
14 that IDAs have to essentially agree to bad
15 deals when they're in front of them. But as
16 long as they seem to reap the benefit of a
17 bad deal, what's really preventing them from
18 making more bad deals?

19 So do you -- would you think that --
20 you know, is there -- are you open to sort of
21 supporting another idea of how IDAs can
22 actually --

23 MR. SILVA: Generate revenue for
24 operational purposes?

1 ASSEMBLYMAN RIVERA: Yeah.

2 MR. SILVA: There's models. The
3 Schenectady Metroplex, I think, is a good
4 model, that they have the City of
5 Schenectady's IDA, the County of
6 Schenectady's IDA under one umbrella. They
7 have a consistent revenue stream which allows
8 them to pursue other projects.

9 There's a model in Texas that actually
10 the state provides funding for local regional
11 economic development efforts to operate their
12 offices. So, open and willing to 100 percent
13 discuss other funding mechanisms.

14 ASSEMBLYMAN RIVERA: Would you support
15 an idea, sort of like a universal wage floor,
16 considering local demographics? If we were
17 to say something like, Okay, you know, if
18 we're going to grant some sort of benefit to
19 an entity, whether it be Amazon or whether it
20 be anything else, that there's a minimum wage
21 that they have to employ people at if they're
22 going to receive a benefit? And that minimum
23 wage can take into account whatever local
24 nature, market, whatever dictates.

1 Would you support something like that?

2 MR. SILVA: No, and I'll -- can I
3 caveat with why?

4 Because I don't believe that jobs
5 created and retained is the only thing that
6 industrial development agencies should be
7 looking at when determining whether or not
8 they want to support a project. Because
9 we've talked about blight reduction, we've
10 talked about clean energy production, and
11 those things are important things that I
12 think IDAs should be working on that don't
13 necessarily tie strictly to job growth.

14 Good job, paying -- yes. We should be
15 looking at good-paying jobs.

16 CHAIRWOMAN WEINSTEIN: Thank you.
17 Senate?

18 CHAIRWOMAN KRUEGER: Thank you.

19 Next is Senator Murray.

20 SENATOR MURRAY: Thank you very much
21 to both of you for being here.

22 Thank you, Chairwoman.

23 Director Silva, first let me make a
24 statement about IDAs. Big fan, with one

1 caveat, and that caveat is that when we're
2 providing New York taxpayer incentives to
3 companies to hire, those hires should be
4 New York State residents. Out-of-state hires
5 should not count anytime. Just my statement.

6 I want to move on to something else.
7 Assemblyman Stirpe brought up a great point
8 in the last segment about the tying in of
9 workforce development with childcare. And
10 I'll ask a couple of questions and then wait
11 for your response here.

12 So in speaking with businesses and
13 workers, in addition to job training, one of
14 the top issues I hear is the struggle with
15 childcare. Do you think it would be a good
16 idea to create more incentives for businesses
17 to create and have on-site childcare
18 services? And I know we do some, but could
19 we increase that? And would that get more
20 people back into the workforce? (Pause.)

21 Or did I ask the wrong person?

22 (Laughter.)

23 MR. SILVA: No, no. I mean, I
24 don't -- I don't want to --

1 MR. FROMMER: Again, you know, not my
2 area of expertise, but I will say this, and
3 this is just my anecdotal recall. At
4 Columbia University Medical Center, in the
5 pandemic we had many challenges, but one of
6 the challenges we had was childcare for our
7 nurses, our doctors, our environmental health
8 professionals, folks who couldn't work at
9 home, folks who we needed on campus.

10 And everything we tried to do to make
11 it work -- a lot of the barriers were, okay,
12 what do these people do with their kids?
13 Because they can't go to school, they're
14 afraid that -- "afraid" may be the wrong
15 word. Babysitters weren't an option,
16 whatever it was. That -- all's I can say --
17 from, you know, again my perspective, during
18 the pandemic that was one of our greatest
19 challenges.

20 MR. SILVA: I would just add that
21 incentivizing it is part of the challenge,
22 but the logistical challenges from a
23 regulatory standpoint of opening an on-site
24 childcare facility for a manufacturing

1 company, let's say, for example -- to say it
2 is burdensome would be an understatement.

3 I think that it warrants looking at,
4 is there a way to streamline the process by
5 which a childcare facility which may be
6 attached to an industry-attraction effort
7 becomes more simplified? The same thing
8 we're trying to do with the Shovel Ready
9 initiative. We're trying to streamline the
10 local zoning and approval processes as we
11 incentivize people to come here.

12 There can be some things, I think,
13 done that would simplify that. I don't have
14 those answers because I'm not a childcare
15 expert, but I would welcome engaging them in
16 that conversation.

17 SENATOR MURRAY: Yeah, and I will say
18 the Governor -- I give her nothing but credit
19 here -- for the last year, and again this
20 year, she has shown not only a willingness
21 but a desire to tackle this issue, and I look
22 forward to working with her on it.

23 And we should reduce the regulatory
24 obstacles, as long as safety and health is --

1 on what do you think the best approach is for
2 New York State in terms of economic
3 development.

4 And then, secondly, a minimum wage
5 that's indexed to inflation is an important
6 thing. I think as many people know, if
7 they're in business, we all know that -- the
8 labor shortage that's going on out there.
9 And supply and demand is really driving wages
10 right now.

11 Does it require government
12 intervention at this point in time? Or is
13 the marketplace taking care of it?

14 MR. SILVA: Thank you, Assemblyman. I
15 only had two out of those three. I did the
16 Regional Councils. And I haven't worked at
17 an IDA, but certainly they make up a good
18 group -- portion of our membership.

19 New York State is a home rule state.
20 And so long as New York State is a home rule
21 state, I think local control, local
22 engagement, ground-up economic development
23 more holistically across the board is
24 fundamentally the best approach.

1 Nobody knows their community better
2 than the people who live in it. Those who
3 work at industrial development agencies,
4 they're public servants, they're public
5 employees who live in the communities that
6 they serve, and ultimately they want to see
7 the quality of life in their communities
8 grow, increase, and do better.

9 The Regional Economic Development
10 Council model is a great model because
11 when -- you can collaborate around a regional
12 strategy. So there are instances where it
13 makes sense for -- the focus on
14 semiconductors in one region makes sense, the
15 focus on optics and photonics, on life
16 sciences. So developing strategies and then
17 identifying projects makes sense.

18 But they all have to work together.
19 The state, Empire State Development, has to
20 be working collaboratively with IDAs, vice
21 versa with other state agencies. And I would
22 say we're in a really good place right now
23 with that relationship.

24 So on the second part, I would defer

1 to the Business Council. You know, we
2 recognize that minimum wage is a very
3 important topic. I know the Governor
4 proposed indexing it. That is something that
5 we would not oppose.

6 MR. FROMMER: It will not surprise you
7 to add that my answer is going to be similar
8 to the previous answers to the previous
9 questions.

10 The best way to do this is to attract
11 talent. Especially when you're talking about
12 science, because there is so much federal
13 money out there. The more talent you have in
14 this state, the more economic activity, the
15 more jobs, the more startups, the more
16 intellectual property you're going to have.

17 CHAIRWOMAN KRUEGER: Thank you.

18 Senator Oberacker.

19 SENATOR OBERACKER: Good afternoon.

20 My question is for Vice President Frommer.

21 You know, early on in my career I was
22 a food scientist who then kind of transformed
23 into a research chef, so where we've merged
24 kind of the two philosophies of culinary and

1 science. Representing over seven counties,
2 one of which is the Schoharie County,
3 Schoharie Valley. Really was the
4 breadbasket, if you will, of New York during,
5 you know, revolutionary times.

6 Is there any thought to potentially
7 opening up what we're doing here for a
8 food-side premise? And the reason I say that
9 is because if you really think about it,
10 three times a day we're consuming some food.
11 What better delivery system, if you will, to
12 improve upon health?

13 And I'll leave you with this quote:
14 An apple a day.

15 So with that, I would like to hear
16 your thoughts.

17 MR. FROMMER: Well, first, Senator, I
18 should note that it has been 25 years, but I
19 used to live in Otsego County. I lived there
20 for two and a half years and spent a lot of
21 time there, so I know that area of the state
22 pretty well. I was Senator Moynihan's
23 upstate director, so I covered 33 counties,
24 including Schoharie County, so I also spent

1 some time there as well.

2 Not my area of expertise. My focus is
3 biomedical research. But I believe the model
4 of attracting talent and the research dollars
5 that follows that talent is a good model.

6 And likewise, when you lose that talent, you
7 don't just lose the great researcher or the
8 great chef or whatever the area of expertise
9 may be -- you lose all their research
10 funding.

11 The way that NIH works, the RO1 grant,
12 it is specifically tied not to the
13 institution but to the primary investigator.
14 So when we bring someone in, we're not just
15 bringing in a brilliant scientist, we're
16 bringing in a million, \$2 million, \$3 million
17 in existing grants. And there's going to be
18 future grants.

19 So, yes, I happen to think -- my
20 biased, if you want to call it that -- this
21 is a good model for any type of science.

22 SENATOR OBERACKER: And being on the
23 Higher Ed committee as well, I have
24 Cobleskill College, I have of course SUNY

1 Oneonta, now SUNY University, or University
2 at Oneonta, which have some nutritional and
3 other programs. I just think it would be a
4 perfect tie-in. And what better way to
5 extend out these monies that we are
6 allocating. And again, I go back to an ROI.
7 I think it would be a fantastic ROI.

8 So thank you for that. Thank you for
9 the work you're doing. And if you need a
10 county to roll this out in, or a district to
11 roll this out in, I'd be more than happy to.

12 MR. FROMMER: Well, Senator, you
13 should know that Columbia has a very strong
14 relationship with Bassett Healthcare in
15 Cooperstown, a specific program where we have
16 medical students who do, I want to say, a
17 year and a half of medical school in
18 New York, do their basic sciences, and then
19 do their clinical years up at Bassett.

20 SENATOR OBERACKER: Perfect. Thank
21 you.

22 CHAIRWOMAN KRUEGER: Thank you.

23 I believe the Assembly is complete, so
24 Senator O'Mara to close for the Senate.

1 SENATOR O'MARA: Great. Thank you.

2 And good afternoon. You know, maybe
3 just a comment, maybe a response from you,
4 Mr. Silva, on this.

5 You know, I serve on the Southern Tier
6 Regional Economic Development Council, and
7 it's very frustrating in that role that,
8 still, every decision is made here in Albany
9 on the Second Floor, virtually, despite the
10 input and the work that the regional members
11 do on all these projects. And a lot of
12 projects that are very highly recommended,
13 unanimously recommended from the regional
14 council fall on deaf ears here in Albany and
15 don't get funded with any state program
16 dollars.

17 And a lot of those, the only
18 incentives they can get come locally from the
19 local IDA. And without those local IDAs, the
20 local governments wouldn't have any
21 opportunity to incentivize the projects in
22 their areas that are not approved at the
23 state level.

24 And I just think that having that

1 local ability to provide these incentives is
2 critically important in many areas of the
3 state, particularly the very depressed
4 Southern Tier region of New York State that I
5 represent a large portion of.

6 So I just want to thank you for the
7 work of all the IDAs in the state that
8 provide this important work and do help us
9 provide industries. Can we improve on
10 things? I'm sure we can. But it just seems
11 to me that they are a very valuable asset
12 that we need to have when every other
13 decision is made on the second floor of the
14 State Capitol.

15 Thank you.

16 MR. SILVA: Thank you, Senator.

17 CHAIRWOMAN KRUEGER: Thank you.

18 And actually the Assembly did realize
19 they have some more questions.

20 Helene Weinstein.

21 CHAIRWOMAN WEINSTEIN: A question for
22 Mr. Silva.

23 Some years ago there were
24 presentations of the Regional Economic

1 Councils to the SIAT, the Strategic --

2 MR. SILVA: -- Implementation
3 Assessment Team.

4 CHAIRWOMAN WEINSTEIN: Okay.

5 MR. SILVA: I still remember the
6 acronym.

7 CHAIRWOMAN WEINSTEIN: Good.

8 Does that still exist?

9 MR. SILVA: That's a good question. I
10 know they've moved away from doing the annual
11 once-a-year award ceremony to more of a
12 rolling process on the Empire State
13 Development -- which we think's a good thing,
14 right, because economic development happens
15 more than one time a year.

16 CHAIRWOMAN WEINSTEIN: But -- why
17 don't I stop you. Let me just --

18 MR. SILVA: Yeah, yeah.

19 CHAIRWOMAN WEINSTEIN: So when I
20 became chair of Ways and Means, I was
21 appointed as the Assemblymember to the SIAT.
22 Assemblywoman Donna Lupardo was also
23 appointed to the SIAT. For a couple of years
24 we were invited to the presentations of the

1 REDCs. I haven't been invited to anything in
2 the past two years.

3 I would agree with Senator O'Mara that
4 the recommendations didn't necessarily follow
5 what the awards were, but we did meet. I
6 actually participated at the award ceremonies
7 up here. But I'm just really curious if that
8 strategic task force still exists, how it was
9 authorized in the first place, and if it's
10 been disbanded. I'm not necessarily looking
11 for more work, but I'm really curious about
12 why I haven't been informed either that it's
13 been disbanded or that there are meetings
14 that I should be attending.

15 MR. SILVA: Yeah. Assemblywoman, I do
16 not -- I unfortunately do not have an answer
17 to that question. I think that is a question
18 that Empire State Development could provide
19 an answer to.

20 CHAIRWOMAN WEINSTEIN: Okay.

21 MR. SILVA: We used to go out and do
22 some road shows, too.

23 CHAIRWOMAN WEINSTEIN: Right. Yeah.
24 And that was actually very informative.

1 MR. SILVA: Yeah, absolutely.

2 CHAIRWOMAN WEINSTEIN: Well, I will
3 follow up, then, with Hope Knight. I
4 neglected to ask her when she was here.

5 Thank you.

6 CHAIRWOMAN KRUEGER: Thank you both,
7 gentlemen, for being with us.

8 MR. FROMMER: Thank you.

9 MR. SILVA: Thank you, Senator.

10 CHAIRWOMAN KRUEGER: Thank you.

11 MR. SILVA: Thank you,
12 Assemblymembers.

13 CHAIRWOMAN KRUEGER: Next we're
14 calling up Panel C: New Yorkers for Fiscal
15 Fairness, Ron Deutsch; Strong Economy for All
16 Coalition, Michael Kink; and Reinvent Albany,
17 Elizabeth Marcello.

18 Good afternoon. Okay, I guess we'll
19 go in the order I see you in, starting with
20 Ron Deutsch.

21 MR. DEUTSCH: All right. Well, thank
22 you very much. I appreciate the opportunity
23 to testify here. Thank you to the
24 distinguished members of the various

1 committees.

2 This is my 30th time appearing before
3 you. It is our pearl anniversary we can
4 celebrate together, so that's wonderful. I
5 won't be giving you any pearls, but maybe
6 drop a few pearls of knowledge that I have
7 accumulated over the last 30 years of
8 frustration trying to reform economic
9 development programs.

10 Let me start with the fact that I
11 think, first and foremost, we should be
12 freezing any new tax incentives, tax
13 abatements, and tax credits in particular to
14 businesses in New York State this year.

15 Right now we are in the midst of a
16 study that's being done by PFM looking at all
17 the different tax credit programs New York
18 State operates. Perhaps we should wait until
19 next year to get the results of that study to
20 determine whether or not these tax incentives
21 are effective. All research I've seen from
22 credible economists show that they are not
23 effective and that they do not create jobs in
24 the way that many folks are saying they do.

1 So rather than doubling down this year
2 with new tax credits, perhaps we should be
3 freezing them instead.

4 I would also suggest that when it
5 comes to IDAs, Senator Ryan and Assemblyman
6 Bronson, both chairs of their respective
7 committees, have introduced legislation that
8 would prevent IDAs from abating school taxes.

9 We released a report yesterday -- or
10 Good Jobs First released an amazing report
11 yesterday that was only possible as the
12 result of some data victories that we've had
13 with the Government Accountability Standards
14 Board. But we're realizing now we are losing
15 nearly \$2 billion in school revenue that IDAs
16 are doling out each year, and in particular
17 in 2021.

18 So that report really details those
19 losses, and does so by school district. We
20 would be happy to make sure we provide that
21 to you.

22 I would also like to say that -- in my
23 limited time here -- we need to start
24 redefining and reframing and redirecting how

1 we think about economic development here in
2 New York State.

3 I will tell you this. What is real
4 economic development? SUNY and CUNY are real
5 economic development in New York State.
6 Childcare investments are real economic
7 development in New York State. When you
8 think about SUNY and CUNY alone, let's look
9 at the fact that there's nearly a \$30 billion
10 economic impact, there's an \$8 return for
11 every dollar invested in SUNY. CUNY
12 graduates earned a combined \$57 billion
13 annually -- \$28 billion more than individuals
14 without a college education -- and CUNY
15 graduates paid about \$4.2 billion in state
16 income taxes.

17 SUNY would be one of the top 10
18 employers in New York State -- employs about
19 80,000 faculty and staff.

20 And the most important statistic I
21 think I can impart to you in my few seconds
22 left is that when we talk about outmigration
23 and stemming outmigration, about 78 to
24 79 percent of students that graduate SUNY and

1 CUNY remain in New York State and work in
2 New York State full-time.

3 That is economic development.

4 CHAIRWOMAN KRUEGER: Thank you.

5 MS. MARCELLO: Thank you all for the
6 opportunity to testify. I am Elizabeth
7 Marcello. I'm a senior research analyst at
8 Reinvent Albany. We advocate for open,
9 accountable state government.

10 Reinvent Albany strongly supports
11 broad, fair, evidence-based New York State
12 investments in physical, social, and
13 workforce infrastructure. Think Erie Canal,
14 clean water, MTA capital plan, universal
15 pre-kindergarten, childcare, community
16 colleges, and technical education. These
17 forms of economic development produce a high
18 return on the taxpayer's investment.

19 We also support state efforts to help
20 bring the private sector by modernizing
21 licensing processes, ensuring regulations are
22 sensible and taxes and fees are fair and
23 reasonable.

24 Unfortunately, New York State is

1 spending an estimated \$5 billion a year on
2 economic development, mostly in the form of
3 tax breaks for big businesses. The state
4 theory is that wealthy business owners will
5 use state subsidies to hire people to create
6 more wealth for the business owner. This
7 used to be called "trickle down" economics.
8 Baked into this state subsidy logic is that
9 wealthy business owners will not hire more
10 employees or grow their businesses without
11 these subsidies, and this is completely
12 untrue.

13 New York State's most authoritative
14 study of business subsidies remains the
15 2013 report to the Governor's Tax Reform and
16 Fairness Commission, which, as Assemblymember
17 Bronson noted, said business incentives
18 violate principles of good tax policies and
19 tenets of good budgeting.

20 And research conducted since the
21 mid-1950s does not show that they impact net
22 economic gains. And I would add that in fact
23 there is an overwhelming national consensus
24 among independent experts from the left,

1 right, and center that government subsidies
2 to businesses are a very ineffective use of
3 public funds.

4 We strongly recommend that New York
5 State moves towards economic development
6 based on facts, fairness, and measurability.
7 Sadly, the Governor's budget doubles down on
8 discredited, politically driven economic
9 spending and bad public policy.

10 One example among dozens: Community
11 colleges produce a very high return on
12 investment for public funding and house a
13 substantial portion of the state's workforce
14 development programs. Yet the Governor wants
15 to cut funding for community colleges upstate
16 by 8.8 percent, to \$735 million, while
17 raising the film tax credit by 55 percent, to
18 \$700 million a year.

19 Regarding the Governor's budget, we
20 urge the Legislature to reject billions of
21 new and expanded state business subsidies.
22 That means no to expansion of film tax
23 credits; no to theatrical tax credits; no to
24 resurrecting START-UP NY as EPIC; no to the

1 expansion of the Excelsior Tax Program; no
2 state financing for horse-racing facilities;
3 no to state subsidies for sports stadiums,
4 arenas, convention centers; no to the
5 extension of inefficient 421-a tax
6 abatements; freeze existing subsidies; and
7 roll back select subsidies like ending the
8 New York State Opportunity Zone tax abatement
9 program.

10 Thank you very much.

11 CHAIRWOMAN KRUEGER: Thank you.

12 Mr. Kink.

13 MR. KINK: Hi. Thanks to the chairs
14 and the members. Appreciate the opportunity
15 to testify.

16 I'll be the third person on the panel
17 to say we should be investing public funds in
18 public goods, things that benefit all
19 communities -- in education, early education,
20 higher education, in clean energy, in
21 housing, in beautiful public parks. Those
22 are the kinds of things that benefit all
23 communities and all businesses and provide a
24 real payoff.

1 We've talked about higher ed and
2 childcare and early education. Investments
3 in those public programs have a 12-to-one
4 payoff in the lowest-income communities and
5 an across-the-board eight-to-one payoff, as
6 documented by the studies of the
7 Federal Reserve Bank of Minneapolis.

8 Commissioner Knight sat here and said
9 that she viewed the cost-benefit analysis as
10 \$1 above what they invest? If you can get a
11 12-to-one payoff investing in low-income
12 children, you should do that.

13 The problem we have here is a system
14 that doesn't work. And I don't think it's a
15 Commissioner Knight problem, I think it's a
16 systemic structural problem.

17 Ms. Jackson asked about hiring and
18 workforce for young people and people of
19 color. No answers. Mr. Stirpe asked about
20 clean energy being robbed by Micron. It was
21 clear they're robbing the clean energy. No
22 resolution, no discussion. Mr. Bronson asked
23 about equity and inclusion. No data, no
24 plans. Chair Ryan asked about the details on

1 data, basic facts. Last year the Senate held
2 like an eight-hour, nine-hour hearing, and it
3 was clear, over and over, they didn't have
4 the basic facts.

5 When outsiders have established the
6 facts, we've found, you know, total
7 corruption and ripoffs. Yesterday the report
8 was released that IDAs have defunded local
9 school districts to the tune of \$1.8 billion.
10 Some districts lose \$10,000 per child because
11 of the tax breaks that IDAs are giving out --
12 to fast-food companies? You know, to a car
13 dealer? It's crazy.

14 The other thing that's happening is
15 large-scale projects that benefit
16 billionaires. Tesla, the Buffalo Bills
17 stadium, the Penn Station redevelopment, even
18 Belmont and the billionaires' playthings with
19 horses -- all of those benefit Elon Musk,
20 they benefit Steven Roth and Stephen Ross,
21 they benefit the Pegulas. Those are
22 billionaire business leaders. They don't
23 need public money the way that low-income
24 people, homeless people, schoolkids, and

1 public universities need money.

2 We should be investing in public
3 goods. And I'll will agree with Ron, we
4 should absolutely press "pause" on any new
5 subsidies while the audit is ongoing. We
6 should pass the Ryan-Bronson bill to crack
7 down on IDAs that defund local school
8 districts. We should look at Ron Kim's bill
9 that would put an across-the-board stop on
10 all economic development programs.

11 If we took five years and every year
12 we took 20 percent of the giveaways and we
13 invested that in people and communities, we'd
14 get a better payoff and you all would be able
15 to show concrete returns to your
16 constituents.

17 Thank you.

18 CHAIRWOMAN KRUEGER: Thank you.

19 A question by Senator Sean Ryan.

20 SENATOR RYAN: So the 2013 report you
21 referenced seemed to suggest that the
22 billion dollars of economic development money
23 we're spending wasn't working. Is that
24 accurate?

1 MS. MARCELLO: That is accurate.

2 SENATOR RYAN: But how could it be --
3 with all the ribbon cuttings, the
4 groundbreakings, gold shovels -- that this
5 hasn't yielded the strongest economy of any
6 of the 50 states? If we're spending so much
7 on this, why doesn't it work?

8 MS. MARCELLO: It's hard to believe,
9 isn't it?

10 SENATOR RYAN: It's hard to believe.

11 MS. MARCELLO: It's hard to believe.

12 But every independent analysis -- this
13 is analyses that are not funded by the
14 agencies themselves, not funded by trade
15 groups, not funded by special interests --
16 has shown that business subsidies do not
17 work.

18 MR. DEUTSCH: And I think, too -- I
19 mean, I'll quote former Mayor Mike Bloomberg
20 here when he said that, you know, if your
21 business plan is dependent on public
22 subsidies and tax abatements, then it's not a
23 very good business plan.

24 MR. KINK: The other thing is --

1 50 cents.

2 (Laughter.)

3 SENATOR RYAN: Is that right?

4 MR. DEUTSCH: Yeah, you know, I think
5 the return on investment for things like
6 higher education, for childcare, for home
7 care, these are all things that are necessary
8 in our society and actually create jobs,
9 create investment, create income, provide
10 businesses with the things they need, a
11 skilled workforce. With childcare -- and
12 childcare for their workers, who need
13 childcare to get to work.

14 So I think we just -- it's been a
15 systemic problem for decades now, in how we
16 look at economic development in New York. We
17 really need to not be timid anymore and
18 continue this notion of, you know, just
19 because we keep doing the same thing over and
20 over again, it does not make it right and
21 just. Right? We need to rethink this, and
22 we need a real paradigm shift here in the way
23 we think about economic development. Because
24 what we're doing, quite frankly, is not

1 working.

2 SENATOR RYAN: My time is expiring,
3 but I thank you, you know, for your work and
4 research and your facts on the subject.

5 CHAIRWOMAN KRUEGER: Thank you.
6 Assemblymember.

7 CHAIRWOMAN WEINSTEIN: Assemblyman
8 Bronson.

9 ASSEMBLYMAN BRONSON: Thank you.

10 So we've known that there has been
11 inequities and disparities in our society for
12 a long time. COVID, however, brought that to
13 light pretty significantly, whether you are
14 talking healthcare or otherwise.

15 We I think are at a moment in time
16 where having experienced the pandemic and
17 seeing what happens to some of our families
18 in our systems, and seeing the racial tension
19 that exists in our streets, and reckoning
20 with that, we're at a moment in time to look
21 at our policy decisions, look at our funding
22 decisions, to see if we're moving closer to
23 equity. Right?

24 So my question -- I think you touched

1 on this through your narrative testimony in
2 answering Senator Ryan's questions. Look,
3 you're asking for a transformative change in
4 approach to economic development. And so
5 could you just wrap that around equity and
6 inclusion and fairness and, you know, expand
7 a little bit more on, you know, childcare,
8 education investments, investing in people
9 and communities versus investing in
10 billionaires?

11 You know, this is for each of you to
12 just take a little bit of time to just expand
13 a little more on that.

14 MR. DEUTSCH: Yeah, I will say let's
15 look at the facts. Right? If we look at
16 Buffalo, Buffalo has received billions of
17 dollars in economic incentives. But -- and
18 so has Rochester, so has now Syracuse.
19 Right? But what do they have in common?
20 They have the highest child poverty rates in
21 America, pretty much. Right? They're in the
22 top 10 metro areas every year.

23 So, you know, when we think about
24 businesses locating in an area, we think

1 about quality-of-life issues. We think
2 about, you know, access to a skilled labor
3 force. So that's why I'm saying we need to
4 rethink how we approach this. Right?

5 If we want to do tax credits, we
6 should be doing credits like the earned
7 income tax credit and expanding that, the
8 child tax credit and expanding that. Those
9 are tangible things that put money in
10 people's hands who need it and create social
11 mobility and economic mobility for the people
12 who desperately need it.

13 So the approach we have now is just a
14 failed approach. And, you know, we need to
15 have the courage, quite frankly, to admit
16 that and to move forward in a new way.

17 MS. MARCELLO: I would -- I appreciate
18 the question. And I would also add that not
19 only do business subsidies not work to create
20 and grow jobs, but they also contribute to
21 increased inequality in communities. So I
22 really appreciate you bringing this up.

23 MR. KINK: The fact that there's no
24 concentrated attention to that is the biggest

1 problem. I can go on -- my time is out
2 here -- but the recent federal stimulus money
3 gave us a real opportunity to use money to do
4 that, to coordinate state and local funding,
5 to target the lowest-income communities and
6 communities that have been left out.

7 There was a perfect opportunity to do
8 that if we had leaders at ESDC to help make
9 that happen. We just don't.

10 ASSEMBLYMAN BRONSON: Thank you all
11 very much.

12 CHAIRWOMAN WEINSTEIN: Thank you.
13 Senate?

14 CHAIRWOMAN KRUEGER: Thank you.
15 Senator Walczyk.

16 SENATOR WALCZYK: Thanks so much,
17 Chairwoman.

18 So ESD testified this morning and with
19 a straight face said the film tax credit gets
20 a nine-to-one return on investment for
21 New York State taxpayers. You say SUNY gets
22 an eight-to-one return on investment.

23 That's -- okay.

24 GDP versus government spending. I

1 would like to hear all three of your answers.
2 What is the right percentage for New Yorkers
3 to be spending compared to our GDP? So how
4 much of a percentage of our GDP should we be
5 spending on overall state budgeting in order
6 to have a good economic growth outlook in
7 New York?

8 MR. DEUTSCH: You know, I don't have
9 that figure at my fingertips at this point,
10 so I would ask to maybe answer that question
11 later.

12 MS. MARCELLO: I apologize, I have a
13 Ph.D. but it's in urban planning and not in
14 economics, so I will yield the floor to
15 Mr. Kink.

16 MR. KINK: You know, I've got the
17 figures on this computer. It might take me a
18 second. But I think we calculated two years
19 ago, when we were in the pandemic crisis,
20 that the percentage of government spending in
21 New York, if we adjusted it to the percentage
22 of government spending in Canada, that we
23 could dramatically increase our investments
24 by about \$50 billion a year.

1 We could build housing to house every
2 homeless person. We could have clean,
3 affordable energy for your constituents and
4 everyone else's. We wouldn't be going to
5 like Soviet Russia-styles of confiscatory
6 taxation, we'd be about where Toronto and
7 Montreal are, where they offer adequate
8 healthcare to everybody, where people can
9 afford their medications.

10 That kind of society has stronger,
11 more vibrant local economies. There's not
12 this dramatic division between the rich and
13 the poor. And there's a better day-to-day
14 life for small businesses, for families, and
15 everybody.

16 So I don't know if I'm up here -- I
17 certainly will get it to you, Senator, the
18 percentages.

19 SENATOR WALCZYK: Yeah, so --

20 MR. KINK: But that's about what we're
21 talking about, the combination of national
22 and provincial taxes in Canada versus the
23 combination of federal and state taxes
24 here in New York.

1 SENATOR WALCZYK: For purposes of this
2 conversation, I think Canada spends about
3 30 percent more than New York State by GDP in
4 total government spending.

5 MR. KINK: Yeah. So I would argue for
6 that level of increased investment in people
7 and communities.

8 SENATOR WALCZYK: So you would say
9 over half of New York's GDP should be spent
10 on government.

11 MR. KINK: No, 30 percent -- let me
12 figure out the number. I'll get it to you.
13 I don't want to be inaccurate.

14 SENATOR WALCZYK: I can't imagine a
15 New York that has a good economic outlook
16 with that level of government spending. But
17 appreciate the feedback.

18 MR. KINK: Toronto and Montreal are
19 doing pretty good.

20 CHAIRWOMAN KRUEGER: (Mic off,
21 inaudible.)

22 Next, Assembly. No Assembly?
23 Senator Murray.

24 SENATOR MURRAY: Thank you very much.

1 And thank you for being here.

2 So I'm listening to you, and in
3 principle I agree with what you're saying, in
4 that we should not be providing incentives
5 and taxpayer money to those who really don't
6 need it, to the Buffalo Bills or to, you
7 know, major corporations. I agree with you.

8 However, I do believe incentives can
9 help. I believe we should refocus them,
10 reimagine what we're doing with them, focus
11 them more on smaller businesses that really
12 do need the help.

13 But I really would like to jump on
14 what you said about childcare. I think we
15 should lead the nation. I think we should be
16 taking these incentives that we're giving in
17 some forms, and moving it to incentivize
18 childcare and work with us to maybe reduce
19 some of the regulations, to streamline it, to
20 increase that.

21 We're battling against other states
22 who do have IDAs, who do give out the same
23 things. So how do we balance that -- as was
24 mentioned earlier, at the end of many of the

1 shows you see, the Georgia peach. And, you
2 know, we're saying, Why aren't they here?
3 The reality is other states are giving out
4 these incentives. How do we compete if we
5 don't?

6 MR. DEUTSCH: Right. Well, I would
7 suggest that not engaging in this race to the
8 bottom is a good start, right? And I agree
9 with you that we need to start rethinking how
10 we structure these deals, how we structure
11 economic development in New York.

12 But, you know, I think we're
13 underinvesting, in a lot of ways, in a lot of
14 programs that do in fact work and can make a
15 difference. So for instance, I've been up
16 here, again, 30 times, right? And one of the
17 programs that I've been touting is the
18 Entrepreneurial Assistance Program, which has
19 been around since 1987 and it's been funded
20 at about \$1.7 million since then. But it
21 helps women and families of color create
22 jobs, create businesses in their own
23 communities. And --

24 SENATOR MURRAY: Not to interrupt, is

1 that Ms. Marcello said about businesses don't
2 hire because of incentives -- as a small
3 business owner, businesses hire because that
4 means they're succeeding. If they're hiring,
5 they're growing. If they're growing, they're
6 succeeding. That's a good thing.

7 We should help them to do this. I
8 feel that we punish success here in New York
9 way too much. But I agree with you, I think
10 we should kind of reinvent the direction
11 we're going. But childcare should be top of
12 the list.

13 Thank you.

14 CHAIRWOMAN KRUEGER: Thank you.

15 Assembly?

16 CHAIRWOMAN WEINSTEIN: No.

17 CHAIRWOMAN KRUEGER: No? Just me.

18 Thank you very much.

19 So we keep having this debate about
20 what we're doing and investing in and what
21 we're not investing in. And one argument is
22 that there's a much better use of that money.
23 Another argument is that our taxes are just
24 too high.

1 So I'm curious, have any of you done
2 any research on other states that actually
3 show having a more even playing field with
4 not giving away so many tax abatements and
5 exemptions to certain kinds of businesses
6 results in a lower base tax for all the
7 businesses in the state that's actually an
8 advantage to that state?

9 Because I feel like we're having this
10 race to the bottom and that it's not working
11 for us.

12 MR. KINK: Well, you know, I'll say
13 I'm not suggesting that New York should move
14 to the public policies of Florida and
15 Alabama. But in the press release and the
16 study that was released yesterday about IDAs
17 defunding local school districts -- in
18 Florida and Alabama, you cannot give tax
19 breaks that defund local schools. That's not
20 allowed.

21 And so, you know, it certainly could
22 be argued that Florida and Alabama have lower
23 taxes than New York. I don't think it's the
24 right approach. I think investing in great

1 public universities like SUNY and the
2 University of California, University of
3 Illinois, has paid off well for some of the
4 more progressive states over time.

5 But, you know, if Florida and Alabama
6 can stop gutting local school districts with
7 giveaway tax breaks, maybe New York could
8 too.

9 CHAIRWOMAN KRUEGER: Anyone else? No?
10 Okay. That was really my question for you
11 today. Thank you.

12 I think I was the last legislator.

13 MR. KINK: Can I give Senator Walczyk
14 his number? Is that okay?

15 CHAIRWOMAN KRUEGER: You can give him
16 what, I'm sorry?

17 MR. KINK: His number? He was looking
18 for the percentage --

19 CHAIRWOMAN KRUEGER: Sure.

20 MR. KINK: So Canada does spend
21 30 percent of GDP. Here in New York, with
22 the combination of federal, state, and local,
23 we spend about 26. So the recommendation
24 would be to spend 4 percent more of GDP --

1 it's about \$70 billion -- and it would allow
2 those kinds of transformative investments in
3 local communities that could really make a
4 difference.

5 CHAIRWOMAN KRUEGER: Thank you.

6 I'm not letting him have more time,
7 sorry. Although he did bring me pretzels and
8 candy.

9 (Laughter.)

10 CHAIRWOMAN KRUEGER: In an attempt to
11 bribe me for more time.

12 But I want to thank you all very much
13 for your attendance today. Thank you.

14 MR. KINK: Thank you.

15 MR. DEUTSCH: Thank you.

16 CHAIRWOMAN KRUEGER: Next panel, John
17 Scheib, from Scheib Associates, and
18 David O'Rourke, CEO and president of New York
19 Racing Association.

20 I'm also just going to make the point
21 that we in theory thought the Tax hearing
22 would start at 2:00. Clearly it's not going
23 to. But we're estimating probably a maximum
24 of another hour. My colleague is more

1 optimistic, a half-hour.

2 So don't go too far if you're here for
3 the Tax hearing. But if you need to grab
4 something, you do have time to go and come
5 back. Thank you.

6 Okay, good afternoon. Whichever of
7 you would wish to start.

8 MR. SCHEIB: Thank you for inviting
9 me. I can provide sources for all of my
10 testimony regarding the proposed \$455 million
11 state loan for Belmont Park.

12 So what kind of destination are we
13 building here? If you use the past five-year
14 averages, the new Belmont Park will now be
15 the destination where more horses go to die
16 than any other track in America. And so it
17 can be reasoned, then, that a 30-year loan
18 will fund 1800 more dead horses just during
19 the debt service period.

20 Horse racing isn't a public works
21 project, it's a gambling business. And our
22 Constitution mandates that the betting on
23 horses make a reasonable revenue for New York
24 State.

1 New York didn't sign up for years of
2 completely unverified economic impact claims.
3 They demand wagering taxes. Other forms of
4 gambling contribute billions every 12 months.
5 NYRA's wagering taxes round to zero, down
6 almost 80 percent in recent decades.
7 New York's 11 tracks combined pay only
8 \$10 million in wagering taxes a year.

9 As a comparison, that's exactly the
10 same amount racing paid 80 years ago in the
11 middle of the Second World War, in 1942, with
12 only five tracks.

13 It would take NYRA 83 years to remit
14 what mobile sports betting paid just last
15 year.

16 NYRA hasn't been profitable enough to
17 pay its franchise fee to New York State in
18 14 years. Racing's handle numbers may sound
19 impressive, but 80 percent of those bets are
20 made from out of state -- where those states
21 tax the wagering, not New York.

22 And why on earth would New York loan
23 money to build a luxury new track with such
24 disastrous attendance? Since 1978, Belmont

1 attendance is down 88 percent and Aqueduct
2 down an astounding 94 percent.

3 NYRA's franchise ends in 10 years.
4 New York State's about to loan half a
5 billion, with no one signing up for the
6 second half of the debt service.

7 Remember, job claims are just claims.
8 New York State agencies don't collect, and
9 more importantly they don't verify any data
10 on racing's jobs or economic impact. None.
11 Why would New York support these type of jobs
12 anyway? We have 854 dead horses at Belmont
13 and Aqueduct just since 2009.

14 On top of that, and importantly, right
15 now in New York courts horse-doping crimes
16 are responsible for the largest criminal
17 sports indictments of any kind in the history
18 of the United States.

19 Is all this really what taxpayers want
20 you legislators to spend their money on? Are
21 we proud of this mess? If NYRA's seeking a
22 loan, they should contact the Buffalo
23 Bills -- apparently they have just come into
24 a lot of cash recently.

1 Thank you.

2 CHAIRWOMAN KRUEGER: Our next
3 testifier, please.

4 MR. O'ROURKE: To the chairs and
5 members of the Senate and Assembly
6 committees, thank you for allowing me to
7 testify today. This is an honor.

8 My name is Dave O'Rourke, and I'm the
9 president and CEO of the New York Racing
10 Association, which holds the exclusive
11 franchise to conduct thoroughbred racing at
12 Aqueduct, Belmont Park, and Saratoga Race
13 Course.

14 Across New York, horse racing is
15 responsible for 19,000 jobs and more than
16 \$3 billion in annual economic impact that
17 stretches to every corner of the state.
18 New York thoroughbred racing is growing its
19 fan base and is increasing in popularity,
20 regularly setting new wagering records and
21 dramatically expanding national television
22 coverage of the sport.

23 With that statewide reach in mind, I
24 would like to focus my testimony on

1 Belmont Park. Belmont has long been a crown
2 jewel in American horse racing, but it was
3 built over a century ago and has not been
4 renovated since 1968. As a result, the venue
5 lacks amenities that fans expect. It is not
6 ADA-compliant. It is not environmentally
7 friendly. And it is not, most importantly,
8 winterized, limiting Belmont's use to just a
9 few months each year.

10 In response, NYRA has developed a plan
11 to build a new, modern racing facility at
12 Belmont to reimagine the experience for our
13 fans while creating jobs and securing the
14 future of the sport in New York.

15 We are pleased that authorization for
16 this project was included in Governor
17 Hochul's budget proposal. And according to
18 an analysis by HR&A Advisors, this
19 construction project alone will create
20 \$1 billion in economic activity, sustain
21 3700 jobs, generate 45 million in tax
22 revenues.

23 After construction, it will produce
24 155 million in annual economic impact,

1 support 740 new full-time jobs, and generate
2 51 million in labor income and 10 million in
3 new tax revenue annually. It will also allow
4 us to consolidate downstate racing,
5 relinquishing our interest in an
6 over-100-acre parcel of developable land at
7 Aqueduct Racetrack to the state which was
8 recently appraised at over \$1 billion.

9 Unlike other development initiatives,
10 this project comes at no cost to taxpayers.
11 NYRA will pay back every dollar loaned by the
12 state, plus interest. These figures are
13 immense, and while I know this is a budget
14 hearing, these dollars and cents are just
15 part of the story.

16 Supporting a new Belmont also means
17 supporting thousands of New Yorkers who rely
18 on horse racing for their livelihoods, like
19 the backstretch community of Belmont, who
20 will benefit from the construction of new
21 housing and upgraded facilities throughout
22 the property.

23 Like the farmhands who work on nearly
24 300 breeding farms that operate in almost

1 every county of the state, or the cleaning
2 staff and the servers at hotels and
3 restaurants in Saratoga Springs, or the
4 cooks, the carpenters, security guards,
5 tellers, and more at Belmont.

6 That's why organized labor, small
7 family-owned farms, and leading business
8 groups, as well as 68 percent of New Yorkers,
9 support this economic development
10 initiative -- because it delivers for
11 New York families.

12 I urge you to support the Governor's
13 proposal and look forward to working with you
14 during the budget and beyond.

15 Thank you for your time. I am ready
16 to answer any questions.

17 CHAIRWOMAN KRUEGER: Thank you.

18 I am the one Senator with questions.

19 So you want the state to guarantee the
20 bonds. What happens if we end our franchise
21 with NYRA before you've paid us back?

22 MR. O'ROURKE: So with this
23 development, the land owns Belmont Park.
24 These monies would be invested into

1 Belmont Park. And it is an asset that stays,
2 in a business sense, within the balance sheet
3 of the state.

4 CHAIRWOMAN KRUEGER: Well, we own the
5 land, so that's our asset regardless.

6 MR. O'ROURKE: That's correct.

7 CHAIRWOMAN KRUEGER: That we shouldn't
8 have to sell the land to pay back your bonds.

9 So how would you pay us back?

10 MR. O'ROURKE: Well, no, the actual
11 asset would increase in value, Senator.

12 CHAIRWOMAN KRUEGER: Say that one more
13 time?

14 MR. O'ROURKE: The actual asset would
15 increase in value greatly.

16 CHAIRWOMAN KRUEGER: Only if someone
17 else wants to take up the horse racing
18 franchise, right?

19 MR. O'ROURKE: Well, it would also --
20 the actual building right now is 1.3 million
21 square feet. Part of the project is to
22 create an incredible amount of green space.

23 One project going on right now at
24 Belmont is to access the infield, which has

1 never been accessed, and that alone is
2 45 acres of green space, park-like land.

3 CHAIRWOMAN KRUEGER: And you would
4 have to pay back -- I believe it was
5 26 million a year, is that correct?

6 MR. O'ROURKE: That is correct,
7 Senator.

8 CHAIRWOMAN KRUEGER: So -- and it's
9 from VLT revenue is that correct?

10 MR. O'ROURKE: From a specific stream
11 of VLT revenue that is restricted for use on
12 the state properties. It's a capital --
13 cap-ex stream of VLT revenue, yes.

14 CHAIRWOMAN KRUEGER: So how much is
15 your annual income from that now?

16 MR. O'ROURKE: Approximately
17 35 million.

18 CHAIRWOMAN KRUEGER: So what won't you
19 be able to pay back anymore or pay for
20 anymore because most of it will now be going
21 to paying back bonds?

22 MR. O'ROURKE: Well, our objective
23 would be to accelerate the pay-back through a
24 diversification of business lines that we've

1 been engaged in in the last five years.

2 CHAIRWOMAN KRUEGER: Can you say that
3 to me one more time? I don't think I
4 understood or heard.

5 MR. O'ROURKE: Well, over the last
6 five years NYRA was a very specific -- had a
7 very specific business model historically,
8 where it was -- you ran the racetrack. It
9 was very much brick and mortar, wagering at
10 the track.

11 Over the last five years we've
12 expanded into television coverage, with
13 almost 1,000 hours of media coverage, and the
14 distribution of wagering. The business model
15 has completely changed.

16 CHAIRWOMAN KRUEGER: And some of your
17 materials propose that you need to do this in
18 order to get the Belmont Stakes at least once
19 at Aqueduct.

20 Have you talked to anyone from the
21 National Racing Association to know that this
22 is actually going to happen?

23 MR. O'ROURKE: That's -- that would be
24 the Breeder's Cup. It would allow us to

1 actually monetize the Belmont Stakes to a
2 much higher degree. But we would also be
3 able to bring the Breeder's Cup, which is in
4 a sense the horse -- the worldwide Super Bowl
5 of horse racing, to Belmont on a rotation,
6 which would be every four to five years.

7 And yes, we have a commitment from
8 them to do that, absolutely.

9 CHAIRWOMAN KRUEGER: And it's my
10 understanding that horse-racing revenues are
11 just going down, for a variety of reasons,
12 nationally.

13 MR. O'ROURKE: It depends --

14 CHAIRWOMAN KRUEGER: Is there any
15 evidence that other states that have invested
16 significantly in redoing their tracks have
17 actually seen a growth in racing?

18 MR. O'ROURKE: There are. There's an
19 example in Virginia, Colonial Downs, which
20 was reopened about five years ago.

21 And Churchill Downs, which has the
22 first leg of the Triple Crown -- Belmont has
23 the last. And they are currently undergoing
24 another project of \$200 million investment in

1 that facility.

2 CHAIRWOMAN KRUEGER: Thank you. We're
3 out of time.

4 Assembly.

5 CHAIRWOMAN WEINSTEIN: We go to the
6 chair of our Racing Committee, Assemblyman
7 Pretlow, three minutes.

8 ASSEMBLYMAN PRETLOW: Thank you,
9 Madam Chair.

10 And good afternoon, gentlemen. Your
11 testimonies sound like the yin and the yang.
12 I don't know if you'd ever -- it is up or is
13 it down?

14 I just have a couple of questions, and
15 the Senator asked a couple of them, so I will
16 be brief.

17 During the period of construction when
18 operations move to Aqueduct Racetrack, will
19 there be any loss of racing days?

20 MR. O'ROURKE: No, there will not.

21 ASSEMBLYMAN PRETLOW: So you'll
22 maintain the same number of racing days.

23 And on average, how much does NYRA
24 spend a year on capital improvements?

1 MR. O'ROURKE: On average, 25 to
2 35 million. A lot of that -- we've been
3 preparing for this, so we have been investing
4 heavily in the infrastructure and the housing
5 conditions specifically on the backside of
6 the operations.

7 ASSEMBLYMAN PRETLOW: So the money
8 that's going to be used to pay back this loan
9 is about equal to what you've been spending
10 on an annual basis to date, is that correct?

11 MR. O'ROURKE: That's correct. But
12 that would be with -- for instance, we
13 currently operate 2 million square feet. We
14 will be going down to about half of that when
15 this is complete.

16 ASSEMBLYMAN PRETLOW: All righty. And
17 NYRA is 100 percent confident that it can
18 repay \$25.8 million a year for the next
19 20 years?

20 MR. O'ROURKE: Beyond that. Yes, we
21 are.

22 ASSEMBLYMAN PRETLOW: All righty.
23 Once Belmont's redevelopment is
24 completed and racing concludes at Aqueduct,

1 how long do you anticipate until the state is
2 able to use the land that's now hosted by
3 Aqueduct for other purposes?

4 MR. O'ROURKE: Approximately three
5 years. Some of the building could be used
6 before that. Particularly, we just need the
7 racetrack itself.

8 ASSEMBLYMAN PRETLOW: Okay. Well, the
9 existing infrastructure has to be torn down.
10 Would that be the state's responsibility or
11 NYRA's responsibility?

12 MR. O'ROURKE: The primary
13 infrastructure at Aqueduct right now is
14 literally attached to the Resorts World
15 Casino. So I -- that would not --

16 ASSEMBLYMAN PRETLOW: So there are no
17 grandstands there now, it's --

18 MR. O'ROURKE: The grandstand is the
19 Resorts World Casino at the moment.

20 Where we operate out of is the
21 clubhouse, which is a small section.

22 ASSEMBLYMAN PRETLOW: So you just have
23 the clubhouse there. Okay.

24 And how many acres will become

1 available for development?

2 MR. O'ROURKE: Over 100.

3 Approximately 110.

4 ASSEMBLYMAN PRETLOW: So 100 acres in
5 the middle of Queens --

6 MR. O'ROURKE: Correct.

7 ASSEMBLYMAN PRETLOW: -- close to the
8 airport will become available. And the state
9 would have the ability to lease that land out
10 or sell it for at least a minimum of a
11 billion dollars, if my number's correct.

12 MR. O'ROURKE: Its value is a
13 billion dollars. I would imagine that it's a
14 multiple of that, the potential.

15 ASSEMBLYMAN PRETLOW: All righty.

16 And right now, how many employees does
17 Belmont have?

18 MR. O'ROURKE: We actually operate as
19 a circuit, so we move -- we never operate two
20 tracks at once.

21 ASSEMBLYMAN PRETLOW: Right. So the
22 employees that are at Belmont now will all
23 work out of Aqueduct while the construction's
24 going on at Belmont, and then they'll all

1 be paying back. So in a sense, since the
2 state owns all these assets, you would think
3 of it as dividend yourself off the Aqueduct
4 property, invest \$500 million to improve
5 Belmont. And I think it's accreted from
6 day one.

7 SENATOR MURRAY: And the loan is not
8 interest-free, correct?

9 MR. SCHEIB: It is not, no.

10 SENATOR MURRAY: Okay. Thank you very
11 much.

12 CHAIRWOMAN WEINSTEIN: Assemblywoman
13 Woerner.

14 ASSEMBLYWOMAN WOERNER: Thank you,
15 gentlemen.

16 So, you know, I represent Saratoga
17 Springs, and my colleague reminded me that
18 the Travers is actually the Super Bowl of
19 racing.

20 (Laughter.)

21 ASSEMBLYWOMAN WOERNER: But I have to
22 say I experience what the economic impact of
23 racing is, from the farms that grow the hay
24 and the straw to the veterinary practices and

1 the farriers and the people who work on the
2 breeding farms and the agriculture industry
3 that is -- that is really what racing is all
4 about. I see that, along with the tourism.

5 So I just have two questions for you.
6 One, what is the importance of having racing
7 throughout the year? What's the importance
8 of the winter racing to support the equine
9 industry in the state?

10 And then, secondly, we do know that
11 outside of Saratoga Springs that attendance
12 is off at racetracks. So could you reflect
13 for a little while on what are the measures
14 that you use to determine whether you are
15 having a successful year or not.

16 MR. O'ROURKE: The second question I
17 remembered; I can go back to the first,
18 Assemblywoman Woerner.

19 The second question would be the
20 metrics used -- the sport has changed. I
21 mean, using 1978 -- actually I think that was
22 the number mentioned earlier, I think that
23 was the year Affirmed won the Triple Crown --
24 the sports business was a completely

1 different animal than it is today.

2 Today it is about media distribution.
3 Experiences at the track have changed. So we
4 need to actually bring the product that the
5 consumer wants. And what they want are media
6 distribution in terms of television -- and
7 we've worked from 80 hours five years ago to
8 over 800 hours today, and that supports the
9 distribution of our wagering.

10 Sports betting, the expansion of
11 sports betting opens a massive opportunity
12 and a massive customer base that dovetails
13 with exactly what we've been doing in the
14 racing industry for 100 years, almost.

15 And we measure ourselves on
16 viewership. We have 800 hours, we average
17 50,000 to 100,000 people on a regular
18 race day watching our program. And then on
19 the Belmont Stakes, if there's a
20 Triple Crown, you're looking at close to
21 20 million people, five million on a down
22 year. So these numbers are huge.

23 We look at attendance. You have to
24 really look at audience and how they consume.

1 And it's different than it was 30, 40 years
2 ago.

3 ASSEMBLYWOMAN WOERNER: And winter
4 racing, how important is it to have, to be
5 able to race year-round?

6 MR. O'ROURKE: It's extremely
7 important to specifically the breeding
8 industry in New York. And New York breeds
9 some of the best racehorses in the country
10 and in the world. And to have a continuity
11 of a racing circuit year-round that supports
12 the New York bred, it's part of our core
13 mission.

14 ASSEMBLYWOMAN WOERNER: And if we
15 didn't have racing at the downstate tracks,
16 if we didn't have racing at Belmont, which is
17 currently crumbling, if we didn't have racing
18 at Aqueduct, would the race meet at Saratoga
19 be as successful?

20 MR. O'ROURKE: It would be quite
21 different. And that scenario would be likely
22 catastrophic to the breeding industry in
23 New York and the agri-aspect of what we do.

24 ASSEMBLYWOMAN WOERNER: Thank you very

1 much.

2 CHAIRWOMAN WEINSTEIN: Thank you.

3 We go to Assemblyman Ra for three
4 minutes.

5 ASSEMBLYMAN RA: Thank you.

6 Just wondering, Mr. O'Rourke, if you
7 could go just a little bit more into detail
8 about the impact both of construction and
9 afterwards of this. So you said 3700
10 construction-related jobs. Union shops,
11 correct?

12 MR. O'ROURKE: Correct. We have
13 26 unions, I believe.

14 ASSEMBLYMAN RA: And \$45 million in
15 construction-related tax revenues. I don't
16 know if you happen to have a breakdown
17 available in terms of whether town, county,
18 state, of how that breaks out?

19 MR. O'ROURKE: We could supply that.
20 I do not have that with me, though.

21 ASSEMBLYMAN RA: Okay. Good. That
22 would be great.

23 And then the new full-time jobs. So
24 is that solely attributable to, you know, the

1 expansion and new areas that are going to
2 be -- you know, that the public is going to
3 be utilizing? Or is that part of that, you
4 know, just people that would be moving over
5 that normally would work at those times of
6 year at Aqueduct? How does that shake out?

7 MR. O'ROURKE: It's incremental.
8 Because these downstate facilities
9 specifically have very low utilization rates.
10 Because they were built, really, on the
11 concept of wagering, accepting, building. So
12 when you look at Belmont, it's almost like a
13 very large warehouse for taking bets.

14 Going forward -- and now we move as a
15 circuit, so obviously during the summer we're
16 in Saratoga. But there's ancillary uses for
17 Belmont. It's actually quite a beautiful
18 place. So the planned project is to actually
19 utilize that property year-round -- events,
20 weddings. And it just creates new forms of
21 business lines, which equate to jobs.

22 So I would believe that 740 number
23 that I'm quoting is a conservative number. I
24 think we're going to be a lot higher than

1 that, because I think there's demand to be
2 outside. And the amount of green space that
3 this will create is phenomenal.

4 ASSEMBLYMAN RA: Sure. And, you know,
5 as somebody who represents -- I don't quite
6 represent the track property, but I'm pretty
7 close by in Western Nassau, and I know I have
8 plenty of people who work in the industry
9 that are constituents of mine.

10 And I do think that, you know, the
11 idea of having a world-class, modern racing
12 facility to be on that site, in conjunction
13 with obviously UBS Arena, is certainly, you
14 know, a positive opportunity for year-round
15 use for those types of events.

16 But since you mentioned other types of
17 events, I'm just going to throw a quick plug
18 out there, because I think the greatest thing
19 would be, if this gets done, to get an
20 Islanders-Rangers winter classic there on the
21 property, sell out the grandstand, have a
22 great celebration of hockey for our
23 two downstate teams, and watch the Islanders
24 beat the Rangers. Thank you.

1 (Laughter.)

2 MR. O'ROURKE: I couldn't agree with
3 you more on that one.

4 (Laughter; discussion off the record.)

5 CHAIRWOMAN KRUEGER: Okay. I believe
6 the Legislature is finished with our
7 questions for this panel. Thank you very
8 much for being with us today.

9 MR. SCHEIB: So no discussion about no
10 attendance and no discussion about no tax
11 revenue from a gaming business.

12 CHAIRWOMAN KRUEGER: Excuse me. No,
13 sorry. Thank you. Thank you very much.

14 MR. SCHEIB: Okay.

15 MR. O'ROURKE: Thank you.

16 MR. SCHEIB: Very productive, folks.

17 CHAIRWOMAN KRUEGER: Our next panel is
18 actually going to be our last panel because
19 No. 11 had to leave, so we are inviting
20 No. 12, Stephanie Cunningham from Museum Hue,
21 to join the panel with United Scenic Artists,
22 Motion Picture Editors Guild, and Buffalo
23 Niagara Film Office. Because it's all the
24 arts, we'll think about it that way.

1 So is Stephanie also here? Oh, you're
2 Stephanie. Okay. And the two people with
3 you are not with you.

4 MS. CUNNINGHAM: Yes, these are my
5 colleagues.

6 CHAIRWOMAN KRUEGER: Oh, all three are
7 with you?

8 MS. CUNNINGHAM: Yes.

9 CHAIRWOMAN KRUEGER: Okay. Well then,
10 let's -- as the others are coming down, we'll
11 ask them to just sit in the front.

12 And you have three minutes total for
13 all three of you, so -- okay?

14 MS. CUNNINGHAM: Yeah. Perfect, thank
15 you.

16 So good afternoon, everyone. My name
17 is Stephanie Johnson Cunningham, and I'm the
18 executive director of Museum Hue. And I'm
19 joined by my colleagues Sylvia Diaz and
20 Martha Aeon.

21 So Museum Hue is an organization
22 dedicated to the advancement of Black,
23 Indigenous, and all people of color
24 throughout the arts field. We are a

1 membership- and community-based organization
2 collectively advocating for greater racial
3 equity in arts funding and offerings for arts
4 professionals of color through our Hue Arts
5 New York Initiative.

6 I join my colleagues working across
7 creative disciplines throughout the state in
8 thanking the committee for your leadership.

9 Arts and cultural workers are
10 important to New York State's economy. Arts
11 and culture-related industries, also known as
12 creative industries, provide direct economic
13 benefits to the state and communities --
14 creating jobs, attracting investments,
15 generating tax revenues, and stimulating
16 local economies.

17 In addition, because they enhance
18 quality of life, the arts and culture are an
19 important complement to community and
20 economic development, enriching local
21 amenities and attracting young professionals
22 to an area.

23 The arts play an essential role in
24 creative and social lifeways across New York.

1 The art sector generates over 100 billion in
2 economic activity, according to the
3 Comptroller's report on the creative economy.
4 That is one in every \$8 churning through the
5 city's economy. It highlights the vastness
6 of the cultural sector, with over 400,000
7 jobs.

8 Due to COVID-19, arts venues were
9 forced to close and cancel programs. So in
10 order for the vibrancy that is New York's
11 arts and culture to be revived, we need the
12 support of the New York state government.

13 Black, Indigenous, and people of color
14 arts organizations specifically have been
15 disproportionately funded and impacted way
16 before the COVID-19 pandemic. Our arts and
17 culture ecosystem needs vital funding to
18 ensure survival.

19 Museum Hue has identified over 500 of
20 these arts entities, and we believe an
21 implementation and deployment of a new
22 \$100 million funding model over five years
23 will help accomplish the following
24 objectives: Re-grant equitable funding to

1 Black, Indigenous, Latinx, Asian, all people
2 of color arts entities across New York State.
3 Two, provide professional development to
4 strengthen these art entities. Three,
5 advocate for city-state policies and
6 practices to provide support for these arts
7 entities. And four, assist these arts
8 entities in gaining long-term space to
9 operate.

10 As a lifelong New Yorker and arts
11 professional, I know firsthand the impact of
12 the arts field, especially the arts entities
13 on communities of color. They deserve a
14 commitment to their survival from our
15 government, our elected officials,
16 communities, philanthropists, and businesses.
17 They greatly contribute to the vibrant
18 portrait of New York's cultural landscape,
19 and these arts leaders have also proven to be
20 resourceful and resilient in the face of a
21 long history of chronic underinvestment and
22 limited financial support.

23 Thank you.

24 CHAIRWOMAN KRUEGER: Thank you. Thank

1 you all.

2 Any questions? Senator Ryan.

3 SENATOR RYAN: Thanks for coming
4 today.

5 Could you just take a few minutes and
6 tell us a little bit about your organization
7 or organizations that you represent?

8 MS. CUNNINGHAM: Sure, absolutely.

9 So Museum Hue was founded in 2015, so
10 it has been around for eight years now. And
11 its entire emphasis is dedicated to looking
12 at the experience of Black, Indigenous, and
13 people of color specifically working in the
14 arts.

15 And we have been able to fundraise a
16 little over \$1 million within the last year
17 from the New York State Council of the Arts,
18 Mellon Foundation, Ford Foundation, National
19 Endowment for the Arts, New York Community
20 Trust, all to support our research and data
21 to collect information around the arts
22 landscape and looking at the arts inequity
23 funding throughout the state.

24 CHAIRWOMAN KRUEGER: Assembly.

1 CHAIRWOMAN WEINSTEIN: Assemblywoman
2 Jackson.

3 ASSEMBLYWOMAN JACKSON: Thank you for
4 your testimony.

5 As a mom of an artist, you know, you
6 often hear, like, there is no money in art.
7 And what you are speaking to is what people
8 are talking about. And so I am just
9 wondering what it is like for young Black and
10 brown youth to get funding, government
11 funding, government contracts relating to
12 art.

13 MS. CUNNINGHAM: That is a good
14 question. We found with the research that we
15 have collected so far, again, there are
16 inequitable funding streams that is provided
17 for individual artists of color and also
18 institutions of color as well.

19 And so we have found that within even
20 NYSCA and New York City Department of
21 Cultural Affairs, there is no real dedication
22 to real data that kind of nails down how much
23 the city and state give to arts organizations
24 of color and individual artists of color.

1 ASSEMBLYWOMAN JACKSON: Okay. And do
2 you know if any of these individual artists
3 or groups, are they considered part of the
4 MWBE program? Like, talk to me about that,
5 if you can.

6 MS. CUNNINGHAM: Good question.
7 So much of them that we found within
8 the 500 that I mentioned are not a part of
9 MWBE because they're not necessarily
10 companies. Most of them are 501(c)(3)s. And
11 the priority of MWBE is not nonprofits.

12 ASSEMBLYWOMAN JACKSON: Thank you.
13 Thank you, Chair.

14 CHAIRWOMAN KRUEGER: Thank you.
15 Anyone else?

16 Then we appreciate all three of you
17 coming to be with us today and making your
18 request and sharing your information. Thank
19 you very much.

20 MS. CUNNINGHAM: Thank you.

21 CHAIRWOMAN KRUEGER: And now we're
22 going to call the last panel for this
23 hearing. And after this panel is completed,
24 we're going to take a 15-minute break before

1 we start the second hearing.

2 So now I'm inviting United Scenic
3 Artists, Local USA 829, IATSE; the Motion
4 Pictures Editors Guild, Local 700, IATSE; and
5 the Buffalo Niagara Film Office.

6 Okay, why don't we start with my left,
7 your right, and go down the table.

8 MS. MYERS: Okay. Good morning,
9 Chairwoman Krueger, Chairwoman Weinstein, and
10 distinguished members of the Legislature.

11 My name is Jennifer Myers, and I am a
12 field representative of the Motion Picture
13 Editors Guild, IATSE Local 700, and I present
14 this testimony today on behalf of both
15 Local 700, which represents post-production
16 professionals, and the Post New York
17 Alliance, which represents over
18 60 post-production facilities and individuals
19 working in post-production.

20 Thank you for your long-standing
21 support for our sector, which is a critical
22 component of the film and television
23 ecosystem, and for this opportunity to
24 provide testimony and support of the

1 Governor's proposal to enhance and extend the
2 Empire State Film Post Production Tax Credit.

3 Our credit is a \$25 million
4 suballocation of the larger Empire State Film
5 Production Credit, which I have broken down
6 in my written remarks. The success of this
7 program is unparalleled, with posts seeing
8 explosive growth since enactment of the
9 separate post-production incentive.

10 A little over a decade ago, New York
11 had very little of the nation's editorial
12 work, but we're now the second-largest venue
13 for domestic post-production work, after
14 California.

15 The credit has even allowed New York
16 to compete with Canada and the UK, with
17 incentives of their own, and has even
18 succeeded in repatriating jobs based in China
19 and India.

20 For context, Local 700 members in
21 New York logged approximately 299,000 hours
22 worked in 2011. By comparison, our members
23 will have recorded approximately 900,000
24 hours worked in 2022. This success

1 translates into serious economic activity.

2 We can tentatively report that thanks
3 to the incentive, the post-production
4 ecosystem directly employs 14,000 people as
5 of 2022, which indirectly supports 15,000
6 more jobs, for 29,000 jobs in total.
7 Collectively, this represents \$2.43 billion
8 in labor income and \$7.24 billion in economic
9 output. And in return, the post-production
10 ecosystem generates approximately
11 \$156 million in annual tax revenues.

12 As a practical matter, jobs in
13 post-production are coveted career tracks.
14 To be clear, anyone entering into picture,
15 sound, music, editorial, VFX or animation
16 work has entered into a world with great
17 salaries and benefits and an opportunity to
18 work with innovative technology.

19 According to HR&A, post-production
20 workers earn an average of \$119,000, which is
21 significantly higher than the average salary
22 for all industries statewide. We are
23 constantly working with our public and
24 private partners to build out a workforce

1 pipeline that reflects the diversity of
2 New York.

3 For example, Local 700 engages in
4 outreach to raise awareness of
5 post-production career paths among youth in
6 underrepresented communities. For at least
7 five years we have invited Bronx Community
8 College students to Editors Guild seminars,
9 screenings, and networking events. And in
10 2022, we formalized that relationship by
11 providing funding with member instructors who
12 are post-production professionals at the top
13 of their field to lead master classes for
14 sophomores.

15 These and other programs have
16 emphasized creating opportunities for
17 underrepresented communities and assist in
18 diversifying the post-production workforce.

19 In summation, post-production is an
20 important economic development driver and a
21 home for well paying careers -- and all film
22 and television, regardless of production
23 location --

24 CHAIRWOMAN KRUEGER: Your time is up.

1 MS. MYERS: Thank you.

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

4 MS. MYERS: Sorry.

5 MS. GOVAN: Thank you, and good
6 afternoon --

7 CHAIRWOMAN KRUEGER: Would you mind
8 moving a little closer, please?

9 MS. GOVAN: Good afternoon, Chairwoman
10 Krueger, Chairwoman Weinstein, and
11 distinguished members of the New York State
12 Legislature. My name is Deirdra Elizabeth
13 Govan, and I am vice president of the
14 United Scenic Artists Local 829.

15 Local US 829 is a national labor union
16 and creative community of designers, artists,
17 and coordinators working across the
18 entertainment industry. And I am one of
19 those members, as a costume designer and
20 production designer by trade.

21 I also present this testimony on
22 behalf of the broader film production labor
23 union community, which represents the vast
24 majority of workers in the highly unionized

1 field of film and television. We thank you
2 for your long-standing support for our
3 industry.

4 I would like to say I am the real
5 Made-in-New-York story. Over the span of
6 25 years I stood along with so many of my
7 colleagues as we have worked from the ground
8 up at our respective artistic professions
9 building what is now our state's renowned,
10 vibrant motion picture industry.

11 The film and television tax credit has
12 been extraordinarily successful, turning
13 New York State into a national hub for film
14 and television production. Our success has
15 spurred other jurisdictions, in particular
16 Georgia and now, on our doorstep, New Jersey,
17 to enact highly competitive tax incentive
18 programs which contain many aspects included
19 in Governor Hochul's Executive Budget
20 proposal.

21 It is important to understand the
22 success of this program. New York State has
23 transformed itself from merely a place to do
24 location shoots and then leave to becoming a

1 home for over 57,000 direct and indirect
2 workers annually, earning 12 billion in wages
3 per year.

4 For all of this, it is the tax credit
5 that has made the difference. Numerous
6 states have recently matched and exceeded
7 New York's program, further exacerbating the
8 reasons why so many projects that once came
9 to New York now choose not to do so. The new
10 reality is best captured by the fact that for
11 the first time in years, sound stages in New
12 York are seeing significant vacancy rates.

13 It is also important to underscore
14 that with the vast growth of New York's film
15 and television industry, there has been a
16 significant increase in diversity within its
17 workforce.

18 I have personally seen the
19 diversification of the industry over the past
20 25 years with increasing opportunities for
21 black and indigenous people of color. As the
22 industry has created new jobs in New York, it
23 has opened the door to all New Yorkers, with
24 varied levels of education and experience, to

1 build a career and to support their families.

2 Our unions are heavily invested in
3 developing programs that offer opportunities
4 to diversify their talent pools and
5 memberships. For example, IATSE Local 52
6 Motion Picture Sound Studio Mechanics is
7 working with Bronx Community College to
8 develop a talent pipeline.

9 My own union continues to provide
10 access to emerging artists. For example,
11 New York State's Scenic Artists Apprentice
12 Program currently has the most diverse group
13 of new workers this program has ever offered.
14 This incentive is driving a new generation of
15 artists to seek out professional
16 opportunities and invest in our industry and
17 talents.

18 CHAIRWOMAN KRUEGER: Thank you. Sorry
19 to cut you off there.

20 MS. GOVAN: I thank you for your time.

21 CHAIRWOMAN KRUEGER: Thank you.

22 Our last panelist.

23 MR. CLARK: Ready?

24 CHAIRWOMAN KRUEGER: Yes.

1 MR. CLARK: Senator Krueger,
2 Assemblymember Weinstein, Senator Ryan, from
3 my neck of the woods, I travelled from
4 Buffalo today to attest about the economic
5 impact of this New York State film tax credit
6 program and what it's had on Western
7 New York.

8 I think I can provide a pretty unique
9 perspective as film commissioner in a region
10 that was never a traditional production
11 center, but also as the immediate past chair
12 of the Association of Film Commissioners
13 International, a group that allows me to
14 interact routinely with colleagues around the
15 world.

16 Film tax incentives absolutely drive
17 where movies and scripted TV shows are made.
18 I hear that from both foreign and domestic
19 film commissioners, studio executives, as
20 well as independent filmmakers. The states
21 and territories without incentives are always
22 ruled out when making decisions on where to
23 shoot.

24 In fact, before a competitive tax

1 incentive was instituted here in New York,
2 movies that were set in Buffalo were shot in
3 places like Winnipeg, Manitoba; Toronto,
4 Ontario; and Southern California. Now,
5 Buffalo has doubled for cities such as
6 Los Angeles; Hartford, Connecticut;
7 Clarksdale, Mississippi; and even
8 Martha's Vineyard. I would say that is an
9 amazing reversal of fortune for our town.

10 We are now a movie-making destination,
11 something even I never envisioned when I
12 became film commissioner some 17 years ago.
13 Motion picture production has become an
14 important component of our new sector economy
15 in Western New York. Hundreds of good-paying
16 jobs have been created. New sound stages and
17 movie-related businesses continue to pop up
18 all over our region, and a prideful community
19 has been able to see our town, our cities,
20 our villages shown worldwide on the silver
21 screen and beyond.

22 Motion picture union ranks have
23 exploded their membership numbers. When I
24 first started my job, there were about a

1 dozen members of IATSE -- that's the movie
2 mechanics union. Now there are nearly 200 in
3 Buffalo. Go figure, right?

4 The Theatrical Teamsters Local 817
5 have partnered with the Teamsters Local in
6 Buffalo to provide dozens of drivers for the
7 many movie trucks that now dot our landscape.
8 The Screen Actors Guild, the Directors Guild,
9 the Producers Guild -- they're all in Buffalo
10 now. They have increased their numbers
11 dramatically in our region.

12 While there are some tweaks -- and I
13 must say there should be some that need to be
14 made for upstate areas -- the New York State
15 film tax credit is making a solid and
16 long-lasting impact from Long Island all the
17 way to Lackawanna.

18 I would like to thank all of you, on
19 behalf of the thousands of Western
20 New Yorkers that have been positively
21 affected by this new industry, for your
22 continued support in strengthening our
23 economy in Buffalo through the state's film
24 tax credit program.

1 It has been a real distinct privilege
2 and honor to be here today to let you know
3 just what a difference all of you have made,
4 as Hollywood continues to take notice of
5 every single part of this great, of this
6 diverse, and of this unique place that we
7 call the State of New York -- the family of
8 New York.

9 Thank you.

10 CHAIRWOMAN KRUEGER: I'm sorry. First
11 up, Senator Sean Ryan.

12 SENATOR RYAN: Thanks, everyone, for
13 coming today. Thank you to the folks from
14 IATSE. And thanks, Tim, for coming up the
15 Thruway this morning. I tried to
16 accommodate, get you in earlier, but we set a
17 pretty tight schedule.

18 MR. CLARK: I understand.

19 SENATOR RYAN: So I have a few
20 questions.

21 I know I've visited some of the
22 downstate sets. And walking around, I saw
23 IATSE members, carpenters -- it almost
24 seemed, you know, close to wall-to-wall

1 people with, you know, workforce democracy.

2 Is that implicit in the statute, in --
3 when we come out of New York City, are the
4 productions in Buffalo, are they the same way
5 in terms of unionization?

6 MR. CLARK: In Buffalo, yes, Senator.
7 In fact, there has been this proliferation of
8 IATSE members that have grown there. And
9 it's all really different departments.
10 Scenics is certainly one of them, and so many
11 others.

12 And we have been really targeting
13 workforce development to really provide a
14 good diverse workforce base in Western
15 New York so when the studios come, or when
16 the independent filmmakers come, they feel
17 very -- you know, it's not a big difference
18 from being in New York or in the Mid-Hudson
19 region or places closer to New York.

20 So we've been very successful, and
21 it's been really great.

22 SENATOR RYAN: So before this film
23 credit started, you saw very little film
24 production in the Buffalo area --

1 MR. CLARK: Almost nothing, yeah.

2 SENATOR RYAN: You would see it in
3 Toronto, which would often masquerade as
4 other cities.

5 MR. CLARK: Right.

6 SENATOR RYAN: And how much has it
7 come into our area of Western New York? And
8 is that coming at the expense of films or
9 studio work that would have been done in
10 New York City?

11 MR. CLARK: Well, we've lost some
12 things. And I have to tell you, I think this
13 new proposal is looking really good.

14 I can tell you "The Bros," that Warner
15 Brothers movie -- I think it was Warner
16 Brothers, they -- or no, I'm sorry, it was
17 Universal. They ended up in New Jersey.

18 We had another movie that scouted a
19 pretty good-size movie that ended up in Ohio.
20 And it really was taken there by these higher
21 incentives and, you know, the inducements
22 that these other states have had. So we've
23 lost some things.

24 But, you know, as you know all too

1 well, our architectural assets in Western New
2 York are some of the finest, and I think the
3 creative side of the movie industry seems to
4 notice that. When you get the business side,
5 the incentive folks agreeing that -- with the
6 creative people, it's a recipe for success.
7 And that's what we've had here in Western
8 New York.

9 SENATOR RYAN: This idea of the 25 to
10 30 percent, and it's also mixed in with this
11 above-the-line and below-the-line -- could
12 you explain to me the differences on that?

13 MR. CLARK: Well, I can again
14 anecdotally point to a situation we had with
15 a movie called "White Noise," I think it was.
16 They came in at that 25 percent, and they
17 just couldn't make it work, they just
18 couldn't. So they ended up in Ohio.

19 SENATOR RYAN: Thank you.

20 CHAIRWOMAN KRUEGER: Thank you.

21 Assembly.

22 CHAIRWOMAN WEINSTEIN: Assemblywoman
23 Woerner.

24 ASSEMBLYWOMAN WOERNER: Thank you.

1 Ms. Govan, in your testimony, in your
2 written testimony, you say that the state's
3 exceeded its allocation faster than
4 anticipated, and the consequence of that is
5 that productions are having to wait a period
6 of time after the production concludes to
7 claim their credits. And that that delay is
8 a reason that states look for -- or the
9 productions look to other states rather than
10 stay in New York.

11 Can you give us some sense of how long
12 that delay is or how much we have exceeded
13 our allocated credits on an annual basis?

14 MS. GOVAN: Thank you, Assemblywoman
15 Woerner.

16 To my understanding and research, it's
17 usually anywhere between one to three years
18 after they finish production.

19 ASSEMBLYWOMAN WOERNER: And that's not
20 true in other states?

21 MS. GOVAN: I can't quote on those
22 statistics. But what we have on data is for
23 our state, that is the time.

24 ASSEMBLYWOMAN WOERNER: Okay. Do you

1 So the Governor's invested, at least
2 in her budget proposal here, \$700 million in
3 post-production tax credits. It's a
4 \$280 million increase over last year, which
5 is pretty significant.

6 And budgets are about priorities. At
7 the same time, she's borrowed \$2.5 million, a
8 million-dollar cut over last year, but a
9 \$2.5 million cut over previous years in local
10 tourism matching grants.

11 Would your industry survive if you
12 only had a \$697.5 million post-production tax
13 credit available at the end of all of these
14 budget negotiations?

15 MR. CLARK: Me? I would say the
16 problem that has -- and this is my reference
17 to a little tweaking upstate -- is that a lot
18 of these -- a lot of these incentives get
19 gobbled up pretty quickly down in the city,
20 down in New York City.

21 And so we often hear from -- and
22 sometimes we get a little lower budget
23 independent films that come through, and
24 those folks are waiting two, three -- I've

1 heard even longer. And if they're -- they're
2 seeing those kinds of wait times, they're
3 going to New Jersey.

4 And we just -- there's a guy whose
5 wife is from Buffalo -- again, this is
6 anecdotal -- but he's vowed to not return.
7 He's kind of shifted everything to
8 New Jersey, you know, and he says that he'll
9 come back if the wait time ends.

10 So we predict -- or at least I think
11 that this higher cap might -- you know,
12 according that a little bit in a way that
13 makes it that that money comes back quicker.
14 We're hoping that's the case.

15 The other thing, too, is the
16 above-the-line. I mean, I'll tell you, we
17 lose a lot of movies, you know, to states
18 that have above-the-line, and New Jersey in
19 particular. And that's troubling, you know,
20 because they set themselves in New York but
21 then end up shooting in New Jersey.

22 SENATOR WALCZYK: But if we were to
23 just restore for the counties that depend on
24 those tourism dollars the local matching

1 grant program, could you survive without the
2 \$2.5 million?

3 MR. CLARK: Well, we don't do that, I
4 don't believe, in Buffalo. I think there's
5 some sort of matching grant thing up in
6 Syracuse, but I'm not aware of anything in
7 Buffalo. That's -- that's not something I
8 know about.

9 SENATOR WALCZYK: There's tourism
10 agencies across New York State that avail
11 themselves of this. It's local advertising
12 dollars that really have compounding
13 interests when they're applied. So we get it
14 back in sales tax and bed tax and all of the
15 different ways that tourism is great.

16 Well, I appreciate it.

17 MR. CLARK: Yes.

18 SENATOR WALCZYK: I think I've made my
19 point for the record, that I think this
20 group -- while, you know, I appreciate the
21 Governor wanting to invest in post-production
22 tax credits, I think they'd do just fine with
23 697.5 million rather than 700.

24 Thanks for your time.

1 MR. CLARK: Thank you.

2 CHAIRWOMAN KRUEGER: Assembly?

3 CHAIRWOMAN WEINSTEIN: Assemblyman
4 Otis.

5 ASSEMBLYMAN OTIS: I have a question
6 for Tim Clark.

7 MR. CLARK: Sure.

8 ASSEMBLYMAN OTIS: My wife is from
9 Buffalo. So we were watching a 2007 film the
10 other day that partially took place in
11 Buffalo. And for authenticity, she's
12 looking, but we found out, we looked it up,
13 it was filmed in Winnipeg, as you testified.

14 MR. CLARK: Yes. Yes.

15 ASSEMBLYMAN OTIS: So the fact that
16 we're doing things to bring these filmings
17 back to authentic locations like Buffalo is a
18 great thing.

19 MR. CLARK: Well, thank you,
20 Assemblymember. And I -- it's always irked
21 me for years, you know, especially as a guy
22 charged with the responsibility of bringing
23 movies to Buffalo, when I'm watching movies
24 that are set there but not shot there.

1 So -- and, you know, there is this
2 component of community pride, too, that I
3 think people from Buffalo -- and I'm sure
4 your wife would attest to this -- they know
5 the difference. And Winnipeg ain't Buffalo.

6 (Laughter.)

7 ASSEMBLYMAN OTIS: Thank you very
8 much. Thank you all.

9 MR. CLARK: Thank you.

10 CHAIRWOMAN KRUEGER: Thank you.

11 I think I'm last. Well, do you have
12 more?

13 CHAIRWOMAN WEINSTEIN: No.

14 CHAIRWOMAN KRUEGER: Okay. So
15 following up on the growth in the tax credit
16 proposed by the Governor, at least in earlier
17 years there seemed to be agreement with your
18 unions that these credits should only go
19 towards the workers on movies who were below
20 the -- what are they called, the line.

21 MR. CLARK: Below the line, yes.

22 CHAIRWOMAN KRUEGER: And now they're
23 talking about the directors, the movie stars,
24 people who don't live here in New York

1 getting credits -- for jobs that pay up to
2 \$500,000.

3 I would much rather see a commitment
4 by these companies to actually have to move
5 to New York and be here with us full-time,
6 and even make sure that they are filming and
7 producing things that take place in New York,
8 and encourage tourism -- following up on my
9 colleague's point that we want people to come
10 to New York, so we want them to watch movies
11 and TV that highlight all the things that are
12 so unique about our state. And that those
13 should be given points, so to speak, when the
14 storylines are New York-based.

15 And I'm just curious what anybody
16 thinks about these changes by the Governor.
17 Because it's not just new money being
18 proposed, it's new money for a different
19 universe.

20 MS. MYERS: I'll take that.

21 I think it's a multipronged approach.
22 And what I mean is many actors above-the-line
23 are also New York residents. They live here.
24 So most of the times when productions are

1 coming here and they're interested in being
2 in New York, those actors who are a part of
3 that production, they look for the
4 convenience. They look for the ability to be
5 able to see their families, to be able to go
6 home at the end of a long shoot day.

7 So I don't necessarily feel that it is
8 something that's not needed. I do feel that
9 it's a one-to-one comparison with what our
10 competitors are doing. And that is
11 New Jersey and Georgia, which have the same
12 incentive that is proposed in
13 Governor Hochul's budget.

14 CHAIRWOMAN KRUEGER: So I have some
15 famous actors living in my district in
16 Manhattan. I suspect they'd get hired
17 anyway. Like, they're big famous people.

18 So I just don't see why we should
19 actually be giving up our tax revenues for,
20 with all respect, them. They've been working
21 and doing very well in their careers up to
22 now. And I just don't quite see that this
23 changes the story. It just moves more of our
24 money into subsidizing an industry that

1 doesn't always need that much subsidizing.

2 MS. MYERS: Well, I can't really speak
3 to that, Senator. But what I can speak to is
4 the below-the-line experience and having
5 productions relocate. As a working costume
6 designer and officer of a union, I recently
7 experienced that. The production decided to
8 relocate to Georgia, and in relocating to
9 Georgia, I lost a job. So -- purely based
10 upon the fact that they did not want to pay
11 the accommodation fee for that. So it really
12 wasn't about talent, it was about the money.

13 And so I personally feel keeping the
14 tax incentive and doing a one-to-one or a
15 comparison with what other states are doing,
16 is necessary to keep production here as a
17 whole.

18 CHAIRWOMAN KRUEGER: My time is up.
19 Thank you very much.

20 MS. MYERS: Thank you.

21 CHAIRWOMAN KRUEGER: Assembly?

22 CHAIRWOMAN WEINSTEIN: No.

23 CHAIRWOMAN KRUEGER: Any other
24 Senators?

1 Well, then I'm going to thank you very
2 much for being with us today --

3 MR. CLARK: Thank you.

4 CHAIRWOMAN KRUEGER: -- for being our
5 last panel on this hearing.

6 MS. GOVAN: Thank you.

7 MS. MYERS: Thank you.

8 CHAIRWOMAN KRUEGER: And I'm going to
9 declare that this hearing is done.

10 We're going to take a 15-minute
11 break -- around a 13-minute break. At 3:15,
12 we will return here for the Tax Hearing.

13 Thank you, everyone.

14 (Whereupon, the budget hearing
15 concluded at 3:02 p.m.)

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