

Key Budgetary Changes Affecting Small Businesses – FY 15-16 to FY 16-17

Agency: Department of Taxation and Finance

Program: Alcohol Production Tax Credit

2015-16 Appropriation (or Tax/Fee Level if applicable): A beer production credit against personal and corporate income taxes was available to breweries that produced 60 million gallons or less in New York State. The credit was 14 cents per gallon on the first 500,000 gallons produced in New York State, and 4.5 cents per gallon on each New York produced gallon thereafter to a maximum of 15 million additional gallons above the first 500,000 (i.e., a maximum annual credit of \$745,000).

2016-17 Appropriation (or Tax/Fee Level if applicable): The 2016-17 Enacted Budget expanded the beer production credit to include certain wine, cider and liquor produced in New York State (the "Alcoholic Beverage Production Credit"). The criteria for the beer production were unchanged, and the thresholds and credit amounts for the other qualifying alcohol types are:

Alcohol Type	Threshold	Credit Amount
Wine	20 million gallons or less	14 cents/gallon - first 500,000 gallons. 4.5 cents/gallon - each additional gallon up to 15 million (15,500 total).
Cider	60 million gallons or less	Same as above.
Liquor	800 thousand gallons or less	Same as above.

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Agency: Department of Taxation and Finance

Program: Farm Workforce Retention Credit

2015-16 Appropriation (or Tax/Fee Level if applicable): Not applicable.

2016-17 Appropriation (or Tax/Fee Level if applicable): Not applicable.

Summary: The Farm Workforce Retention Credit provides farm businesses across New York with tax cuts designed to both assist in the retention of existing farm employees and promote the hiring of new employees, while aiding farmers as they adapt to the higher minimum wage. In tax year 2017, every farm business in New York is entitled to a benefit equal to \$250 for each qualified farm employee, with the benefit increasing to \$600 per qualified farm employee by tax year 2021. Qualified farm employees include all employees, excluding general executive officers, that meet a threshold of 500 labor hours.

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Agency: New York State Homes and Community Renewal, Office of Community Renewal, Governor's Office of Storm Recovery (GOSR)

Program: Hurricane Sandy Business Assistance Programs (Small Business Grant Program, Small Business Mentoring Program, Tourism and Marketing Program)

2015-16 Appropriation (or Tax/Fee Level if applicable): Not applicable.

2016-17 Appropriation (or Tax/Fee Level if applicable): Not applicable.

Summary: New York State has allocated \$216.5 million of the State's first and second allocations of supplemental federal Community Development Block Grant Disaster Recovery (CDBG-DR) for programs designed to assist in the recovery of small businesses impacted by Superstorm Sandy, Hurricane Irene, and Tropical Storm Lee. As of Action Plan Amendment 12, the Sandy Business Assistance Programs allocation was decreased by \$93.5 million, to \$123 million. The Small Business program (\$90M allocation) is now closed to applicants, and the decrease in the allocation accounts for revised Program data and unmet need analysis based on data of Program applicants. These funds have been reallocated to the NY Rising Homeowner Recovery, Condominium and Cooperative, and Public Housing Assistance Programs as described in the Amendment.

- **Small Business Recovery Grant Program:** Provides grants to eligible storm-impacted businesses for working capital expenses, for the purchase or repair of damaged equipment, for the renovation of facilities that were damaged or destroyed, and to support mitigation efforts to protect the business from future storms. Grants of up to \$50,000 are available to small businesses, as defined by the SBA, in one of the State's designated disaster areas (not including NYC). Businesses that have suffered physical damage and are at risk of closure or significant employment loss can have grants extended up to \$250,000. Businesses must have suffered eligible uncompensated losses and/or incurred mitigation costs as a direct result of Superstorm Sandy, Hurricane Irene, or Tropical Storm Lee.
- **Coastal Fishing Industry Businesses:** Provides additional grant assistance of up to \$50,000 to affected businesses or individuals qualified as a Coastal Fishing Industry that are eligible for assistance under the Small Business Recovery Grant Program. Businesses that are eligible for additional assistance under the Coastal Fishing Industry Program are not eligible for additional assistance under the Seasonal Tourism Industry Program.
- **Seasonal Tourism Industry Businesses:** Provides additional grant assistance of up to \$50,000 to eligible seasonal tourism businesses that are eligible for assistance under the Small Business Recovery Grant Program. Businesses that are eligible for additional assistance under the Seasonal Tourism Industry Program are not eligible for additional assistance under the Coastal Fishing Industry Program.

- **Economic Hardship:** Provides additional grant assistance of up to \$50,000 for eligible small businesses that experienced documented losses of at least 30% in gross revenues in the year following the applicable storm.
- **Mitigation:** Provides additional grant assistance of up to \$100,000 for eligible small businesses that experienced documented physical damage from any of the storms and requested assistance for activities that are determined to act as mitigation against future storm damage, such as elevating buildings or utilities above the projected flood level, or upgrading materials or otherwise flood-proofing building elements to better withstand future damage.
- **Small Business Mentoring Program:** Provides a web-based platform for small businesses to connect with larger, mentor businesses and/or business professionals. This is a \$3 million program that is implemented by NY Empire State Development to provide eligible technical or legal assistance and business coaching to assist businesses in rebuilding their businesses and become more resilient in the face of future disaster events. Consultants and business coaches may be made available to small businesses, as defined by the SBA, to discuss business development and recovery issues.
- **Tourism and Marketing Program:** Provides up to \$30 million in assistance to NY Empire State Development to implement a tourism and marketing program designed to promote the storm-impacted areas of New York State.

Agency: Department of Labor

Program: Urban Youth Jobs Program

2015-16 Appropriation (or Tax/Fee Level if applicable): Not Applicable.

2016-17 Appropriation (or Tax/Fee Level if applicable): As of January 1, 2016, expanding the Urban Youth Jobs Program to \$50 million (an increase of \$20 million over the prior year) to accommodate 10,000 youth job placements and expanding the program to businesses to include all parts of New York State.

Summary: Saves New York businesses money: This expansion will now make the tax credit available to businesses across the state, with an increase of \$20 million dollars specifically for businesses in smaller urban cities, suburban communities and rural areas.

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Agency: Department of Labor

Program: Western NY Employment Strikeforce

2015-16 Appropriation (or Tax/Fee Level if applicable): In January 2015, the Governor expanded the Unemployment Strikeforce's efforts to focus on nine additional counties with high unemployment rates: Franklin, Jefferson, Kings, Lewis, Montgomery, Orleans, Oswego, St. Lawrence, and Steuben Counties. Since January 2015, each of those 10 counties experienced dramatic drops in their unemployment rate – averaging more than 2.5 times the average statewide improvement.

2016-17 Appropriation (or Tax/Fee Level if applicable): Deployment of the Unemployment Strikeforce Initiative to Western New York with a focus on the cities of Buffalo, Lackawanna, and Niagara Falls.

Summary: Saves New York businesses time and money while providing a competitive advantage: The Strikeforce initiative will provide skilled jobseekers directly to hiring businesses.

- Outreach that engages members of the business community, identifies hiring businesses, develops job openings for Jobs Express and provides customized recruitment services that fill those openings with the initiative's customer's skill sets.
- Daily outreach directly engaging businesses to connect Strikeforce customers to jobs.
- Development of customized recruitments and job fairs: Coordinates and schedules events, posts all openings, works in conjunction with Career Center staff to ensure all openings are matched and qualified customers are referred.
- Maintains communication with business customer and monitors matching and referral services of Career Center staff to ensure business satisfaction with quantity and quality of candidates referred.
- Provides resumes of qualified applicants directly to hiring managers and advocates on behalf of customers with the business.
- Job placement services that match each unemployed customer to multiple job openings with the goal of job placement. Services include:
- Work with community partners to identify customer base of jobseekers in need of assistance.
- An initial assessment of a customer's knowledge, skills, abilities and work history.

- A job search strategy with customer's unique employment needs in mind.
- A job-search-ready resume.
- Job leads and referrals to jobs.

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Agency: Department of Labor

Program: Rebrand Career Centers

2015-16 Appropriation (or Tax/Fee Level if applicable): Not Applicable.

2016-17 Appropriation (or Tax/Fee Level if applicable): Rebrand and modernize the state's 96 Career Centers starting with a pilot effort involving a select group of career centers that will serve as models for subsequent statewide roll-out.

Summary: Saves New York businesses time and money while providing a competitive advantage. The offices will be attractive and easily recognizable to businesses and as such, will aid in ease of use of the no-cost job posting services, recruitment assistance and human resource consultation services that are available.

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Agency: Department of Labor

Program: Pre-apprenticeship Program

2015-16 Appropriation (or Tax/Fee Level if applicable): Not Applicable

2016-17 Appropriation (or Tax/Fee Level if applicable): Engaging a more diverse pool of individuals for apprenticeship opportunities.

Summary: Governor Cuomo announced in his State of the State address that New York will lead the nation by creating the first State Pre-Apprenticeship Program that will leverage state contracts to ensure that youth in need of work are connected with businesses in need of workers. This initiative will first recruit approximately 100 young adults between the ages of 18 to 24 and will ensure that these youth will gain direct entry into a state Registered Apprenticeship programs with work on state funded projects.

Direct Entry as a policy in pre-apprenticeships is enormously important, because it gives, many underserved populations – women, minorities and veterans, for instance – access to Registered Apprenticeship programs. By leveraging state contracts, the State Pre-Apprenticeship program will make sure that disadvantaged young people in need of work can find it with businesses in need of qualified workers.

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Agency: Department of Labor

Program: Middle Skills Training Fund

2015-16 Appropriation (or Tax/Fee Level if applicable): N/A

2016-17 Appropriation (or Tax/Fee Level if applicable): Create the \$3 Million Middle-Skill Jobs Gap Training Fund. The Fund will work with the Regional Economic Development Councils to provide funding to training providers, not-for-profit organizations, and private sector entities to provide skills-based job training to new and incumbent workers.

Summary: Saves New York businesses money while providing a competitive advantage: The Fund will ensure that New York has a pool of middle-skill workers available to meet the business needs specific to each region, and innovation-based businesses will continue to bring their employment opportunities to New York. This access to available talent will reduce recruitment costs for businesses, provide a competitive advantage and help to retain businesses in the state.

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Agency: Department of Labor

Program: Increases in the State Minimum Wage for All Industries including Fast Food and Tipped Workers.

2015-16 Appropriation (or Tax/Fee Level if applicable): Effective December 31, 2015 the State Minimum Wage is \$9.00 per hour for most workers, and tipped workers in the hospitality industry receive a cash wage of \$7.50. Within the Hospitality Industry Fast Food Workers' Minimum Wage is \$9.75 outside of New York City and \$10.50 in New York City.

2016-17 Appropriation (or Tax/Fee Level if applicable): As of December 31, 2016 the Minimum Wage will increase as follows. Tipped cash rates in the Hospitality Industry will remain at \$7.50 per hour, while all other tipped cash rates will increase proportionately with the Minimum Wage Increase.

NYC - Big Employers (of 11 or more)	\$11.00
NYC - Small Employers (10 or less)	\$10.50
Long Island & Westchester	\$10.00
Rest of State	\$ 9.70

Fast Food Workers

New York City	\$12.00
Rest of State	\$10.75

Summary: Impact on small firms (less than 100 employees) by regional increase is being analyzed, and is not yet available. As demonstrated above the impact will be minimized for the smallest of firms in New York City, until the Minimum Wage reaches \$15.00 per hour in 2019.

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