



**Empire State
Development**

ANNUAL REPORT ON THE
**STATE OF SMALL
BUSINESSES**

2023

TABLE OF CONTENTS

- EXECUTIVE SUMMARY 3
- GROWTH AND ECONOMIC TRENDS OF PRIVATE SECTOR SMALL BUSINESSES 3
- EMPLOYMENT AND ECONOMIC DATA OF SMALL BUSINESSES IN
NEW YORK STATE REGIONS 4
 - 2023 REPORT ON EMPLOYER FIRMS:
FINDINGS FROM THE 2022 SMALL BUSINESS CREDIT SURVEY*..... 9
 - CHARTBOOK ON NEW YORK EMPLOYER FIRMS*..... 9
- PROGRAMS TO IMPROVE SMALL BUSINESS GROWTH IN NEW YORK STATE 10
 - INCREASING ACCESS TO CAPITAL*..... 10
 - ENHANCING TRAINING AND TECHNICAL ASSISTANCE FOR SMALL BUSINESSES 15
 - IMPROVING NEW YORK STATE’S SMALL BUSINESS CLIMATE..... 17
 - Small Business Programs and Initiatives in Fiscal Year 2023 (FY 2023)*..... 17
 - Small Business Programs and Initiatives in Fiscal Year 2024 (FY 2024)*..... 19
- STATE AND LOCAL SMALL BUSINESS REGULATIONS 22

EXECUTIVE SUMMARY

Empire State Development (ESD) is New York’s chief economic development agency. The mission of ESD is to promote a vigorous and growing economy, encourage business investment and job creation, and support diverse, prosperous local economies across New York State through the use of loans, grants, tax credits, real estate development, marketing and other forms of assistance.

The New York State Economic Development Law requires ESD to compile an annual report on the state of small business (firms under 100 employees), particularly businesses with less than 25 employees which are often referred to as “micro-businesses”¹, for the purposes of this report.

The following report provides the most recent data available, as well as findings from recent public and private sources, each covering a different aspect of the small business landscape. The report outlines many of the strategies and initiatives New York State is undertaking to meet and support the needs of small businesses throughout the State, such as improving the business climate, investing in economic and community development, and fostering an inclusive 21st century economy.

GROWTH AND ECONOMIC TRENDS OF PRIVATE SECTOR SMALL BUSINESSES

Small businesses continued to form a substantial portion of the New York State economy in 2022, as indicated by the data below. Ninety-eight percent of New York businesses have fewer than 100 employees, with 92.4 percent of the total having fewer than 25 employees. Thirty-nine percent of the workforce is employed in firms with fewer than 100 employees; with 23 percent of the workforce employed by firms with fewer than 25 employees. The number of small businesses has dropped slightly from 2018 to 2022; however, given the effect on small businesses of the pandemic, the employment numbers show a remarkable resilience overall.

Private Sector Firms with Less than 100 Employees 2018 vs. 2022 (Annualized Averages)

	Number of Firms	Share of All Firms (%)	Firm Employment	Share of Employment (%)
2018	492,156	98.1	3,181,066	39.8
2022	474,542	98.1	3,056,785	39.0
% Change	-3.6		-3.9	

Source: NYS DOL Quarterly Census of Employment and Wages (QCEW), ESD Analysis. These data are limited to private sector firms that had employees in the given quarter and exclude firms that are unclassified industries (NAICS 2-Digit Code: 99). Data subject to revisions.

¹ Subdivision 12 of Section 134 of the NYS Economic Development Law

Private Sector Firms with Greater than 24 and Less than 100 Employees 2018 vs. 2022 (Annualized Averages)

	Number of Firms	Share of All Firms (%)	Firm Employment	Share of Employment (%)
2018	28,871	5.8	1,325,390	16.6
2022	27,249	5.6	1,253,730	16.0
% Change	-5.6		-5.4	

Source: NYS DOL Quarterly Census of Employment and Wages (QCEW), ESD Analysis. These data are limited to private sector firms that had employees in the given quarter and exclude firms that are unclassified industries (NAICS 2-Digit Code: 99). Data subject to revisions.

Private Sector Firms with Less than 25 Employees 2018 vs. 2022 (Annualized Averages)

	Number of Firms	Share of All Firms (%)	Firm Employment	Share of Employment (%)
2018	463,285	92.3	1,855,676	23.2
2022	447,293	92.4	1,803,055	23.0
% Change	-3.5		-2.8	

Source: NYS DOL Quarterly Census of Employment and Wages (QCEW), ESD Analysis. These data are limited to private sector firms that had employees in the given quarter and exclude firms that are unclassified industries (NAICS 2-Digit Code: 99). Data subject to revisions.

EMPLOYMENT AND ECONOMIC DATA OF SMALL BUSINESSES IN NEW YORK STATE REGIONS²

Private sector firms with fewer than 20 employees employ 20.1 percent of the workers across the State. Over 672,787 people are employed at micro-businesses in New York City, over 280,265 people on Long Island and approximately 300,373 people in selected upstate metropolitan areas. Average monthly earnings are highest in New York County (\$5,651) and in Nassau and Suffolk Counties (\$4,030 and \$4,005 respectively).

² The US Census Bureau categorizes employment data from 0-19 employees, 20-49 employees, 50-249 employees, 250-499 employees, and 500+ employees. There is no data set that matches New York State's statutory definition; therefore, the closes two data sets are reported.

**Private Sector Employment in New York State Small Businesses with 0-19 Employees
by Location (2nd Quarter 2022)**

Location	Total Employment	Average Monthly Earnings (\$)
New York State	1,560,502	3,908
Upstate		
Albany-Schenectady-Troy MSA	62,437	3,503
Binghamton MSA	14,090	2,839
Buffalo-Cheektowaga-Niagara Falls MSA	82,968	3,210
Elmira MSA	4,849	2,754
Rochester MSA	74,692	3,177
Syracuse MSA	43,359	3,301
Utica-Rome MSA	17,978	2,935
New York City and Long Island		
Bronx County	46,197	3,194
Kings County	175,541	3,461
New York County	286,317	5,651
Queens County	138,702	3,456
Richmond County	26,030	3,303
Nassau County	134,373	4,030
Suffolk County	145,892	4,005

Source: US Census Bureau, Quarterly Workforce Indicators (QWI), Data is from the second quarter of 2022. <http://qwiexplorer.ces.census.gov/>. Most recent data available. Data subject to revisions. Employment and Average Monthly Earnings are beginning-of-quarter. MSA denotes Metro Statistical Area (an MSA consists of one or more counties that contain a city of 50,000 or more inhabitants, or contain a Census Bureau-defined urbanized area). Notes: QWI data sources are considerably different than QCEW. Please see https://lehd.ces.census.gov/doc/QWI_101.pdf for an overview of QWI.

Private sector small businesses with 20-49 employees employ 8.6 percent of the workers across the state. Over 266,202 people are employed at businesses with 20-49 employees in New York City. Employment in Long Island totals over 118,519, while over 165,231 people are employed in selected upstate metropolitan areas. Average monthly earnings are highest in New York County (\$7,113), Nassau (\$4,745) and Suffolk (\$4,754) counties.

**Private Sector Employment in New York State Small Businesses with 20-49 Employees
by Location (2nd Quarter 2022)**

Location	Total Employment	Average Monthly Earnings (\$)
New York State	670,694	4,807
Upstate		
Albany-Schenectady-Troy MSA	33,998	4,325
Binghamton MSA	7,862	3,809
Buffalo-Cheektowaga-Niagara Falls MSA	46,614	3,815
Elmira MSA	2,578	3,761
Rochester MSA	41,466	3,862
Syracuse MSA	23,806	4,022
Utica-Rome MSA	8,907	3,772
New York City and Long Island		
Bronx County	18,713	4,377
Kings County	58,602	4,026
New York County	132,183	7,113
Queens County	47,250	4,523
Richmond County	9,454	4,325
Nassau County	54,246	4,745
Suffolk County	64,273	4,754

Source: US Census Bureau, Quarterly Workforce Indicators (QWI), Data is from the second quarter of 2022. <http://qwiexplorer.ces.census.gov/>. Most recent data available. Data subject to revisions. Employment and Average Monthly Earnings are beginning-of-quarter. MSA denotes Metro Statistical Area (an MSA consists of one or more counties that contain a city of 50,000 or more inhabitants or contain a Census Bureau-defined urbanized area). Notes: QWI data sources are considerably different than QCEW. Please see https://lehd.ces.census.gov/doc/QWI_101.pdf for an overview of QWI.

Small businesses are present in all New York private sector industry groups. Some of the highest employing industries are accommodation and food services (258,889 workers; 16.6 percent of the total) and retail trade (180,608 workers; 11.6 percent of the total). Average monthly earnings are highest in management of companies and enterprises (\$8,728), finance and insurance (\$7,926), and utilities (\$6,130).

**Employment in New York State Small Businesses
with 0-19 Employees by Industry**

Industry	Total Employment	Share of Total Employment, All Firms with 0-19 Employees (%)	Average Monthly Earnings (\$)
Accommodation and Food Services	258,889	16.6	2,282
Administrative and Support and Waste Management and Remediation Services	74,851	4.8	3,854
Agriculture, Forestry, Fishing and Hunting	12,768	0.8	3,004
Arts, Entertainment, and Recreation	41,874	2.7	3,664
Construction	157,621	10.1	4,455
Educational Services	30,640	2.0	2,524
Finance and Insurance	41,597	2.7	7,926
Health Care and Social Assistance	168,352	10.8	4,296
Information	20,281	1.3	6,144
Management of Companies and Enterprises	4,303	0.3	8,728
Manufacturing	57,793	3.7	3,821
Mining, Quarrying, and Oil and Gas Extraction	898	0.1	4,784
Other Services (except Public Administration)	182,171	11.7	3,010
Professional, Scientific, and Technical Services	138,996	8.9	5,965
Real Estate and Rental and Leasing	84,887	5.4	4,443
Retail Trade	180,608	11.6	3,053
Transportation and Warehousing	33,251	2.1	3,858
Utilities	697	0.0	6,130
Wholesale Trade	70,020	4.5	5,271

Source: US Census Bureau, Quarterly Workforce Indicators (QWI), Data is from the second quarter of 2022. <http://qwiexplorer.ces.census.gov/>. Most recent data available. Data subject to revisions. Employment and Average Monthly Earnings are beginning-of-quarter. MSA denotes Metro Statistical Area (an MSA consists of one or more counties that contain a city of 50,000 or more inhabitants or contain a Census Bureau-defined urbanized area). Notes: QWI data sources are considerably different than QCEW. Please see https://lehd.ces.census.gov/doc/QWI_101.pdf for an overview of QWI.

Examining the larger private sector small businesses with 20–49 employees, the highest employing industries are accommodation and food services (140,482 workers; 20.9 percent of the total), health care and social assistance (78,588 employees; 11.7 percent) and construction (62,716 workers; 9.4 percent). Average monthly earnings are highest in finance and insurance (\$13,185), management of companies and enterprises (\$12,208), and utilities (\$9,140). Data is from the second quarter of 2022.

Employment in New York State Small Businesses with 20-49 Employees by Industry

Industry	Total Employment	Share of Total Employment, All Firms with 20-49 Employees (%)	Average Monthly Earnings (\$)
Accommodation and Food Services	140,482	20.9	2,664
Administrative and Support and Waste Management and Remediation Services	35,365	5.3	4,407
Agriculture, Forestry, Fishing and Hunting	6,172	0.9	3,538
Arts, Entertainment, and Recreation	20,993	3.1	3,270
Construction	62,716	9.4	6,256
Educational Services	23,585	3.5	3,321
Finance and Insurance	14,835	2.2	13,185
Health Care and Social Assistance	78,588	11.7	4,488
Information	8,876	1.3	7,072
Management of Companies and Enterprises	2,451	0.4	12,208
Manufacturing	45,561	6.8	4,676
Mining, Quarrying, and Oil and Gas Extraction	656	0.1	6,254
Other Services (except Public Administration)	40,325	6.0	4,053
Professional, Scientific, and Technical Services	48,444	7.2	7,966
Real Estate and Rental and Leasing	24,921	3.7	6,007
Retail Trade	61,696	9.2	4,077
Transportation and Warehousing	19,324	2.9	4,446
Utilities	648	0.1	9,140
Wholesale Trade	35,055	5.2	6,601

Source: US Census Bureau, Quarterly Workforce Indicators (QWI), Data is from the second quarter of 2022.

<http://qwexplorer.ces.census.gov/>. Most recent data available. Data subject to revisions. Employment and Average Monthly Earnings are beginning-of-quarter. MSA denotes Metro Statistical Area (an MSA consists of one or more counties that contain a city of 50,000 or more inhabitants or contain a Census Bureau-defined urbanized area). Notes: QWI data sources are considerably different than QCEW. Please see https://lehd.ces.census.gov/doc/QWI_101.pdf for an overview of QWI.

2023 REPORT ON EMPLOYER FIRMS: FINDINGS FROM THE 2022 SMALL BUSINESS CREDIT SURVEY³

The regional Federal Reserve Banks monitor small business credit conditions through surveys of business owners. These surveys provide insight into small business vitality and shed additional light on startups, micro-businesses, and growing firms which affect employment and growth in local and regional economies.

In 2022, the Small Business Credit Survey (SBCS) reached nearly 8,000 employer small businesses across the nation, providing information about the challenges and credit seeking experiences of firms across the United States.

Specific findings of the report include:

- For the second year, performance indices for revenue and employment growth increased from the levels recorded in the 2020 survey.
- The share of firms operating at a profit rose from 35 percent in the 2021 survey to 45 percent in the 2022 survey.
- In response to hiring challenges, firms were more likely in 2022 than in 2021 to make changes to employee compensation and less likely to reduce business operations or add to employees' workload.
- Firms were more likely to use personal and government sources than funding from financial institutions. The most common program in the prior 12 months that was utilized by firms was the Small Business Administration's Economic Injury Disaster Loan (EIDL) Program.
- The application rate for traditional financing rebounded to pre-pandemic levels. The share of firms fully approved increased from 2021.

CHARTBOOK ON NEW YORK EMPLOYER FIRMS⁴

- 38% of firms in the U.S. saw a decrease in revenue over the prior 12 months, while 44% saw an increase. The corresponding value for New York State is 44% and 36% respectively;
- 23% of firms in the U.S. reported a decreased employment or paused hiring in the last 12 months, while 30% of respondents in New York State reported the same;
- Revenue expectations for the next 12 months for 56% of firms in the U.S. were positive while 53% of New York State firms expect revenues to increase over the coming 12 months;
- 39% of firms in the U.S. expect to increase employment over the coming 12 months while 50% of firms expect no change in employment. For New York State, 38% of firms expect employment to increase over the next 12 months while 54% expect no changes.
- 57% of firms reported being in fair or poor financial conditions. Firms of color, smaller firms, and leisure and hospitality firms were most likely to be in fair or poor financial condition. For respondents in New York State, 64% of firms reported being in fair or poor financial conditions;

³ 2023 Report on Employer Firms: Findings from the 2022 Small Business Credit Survey." 2023. Small Business Credit Survey. Federal Reserve Banks. <https://doi.org/10.55350/sbcs-20230308>

⁴ [State-Level Chartbooks \(fedsmallbusiness.org\)](https://www.fedsmallbusiness.org)

- 94% of employer firms in the U.S. reported an operational challenge. Hiring or retaining qualified staff and navigating supply chain issues are the top operational challenges that firms faced in the prior 12 months (60%). New York State reported similar key operational challenges: hiring or retaining staff (48%), growing sales (53%) and supply chains (48%);
- 94% of employer firms in the U.S. experienced a financial challenge in the 12 months prior to the survey. This percentage is up 5% points since 2021 and 25% points since 2019. 94% of responding firms in New York State indicated a financial challenge the last 12 months.
- 12% of employer firms in the U.S. reported an advance under the Small Business Administration’s Economic Injury Disaster Loan (EIDL) program. 23% of employer firms in the U.S. sought EIDL loan down from 48% in 2021. For New York State, 16% of firms requested an EIDL advance while 32% requested an EIDL loan.
- 40% of employer firms in the U.S. applied for a loan in 2022 while in New York State 43% of firms applied for loans. 64% of employer firms in the U.S. were successful in obtaining credit on their application for a business loan, while in New York State, 71% successfully obtained a business loan.

PROGRAMS TO IMPROVE SMALL BUSINESS GROWTH IN NEW YORK STATE

New York State supports small or micro-business growth by providing and implementing programs and services that facilitate access to capital, technical assistance, technology assistance, and access to information and resources.

INCREASING ACCESS TO CAPITAL

Considerable program investments are continuing to address the capital challenges small businesses face and will be critical to the further growth for small businesses. Programs like the Small Business Revolving Loan Fund, or other Loan to Lenders programs, which provide funds directly to the lenders, are responsive to the needs of small businesses and address the challenges outlined by the Federal Reserve’s Joint Small Business Credit Survey Report. New York State has a strong track record in supporting and investing in its alternative lender ecosystem, which has been instrumental in the growth and strength of its small businesses.

In 2022, the state has launched or enacted over \$1 billion in new small business access to capital programs that included both grants and loans. In addition, the U.S. Treasury allocated \$501.6 million to New York State from the State Small Business Credit Initiative (SSBCI) for new program execution over the next ten years. ESD immediately began developing programs for the use of these funds as detailed later in this report and which will be operational in 2023.

During 2022, ESD’s Division of Small Business and Technology Development provided and launched the following new financial assistance programs and initiatives to support small businesses impacted by COVID-19:

- The **\$25 million Community Development Financial Institution (CDFI) Fund** was created to help expand financial inclusion and access to affordable banking services and credit products in New York State. Thirty-one CDFIs and Federal Credit Unions (FCUs)

throughout the state were selected in 2022 to receive a financial inclusion grant, totaling \$4,907,000 to support access to safe and affordable banking services in historically underserved and low-income communities across New York State. The CDFI Fund provided resources for the growth of New York State CDFIs to support the delivery of affordable financial products and services and financial literacy programming to low-and moderate-income New Yorkers. The CDFI Fund also increased access to capital and technical assistance services for New York State small businesses and non-profit organizations. During the first round of this program, more than 38,687 unbanked, underbanked, and small businesses received one-on-one technical assistance.

- The **\$800 million COVID-19 Pandemic Small Business Recovery Grant Program** was launched in the Spring of 2021 and continued to be deployed in 2022. This grant program was created to assist COVID-19 impacted small businesses across the state to cover costs such as payroll, rent or mortgage payments, personal protection equipment (PPE) expenses, utility bills, and any costs associated with COVID-19 health and safety protocols compliance. This program provided flexible grants of \$5,000 to \$50,000, with an average award of \$18,608. This program has successfully disbursed the entirety of the \$760 million in available funding to 40,842 small businesses impacted by the COVID-19 pandemic, and 90% of the awards went to Minority and Women Owned Business Enterprises (MWBEs).
- The **\$200 million New York State Seed Funding Grant Program** was created in the FY 2023 New York State budget to provide assistance to early-stage small businesses to succeed in the recovering New York State economy. Eligible applicants were able to apply for a grant of up to \$25,000 for eligible expenses incurred between September 1, 2018 and January 1, 2022. The Program was launched in the September 2022. As of December 2022, ESD awarded 3,493 small businesses a total of \$52.6 million, and 89% of the awards have gone to MWBEs. This program provided grants of \$5,000 to \$25,000, with an average award of \$13,361.
- The \$100 million **New York Forward Loan Fund** program was created to offer a 2%-3% interest working capital loans for five years to small businesses, nonprofits, and small residential landlords impacted by COVID-19, by leveraging \$10 million of the state's loan loss reserves. The New York Forward Loan Fund is fully deployed and made 1,719 loans for \$96.2 million. The average loan amount was \$56,018, and nearly 64% of the loans went to MWBEs.
- The \$400,000 **Community Development Financial Institution Revolving Loan Fund (CDFI RLF) Microloans** program was created to provide microloans of up to \$25,000 to eligible businesses. There are currently five lenders in this program located throughout the state. Since Program inception in 2021, ten loans were made to eligible small businesses totaling \$165,000, with an average loan size of \$16,500.
- **Small Business Revolving Loan Fund** was originally funded at \$25 million and targeted MWBEs and main street businesses that have difficulty accessing regular credit markets. Since 2010, the fund has provided over \$302.9 million to over 50,170 small and micro businesses throughout the state with over 98% of the borrowers being MWBEs. This fund is fully deployed in 2022, and an expanded Small Business Revolving Loan Fund 2.0 will be launched in 2023 using SSBCI funds.

- In 2018, ESD funded the **Minority Revolving Loan Fund** with \$899,315 to leverage approximately \$1.8 million in private funds via community-based lenders. Through selected lenders, MBEs can gain access to the fund to act as working capital, acquire or improve real property, acquire machinery and equipment, and in some cases refinance existing debt obligations if it provides a tangible benefit to the borrower. Since its launch, 44 minority business owners who had difficulty accessing traditional credit markets have received funding from this program totaling \$1.5 million.
- The **New York State Capital Access Program (CAP)** is a portfolio insurance program and was originally funded at \$7 million to provide matching funds to build loan loss reserves as an incentive to offset small business risk. Since the program's inception in 2012, CAP has facilitated approximately \$126.8 million in loans primarily to micro-businesses with more than 90% of loans being disbursed to MWBEs. The program facilitated loans to underserved populations in underserved communities. An expanded CAP 2 will be launched in 2023 using SSBCI funds.
- The **NYS Surety Bond Assistance Program** was originally funded at \$10 million to provide financial credit assistance, as well as training and technical support to help small contractors and MWBEs secure surety bonds for New York State government contracts. Since the inception of this program in 2012, \$126.3 million in surety bonding authority has been facilitated. Through the collateral support portion alone, \$100.9 million in bonding was supported, of which \$76.5 million went to MWBEs. This Program was fully deployed in 2022, and in 2023 through SSBCI funding an expanded NYS Surety Bond Assistance Program 2.0 will be launched to support contractors.
- The **Bridge to Success Loan Program** is a \$20 million fund to expand access to short-term bridge loans for MWBEs by providing qualified firms with the access to needed capital to participate in contracting opportunities with New York State. Since the program's inception in 2013, \$41.6 million in working capital loans have been made supporting over \$325 million of contract work. In 2023 through SSBCI funding, this program will be replaced by the New York State Contractor Financing Program.
- The **Linked Deposit Program (LDP)** was funded at \$560 million and is used to lower interest rates on bank and credit union loans for small businesses. To date, LDP has provided assistance on 347 loans to MWBEs for a total of \$116 million. At the end of 2022, LDP had \$423.74 million available to fund new projects.
- The **Job Development Authority (JDA) Direct Loan Program** was reinvigorated in the past few years to focus on small business lending for real estate purchases, renovations, and machinery and equipment purchases. In the past eight calendar years, \$67.6 million in new lending has been originated.
- In 2019, the **JDA Agriculture Fund** was created to offer affordable capital to small agribusinesses looking to complete projects that will expand their capabilities, generate economic growth, and create new employment opportunities. A total of \$10 million in JDA capital was provided to nine participating agriculture industry lenders. In FY 2022, the fund supported three agribusiness industry projects valued at over \$2 million around the state while creating or retaining 269 jobs.

- The following Trust Funds created in 1994 were designed to assist a specific demographic, including: businesses in regions throughout the state through the **Regional Revolving Trust Fund (RRLTF)**; micro-businesses through the **Micro Enterprise Revolving Loan Trust Fund**; Minority and Women Owned Business Enterprises through the **Minority and Women Revolving Loan Trust Fund (MWRLTF)**; and retailers in business districts through the **Commercial District Revolving Loan Fund**. There is approximately \$8.6 million allocated to all of these trust fund programs. In 2022, RRLTF has funded eight loans totaling \$404,000 to small businesses of which four loans were provided to MWBEs throughout the state. The MWRLTF has funded five fixed asset and/or working capital loans in 2022, totaling \$150,000 to MWBEs throughout the state.
- The **Community Development Financial Institutions (CDFI) Assistance Program** was allocated \$1.4 million in the FY 2022 New York State budget to provide technical assistance to New York State MWBEs and small businesses in accessing capital. The 22 participating CDFIs received grants of up to \$80,000; 36,562 small businesses, including MWBEs, received one-on-one technical assistance; 52,970 small businesses, including MWBEs, received financial assistance; and, more than \$369.8 million in loans to small businesses, including MWBEs, were disbursed.
- New York Ventures administers the state's innovation investment funds which provide seed and early-stage venture funding to high growth technology-based startups. Through 2022, the New York Venture Programs include the following:
 - The **NYS Innovation Venture Capital Fund** is an approximately \$100 million investment fund providing critical seed and early-stage funding to incentivize new business formation and growth across the State of New York, as well as facilitate the transition from ideas and research to marketable products. The fund has invested in 63 companies for over \$78.5 million dollars. An expansion of this fund will be launched in 2023 with SSBCI funds.

Prior program funds included:

- The **Innovate New York Fund** that included private matching investments facilitated over \$373 million in equity and other types of investment to over 81 startup enterprises from 2012-2016.
- The **Technology Commercialization Fund** invested \$5.6 million in 58 companies from 2016-2022, matched by \$21.6 million of private funds. The majority of the investments were made in upstate companies.
- The **MWBE Investment Fund** provided \$1.3 million of seed capital to certified MWBEs from 2016-2019.
- New York State has been awarded more than \$500 million from the U.S. Treasury in SSBCI funds to support of a range of small business credit and investment programs that target Very Small Businesses, and Socially and Economically Disadvantaged Individual owned businesses. The suite of programs under this initiative will provide access to capital, loan loss reserves, loan guarantees, loan participation, venture capital, and manufacturing financing assistance to businesses across the state. ESD's Division of Small Business and Technology

Development will launch the following six access to capital financing programs totaling \$282 million and four venture capital programs totaling \$219 million in 2023:

Debt Programs

- **Capital Project Loan Fund** (\$106.1 million) is a new program which will provide direct loans for the growth of manufacturing and other eligible businesses within New York State, by financing a portion of the cost of acquiring and renovating existing buildings, constructing new buildings, or purchasing machinery and equipment.
- **Small Business Revolving Loan Fund 2.0** (\$55.5 million) is an expansion of the Small Business Revolving Loan Fund 1.0. This program will provide shorter-term microloans and loans typically under \$250,000. This program addresses inequitable capital access by bridging the financing gap facing new companies, under-banked communities, and small businesses.
- **New York Forward Loan Fund 2.0** (\$47 million) is an expansion of the New York Forward Loan Fund 1.0. This program will provide flexible, low interest loans of up to \$150,000 for small businesses via an online application portal.
- **Capital Access Program 2.0** (\$29.4 million) is an expansion of the Capital Access Program 1.0. This program will provide portfolio insurance for participating lenders designated to increase financing opportunities for small business.
- **NYS Surety Bond Assistance Program 2.0** (\$22 million) is an expansion of the NYS Surety Bonding Assistance Program 1.0. This program will provide access to bid bonds, payment and performance bonds for contractors performing on publicly funded projects throughout New York State via participating surety companies.
- **New York State Contractor Financing Program** (\$22 million) to help contractors in need of working capital to deploy and execute federal, state, and local government related contracts via participating lenders by providing loan loss reserves to the lenders offering the loans.

Venture Capital Programs

- **Pre-Seed and Seed Matching Fund** (\$30 million) is a new program that will provide very early stage, high growth potential, venture backable start-ups with up to \$250,000 of equity investment to match other private capital that the company has raised.
- **NYS Innovation Venture Capital Fund** (\$35 million added to the \$100M previously allocated by New York State) is the existing direct fund program that provides investment funds to high growth startups across New York State to support the growth of innovation companies and ecosystems.
- **Emerging and Regional Partner Fund** (\$102 million) is a new program that will provide investment capital to fund managers who are supporting innovation start-ups and their diverse founding teams across the state.
- **Community and Regional Partner Program Fund** (\$52 million) is a new program that will provide matching investment funds to accelerators, venture studios and/or incubators that provide structured support to companies with high growth potential.

ENHANCING TRAINING AND TECHNICAL ASSISTANCE FOR SMALL BUSINESSES

Providing technical assistance to help businesses launch and grow is critical to the success of small businesses. Targeted assistance to subsectors of the small business community can help overcome specific challenges faced by community businesses, immigrants, MWBEs and other sectors critical to the local economies of the state. Several new programs or enhancements to existing programs have been made to meet the needs of the small business community.

The **Entrepreneurship Assistance Centers (EAC)**, formerly the Entrepreneurial Assistance Program (EAP), stimulate new business development by establishing centers in local communities to provide instruction, training, technical assistance, and support services to aspiring entrepreneurs starting a business or who have recently started their own business and business owners who wish to expand or need to change their business model. These strategically located centers strengthen businesses in the early stages of development by establishing basic business management skills, refining business concepts, devising early-stage marketing plans and preparation of action plans. In addition, the program actively assists EAC client efforts to obtain business financing. Two-thirds of the centers operate or are formally affiliated with a micro-loan fund. EACs primarily assist minorities, women, dislocated workers, individuals with special needs, and veterans.

- In May 2014, ESD launched **Business Mentor NY**, a pro bono mentorship program for MWBEs and other New York State small businesses. Through this online platform (www.BusinessMentor.NY.gov), entrepreneurs can access assistance from private industry professionals and other successful entrepreneurs who volunteer their time to help owners overcome challenges and grow their business. Since the inception of the program through 2022, over 13,135 mentors and entrepreneurs have enrolled and over 6,215 engagements have been initiated.
- The **Small Business Development Center (SBDC) Network** is funded by the Small Business Administration (SBA) and its centers are located in academic institutions of New York State to provide high quality business counseling and training to entrepreneurs who want to start a business or small business owners who want to improve the performance of an existing business. This service is provided through a network of 23 regional centers located throughout New York State. This network provides comprehensive training and includes many targeted initiatives, including the SBDC's Veterans Business Outreach Program, staffed by business advisers who are veterans dedicated to helping fellow veterans start and/or grow a small business by providing targeted business training, counseling, and mentoring.
- Through the **COVID-19 Pandemic Small Business Recovery Grant Program**, ESD provided funding of \$9.9 million to support 68 technical assistance providers consisting of 21 EACs, 22 SBDCs and 25 local community development organizations, chambers of commerce and other technical assistance organizations to provide one-on-one direct assistance to small businesses in helping them to secure financial assistance. The technical assistance providers assisted 37,683 clients, conducted 829 informational webinars, and helped 9,465 businesses with submitting grant applications.

- ESD’s Division of Science, Technology and Innovation (NYSTAR) has over 70 partner centers which aid companies from the start-up to maturity phases. NYSTAR leverages New York’s unparalleled investment in world class technology assets and expertise. NYSTAR-funded centers provide vital tools for enabling technology and manufacturing led growth and job creation. NYSTAR partnerships include:
 - **Small Business Innovation Research Assistance (SBIR) Program** was created to improve the quality of applications while increasing the likelihood of successful New York State SBIR applications to federal agencies. The SBIR/Small Business Technology Transfer (STTR) Assistance Program is NYSTAR funded and helps eligible New York based companies hire qualified SBIR/STTR consultants to assist in proposal development. The program is administered by Cornell University’s Center for Regional Economic Advancement.
 - The **Centers for Advanced Technology (CAT) Program** encourages greater collaboration between private industry and universities throughout the state in the development and application of new technologies. This includes working with small businesses to further develop their products to become more competitive in the marketplace. Currently, ESD funds 15 CATs at 13 universities throughout New York State.
 - The **Centers of Excellence (COE) Program** fosters collaboration between the academic research community and the business sector to develop and commercialize new products and technologies, promote critical private sector investment in emerging high technology fields and create and expand technology-related businesses and employment. The goal of the COE is the creation and expansion of high technology businesses and jobs, which will result in economic growth in New York State. ESD funds 14 COEs at 12 universities throughout the state.
 - The **Regional Manufacturing Extension Partnership (MEP) Program** provides funding to support a statewide network of ten centers whose mission it is to provide services to small and medium-sized manufacturers. This program is supported by New York State and the federal Department of Commerce Manufacturing Extension Partnership Program. NYSTAR has designated ten regional MEP centers to support New York State manufacturers—one in each of the ten economic development regions—and a statewide center (FuzeHub) to provide overall marketing, resource matching, and referral.
 - The **State-wide Manufacturing Extension Partnership Center, FuzeHub**, works with small and medium sized manufacturers and technology companies to match their needs to the most appropriate NYS innovation resource. FuzeHub also administers the Manufacturing Innovation Fund that provides grants designed to assist small companies in advancing their manufacturing operations or products.
 - The **Science and Technology Law Center (STLC)** is primarily funded by NYSTAR and is housed at Syracuse University College of Law. This organization provides legal research, education, and information to entrepreneurs and companies to help commercialize new technologies from lab to market. From market landscapes to intellectual property protection to licensing options to potential funding sources,

STLC has helped scores of companies and institutions make their technology vision become a commercial reality.

- The **NYS Certified Business Incubator and Innovation Hot Spot Program** provides financial support for certified incubators in the state to expand their services and reach a greater number of early-stage companies. These competitive designations are for five years. Support at individual designees vary but generally include: physical space; shared administrative staff; access to capital; coaching; mentoring; networking connections; prototype development; and access to other technical services. In addition, Innovation Hot Spots are charged with coordinating regional entrepreneurial ecosystems and can offer certain tax benefits to client businesses.
- NYSTAR created the **Entrepreneurship Navigator** to assist startups and underserved founders access resources available across the state to accelerate growth.
- **NYSTAR's Matching Grants Leverage Program** helps coordinate and attract more federal R&D funding to support technology development and commercialization efforts in New York State.

IMPROVING NEW YORK STATE'S SMALL BUSINESS CLIMATE

New York State has a number of tools and resources to help small businesses navigate government. These include the [New York State Directory of Small Business Programs](#), the [Directory of Alternative Lending Programs](#), the [New York State Small Business Guide](#) and the [New York Business Express](#). Additional resources can be found here: <http://esd.ny.gov/SmallBusiness.html>.

Small Business Programs and Initiatives in Fiscal Year 2023 (FY 2023)

The \$222 billion FY 2023 New York State Budget made historic investments in the state's continued and equitable recovery. It reflected Governor Kathy Hochul's commitment to advancing a bold agenda that spurs economic growth, provides small businesses with the resources they require to remain competitive, and allows all New Yorkers to participate in the 21st Century economy. These goals were supported by programs and initiatives that aimed to:

Empower New York's Small Business Community

The State Budget included a \$1 billion investment in the state's small businesses, including targeted programs to ensure all types of small businesses prospered throughout the state. Key components of this plan included:

Seed Funding for New Small Businesses - This initiative provided flexible grants to support early stage, micro and small businesses in a recovering New York State economy. The program ensured that small businesses that opened their doors soon before or during the COVID-19 pandemic had the funds to continue to operate and grow. This program builds upon the State's \$800 million Pandemic Small Business Recovery Grant Program, which successfully disbursed the entirety of the \$760 million in available funding to 40,842 small businesses.

A COVID Capital Costs Small Business Tax Credit - This \$250 million investment provided small businesses a 50% tax credit of up to \$25,000 to cover the unexpected COVID-related costs small businesses have had to incur. This credit covers costs such as the purchase of cleaning supplies, outdoor heaters, air purifiers, signage denoting vaccine or masking policies, and equipment to accommodate contactless payments.

Tax Relief for Small Businesses - The State provided \$100 million in tax relief for an estimated 195,000 small businesses to help them keep their doors open.

Expansion of Access to Capital and Job-Creating Investments - State Small Business Credit Initiative (SSBCI) funding provided capital access, reduced rate financing, and opportunities for venture investments into New York small businesses, with a focus on supporting socially and economically disadvantaged small business owners. This supports both early-stage and established small businesses through a series of programs designed to foster innovation, give small businesses additional opportunities in state contracting, and position small businesses for long term viability.

Foster an Inclusive 21st Century Economy

The State Budget included several initiatives to support an equitable recovery from COVID-19, including:

- More than \$7 billion to **expand access to child care** and allow more parents of young children to participate in the workforce, advance their education, and acquire career training – a boon to New York’s economy and talent pipeline.
- Over \$1 billion for the **ConnectALL initiative** — the largest ever investment in New York’s 21st century infrastructure — leverage public and private investments to connect New Yorkers in rural and urban areas statewide to broadband and establish the first municipal broadband program of its kind in the nation. The State’s unprecedented investment in this vital infrastructure is helping to deliver affordable broadband to New Yorkers and New York businesses as well as boost economic growth and local innovation far into the future.
- **A \$200 million fund** sourced from fees and revenue from the cannabis industry and significant private capital investment to assist social and economic equity-entrepreneurs with the build-out of their adult-use cannabis businesses.
- **\$11 million** to invest in faster Minority and Women Owned Business Enterprises (MWBE) certifications, eliminate the backlog in pending certifications, and promote equal access to reduced-rate loans for MWBEs.

Invest in Economic and Community Development Throughout All Ten Regions

The State Budget provided over \$1 billion in new economic and community development funding across a number of valuable programs, including:

- **Round XII of the Regional Economic Development Council (REDC) Awards** to fund transformative projects across New York State, with a special focus on developing and funding job training and placement programs that address the current and future needs for talent of employers in each region and statewide.

- **Round VI of the Downtown Revitalization Initiative (DRI)** to accelerate and expand the revitalization of downtowns in all ten regions of the state so that they serve as centers of activity and catalysts for increased local investments.
- The **New NY Forward Program**, a new initiative aimed at supporting the revitalization of smaller and more rural communities.

Train New Yorkers for the Jobs of Tomorrow

The State Budget invested \$350 million in workforce development and created a new, streamlined Office of Strategic Workforce Development, housed at ESD, aimed at:

- Leveraging the agency’s relationships with employers to help identify employer needs, develop tailored regional training strategies, and support programs to train New Yorkers in the skills necessary to succeed in in-demand fields.
- Administering flexible grants to support cutting edge skills training efforts across the regions of the state.
- Making targeted investments in teachers, healthcare workers, collegiate apprenticeships and internships, mental health professionals, and caregivers.

Invest in Critical Infrastructure Upgrades

The State Budget made continued investments in New York State’s infrastructure, across various areas, that included:

- **Clean Energy:** \$500 million to develop the state's offshore wind supply chains and port infrastructure. This nation-leading initiative will create 2,000 jobs in a growing industry, while helping to make New York the offshore wind capital of the country.
- **Transportation:** a record \$32.8 billion, five-year capital plan for programs and proposed projects administered by the New York State Department of Transportation – the largest ever in New York State history and a 40% increase over the prior five-year period. This infrastructure funding will support critical projects that will drive growth and promote economic justice like the reconstruction of the Bruckner Sheridan Interchange at Hunts Point to revitalize the South Bronx and the construction of the Community Grid in Syracuse to reconnect neighborhoods severed by Interstate 81 and rejuvenate the downtown area.
- **Housing:** the launch of a comprehensive, \$25 billion housing plan that will focus on economic recovery, social justice, climate action, and improved digital connectivity. The plan will create or preserve 100,000 affordable homes across New York, including 10,000 with support services for vulnerable populations. It also provides for the electrification of an additional 50,000 homes as part of the state’s plan to electrify one million homes and make another one million electrification-ready.

Small Business Programs and Initiatives in Fiscal Year 2024 (FY 2024)

Governor Kathy Hochul continues to advance innovative policies that support small businesses and ensure they remain competitive in the modern economy. The \$229 billion FY 2024 New

York State Budget includes bold investments in the State’s sustained and equitable economic growth that, together with other new programs implemented over the last year, aim to:

Fiscal Budget Changes Impacting New York’s Small Business Community

The FY 2024 Budget builds on Governor Hochul’s track record of prioritizing the needs of New York’s small businesses, including through:

- A new **Small Business and Entrepreneurs Grant Program**
- A new **\$6 million NYSTAR program to invest in small businesses** in the innovation sector that secure federal funding.
- **Extending the application deadline for the COVID Capital Costs Tax Credit**, allowing additional small businesses to apply.
- Supporting the **\$500 million federal State Small Business Credit Initiative**.
- **Strengthening the Linked Deposit Program** by increasing the maximum loan amount and lifetime limit to help more small businesses secure interest rate reductions on loans that allow them to grow and enhance their competitiveness in the market. Governor Hochul made several previous changes to the Linked Deposit Program that further enhanced the assistance small businesses and MWBEs receive. Credit unions and Community Development Financial Institutions (CDFI) can now participate and provide reduced interest rate loans to small businesses and MWBE firms and Certified Service-Disabled Veteran Owned Businesses now qualify for more assistance.

Over the last three years, New York State small businesses have benefited from over **\$105 billion in state and federal support** to ensure small businesses – and the State economy – emerge from the pandemic stronger and more resilient.

Invest in Economic and Community Development Throughout All Ten Regions

The FY 2024 Budget invests over \$1 billion in local economies, including:

- **Round XIII of the Regional Economic Development Council (REDC) Awards** to fund transformative projects across New York State, with a special focus on developing and funding job training and placement programs that address the current and future needs for talent of employers in each region and statewide.
- **Round VII of the Downtown Revitalization Initiative (DRI)** to accelerate and expand the revitalization of downtowns in all ten regions of the State so that they serve as centers of activity and catalysts for increased local investments.
- **Round II of the NY Forward Program** to support the revitalization of smaller and more rural communities statewide.
- **\$50 million for Restore New York** to encourage community development and neighborhood growth through the revitalization of commercial and residential properties.
- **\$400 million for the NY Works Economic Development Fund** to help employers expand and create jobs.

- **\$150 million for the Mid-Hudson Momentum Fund** to advance mixed-use housing and infrastructure projects that support the sustained growth of the Mid-Hudson region.
- **Almost \$200 million for other projects** that support community growth and enhancement.

New York has also made significant progress on **rolling out the \$350 million Long Island Investment Fund (LIIF)** announced in the FY 2023 Budget. To date, LIIF has already awarded \$56.5 million of the \$250 million available for transformative projects that drive economic growth and issued RFAs for the creation of a Life Sciences Accelerator Program and for the creation of Workforce Development Training Centers on Long Island.

Supercharge the Growing Semiconductor Ecosystem

Last August, Governor Hochul announced the groundbreaking **Green CHIPS Program**, which will help New York attract thousands of jobs and billions of dollars in long-term investments, a boon for the State’s manufacturing sector and other businesses in the semiconductor value chain.

Shortly after, Governor Hochul announced the State’s success in attracting **Micron’s new leading-edge memory megafab** in Central New York, one of the **largest economic development projects in U.S. history** that will see Micron invest up to \$100 billion over the next 20 years to create 50,000 jobs statewide.

The FY 2024 Budget provides **\$45 million for GO-SEMI** – the Governor’s Office of Semiconductor Expansion, Management, and Integration – to lead the growth of the State’s semiconductor industry and ensure New Yorkers have the skills and training required to fill the thousands of good-paying jobs that Micron and other semiconductor business will create in the coming years. These developments will have significant ripple effects for a wide range of small businesses that provide goods and services to support the growth of New York’s semiconductor industry.

Foster an Inclusive 21st Century Economy

The FY 2024 Budget includes several initiatives to enhance opportunities for all New Yorkers, including:

- Establishing the new **Youth Jobs Connector Program** which will provide robust educational support and job training to unemployed and underemployed young people ages 16 to 24 and prepare them for the job market and meet the needs of small businesses.
- Implementing an **earned income disregard for public assistance recipients** who participate in workforce training programs and enter employment to mitigate the “benefits cliff,” a key barrier to workforce participation for low-income New Yorkers.
- **Increasing access to high-quality childcare** by raising caps and eligibility limits on child care costs and launching a new **\$4.8 million Employer-Sponsored Child Care Pilot Program**.
- Providing an additional **\$180 million to continue innovative workforce development programs** established in the FY 2023 Budget.

- **Raising the minimum wage and then tying annual increases to inflation** to make sure New Yorkers' paychecks reflect the rising cost of living

STATE AND LOCAL SMALL BUSINESS REGULATIONS

Budgetary, legislative, and regulatory summaries changes affecting small businesses for FY 2022 are available at: <http://www.esd.ny.gov/SmallBusiness/Reports.html>.

The state's Regional Economic Development Councils and community stakeholders have developed draft recommendations of regulatory measures. Many of these recommendations have either already been addressed and many others are currently being addressed.

Finally, substantial information on state and some local regulations affecting small businesses are contained within the following directories:

- The Department of State, Division of Administrative Rules publishes the New York Codes, Rules and Regulations (NYCRR) that are available at: <https://dos.ny.gov/state-records-rules-and-regulations>.
- New York State Department of Taxation and Finance provides a comprehensive list of publications and tax regulations affecting businesses that are available at: http://www.tax.ny.gov/pubs_and_bulls/.
- New York Small Business Development Centers network compiles resources for local, state and federal laws and regulations that are available at: http://www.nyssbdc.org/services/reg_compliance.html.