



## **A DESCRIPTION OF THE CORPORATION'S OPERATIONS AND ACCOMPLISHMENTS**

Fiscal Year 2015-2016

### **OVERVIEW & MISSION STATEMENT**

The New York State Urban Development Corporation d/b/a Empire State Development (ESD) is a public finance and development authority that serves as New York State's chief economic development agency.

ESD's mission is to promote a vigorous and growing state economy, encourage business investment and job creation, and support diverse, prosperous local economies across New York State through the efficient use of loans, grants, tax credits, real estate development, marketing, and other forms of assistance. ESD's performance of its economic development services is driven by core values that include efficiency, accountability, transparency and collaboration with other public and private sector partners. Its success is measured by the number of jobs created and retained for New Yorkers, the degree to which its public resources leverage new private investment in the state and the number of businesses served, including small businesses, and minority and women-owned businesses. In addition to administering the Corporation's initiatives, ESD also supports the implementation of New York State Department of Economic Development (DED) programs, such as the New York State Governor's Office for Motion Picture and Television Development and the state's iconic "I Love NY" brand campaign.

In Fiscal Year 2015-16, the ESD Directors approved funding totaling over \$914 million to more than 315 companies and organizations, which pledged to retain more than 20,685 existing jobs and create more than 10,385 new jobs in New York State. The funding for these projects – nearly all of which is performance-based – will leverage over \$2.7 billion in additional investment across the state.

### **ESD Leadership**

In January/February 2015, Howard A. Zemsky was appointed Empire State Development President and CEO, as well as Commissioner of the New York State Department of Economic Development by Governor Andrew M. Cuomo. Mr. Zemsky was confirmed by the New York State Senate in March 2015.

### **PROGRAMS & INITIATIVES**

#### **TAX-BASED INCENTIVES AND PROGRAM SUPPORT**

The START-UP NY initiative offers companies new to New York, existing New York businesses that are expanding, and entrepreneurs starting new ventures or looking to grow here the opportunity to operate tax-free for 10 years and partner with New York State's nationally renowned network of public and private colleges and universities. To date, a total of 75 schools are participating, establishing 456 tax-free areas representing more than 5 million square feet of tax-free space for new or expanding businesses to operate on or near campuses. Additionally, 172 businesses are participating in the program, committing to create at least 4,175 new jobs and invest approximately \$230 million over the next five years. New York State offers other tax-based incentives through programs such as the Excelsior

Jobs Program and NYS Film Tax Credit Program, as well as programs providing operational support, innovation development support and growth support to help businesses innovate and grow.

### **Regional Economic Development Councils (REDCs)**

Governor Cuomo's regional, bottom-up approach to economic development is working. Over the last five years, the Regional Economic Development Councils (REDCs) representing the 10 unique regions of New York State have secured nearly \$4 billion for over 4,100 projects that are supporting more than 200,000 jobs in New York. REDC Round V – and the Upstate Revitalization Initiative – were launched in April 2015. The REDC competition focused on identifying regional industry clusters, workforce development, furthering Global NY strategies, implementing strategic plans, and keeping the project pipeline full, among other ongoing state priorities and regional initiatives.

### **Upstate Revitalization Initiative**

Governor Cuomo established a new competition in 2015 – the Upstate Revitalization Initiative (URI) – to award a total of \$1.5 billion, which will help to transform local economies by providing each of the three winning regions with \$500 million over the next five years to support projects and strategies that create jobs, strengthen and diversify economies, and generate economic opportunity. The \$1.5 billion that has been appropriated for the URI is derived from settlements that the State reached with large corporations accused of misconduct in the financial, real estate and insurance markets. In December of 2015, Governor Cuomo announced the Finger Lakes, Central New York and the Southern Tier regions were URI winners, selected due to the quality of their URI plan. ESD is committed to supporting regional branding programs within each URI winning region that will be distinct to the region and coordinated with the state's economic development marketing programs. In December 2015, each region committed \$30 million of URI funds to a slate of initial projects; and during the first half of 2016, additional URI commitments have been made in all three regions.

### **Promoting Growth in Western New York**

This year, Governor Cuomo announced additional investments in the region to create more jobs and continue the region's positive economic trajectory. In February, the Governor announced Athenex's \$1.62 billion expansion to become a global leader in pharmaceutical research and advanced manufacturing. The company's investment will create 900 jobs in Dunkirk and 500 jobs in Buffalo over the next 10 years. Other projects announced include: the replacement of an underutilized two-mile stretch of the Robert Moses Parkway North in Niagara Falls with open space, scenic overlooks and recreational trails to make the waterfront more accessible to residents, tourists and visitors; the Western New York Workforce Training Center project, which reached an important milestone to redevelop underutilized property in the Northland Corridor into a new workforce training facility; the year three launch of 43North, the \$5 million competition to attract entrepreneurs from around the world; and the round two launch of the Better Buffalo Fund, which is dedicated to projects that encourage density and growth along transportation corridors and revitalize neighborhood commercial districts. Significant progress was made this year on the Buffalo High-Tech Manufacturing and Innovation Hub at Riverbend; the Buffalo Medical Innovation and Commercialization Hub for shared pharmaceutical research and development; the Buffalo Information Technologies Innovation and Commercialization Hub; and Buffalo Manufacturing Works.

## **New York Ventures**

New York Ventures was launched in 2015 as a centralized organization to streamline the administration of the State's innovation investment funds, which provide financial capital to early-stage, technology-based businesses. Highlights of achievements in the New York Ventures programs during FY 2015-16 include:

- The State announced creation of a \$5 million, multi-year venture capital competition targeting the Biosciences sector, focused on selecting promising startups and helping them with commercializing technologies developed within NYS universities and research labs. The competition will also be funded by the NYSIVCF.
- The NYSIVCF completed three investments, totaling \$4.77 million, in early stage companies, with a private sector funding match of \$20.11 million.
- The Innovate NY Fund-of-Funds program made initial and/or follow-on investments in 36 seed-stage NYS companies (including seven Minority and/or Women-owned businesses) for a total of \$9.73 million with a private sector funding match of \$65.61 million.

## **Beverage Industry**

ESD created a one-stop-shop for the beverage industry following the Wine, Beer, and Spirits Summit held by Governor Cuomo in October 2012. Since then, the one-stop-shop has fielded direct requests from approximately 1000 business owners and entrepreneurs, including over 340 wineries, 390 breweries, 160 distilleries, 100 cideries, and 10 meaderies. In addition to the one-stop-shop, and part of a \$5 million commitment made by Governor Cuomo at the third Wine, Beer, Spirits and Cider Summit held in October 2015, ESD administers the Craft Beverage Grant Program. ESD launched the \$3 million grant program that matches 20 percent of industry contributions for the marketing and promotion of wine, beer, spirits and cider to increase the profile, awareness and sales of New York State craft beverages. This year, 30 different projects received support from the Craft Beverage Grant Program.

## **Global NY**

Through our Global NY initiatives, we've expanded our export assistance services to help more NYS companies go global. Global NY — formerly known as Empire State Development's international division — offers one-stop shopping for New York state businesses that want to export goods and services globally — and to foreign businesses that want to invest in New York. Global NY has offices throughout New York and on-the-ground experts in Canada, China, Israel and Europe to provide no-cost export assistance to New York companies. Global NY helps companies enter global markets in a number of ways, from export marketing assistance to trade show attendance to accessing grant funds, such as the State Trade and Export Promotion (STEP) grant provided by the U.S. Small Business Administration. During FY 2015-16, 111 NYS companies used the ESD STEP grant for export assistance and reported over \$6 million in actual sales and \$49 million in projected sales as a result of STEP-funded activities. Also, 40 NYS companies participated in Global NY trade missions to China, Israel and Canada (and Israel again in February 2016), with other trade missions planned throughout 2016. In addition to STEP trade missions, the Governor's mission to Cuba in April 2015 included more than a dozen industry leaders.

## **Global NY Fund**

On March 30, Governor Cuomo announced the launch of the Global NY Fund tour, detailing the new \$35 million grant and loan fund to help small- medium-sized companies grow their exports and create new jobs in our state, with 12 stops in all 10 regions of the state and others planned later in the year. ESD is working in partnership with lenders to extend financing to NYS companies seeking to create or expand direct exports. Loans of up to \$500,000 are available to companies for purchasing equipment and inventory needed to deliver on export-related contracts, and benefiting businesses unable to access traditional credit markets. Additionally, interest-free loans of up to \$50,000 will be available for Distilled and Fermented Beverage industry businesses to promote the state's thriving beverage industry on a global scale. The fund also includes grants of up to \$25,000 to help companies start exporting or increase their global exports, through market customization, participation in trade shows/missions, export workshops and product adaptation. Grants of up to \$50,000 are available to non-profits that provide export assistance and trade education to NYS companies.

## **New NY Broadband Program**

Governor Cuomo has recognized that in today's economy, Broadband is no longer a luxury, but a necessity. For this reason, in the FY 2015-16 Enacted Budget, the Legislature approved the Governor's proposal to allocate \$500 million to broadband deployment throughout the State (the "New NY Broadband Program") – the nation's largest and most ambitious State investment in broadband deployment. The Program will connect and enhance delivery of broadband service to more than 2 million unserved and underserved Housing Units across the State by the end of 2018, at speeds of 100 Mbps in most areas. The Program builds on Governor Cuomo's record of broadband deployment success, having already awarded \$70 million in prior funding for broadband projects. In designing the Program's structure, the Broadband Program Office (BPO) conducted outreach to the public, interested parties, and stakeholders across the State, including issuance of a Request for Information (RFI) in September 2015. On Jan. 8, 2016, Governor Cuomo announced the launch of the New NY Broadband Program. That same day, the NYS Public Service Commission announced a conditional order approving the proposed merger between Time Warner Cable and Charter Communications, now "Spectrum". Under this order, the companies would extend service to 145,000, additional Housing Units across New York, furthering the Governor's goal of "Broadband4All." On Feb. 9, 2016, the BPO held a Stakeholder Forum to inform potential bidders about the application process and answer questions. The BPO continues a robust outreach strategy, holding statewide events about the New NY Broadband Program, and to hear the public's concerns. Request for Proposal (RFP) Guidelines and Application Questions for the Program's first phase were posted on Jan. 8, 2016. From March 1, 2016 – April 15, 2016, the BPO accepted program applications through the Consolidated Funding Application (CFA) Portal. Phase 1 for the New NY Broadband Program is expected in summer 2016, followed by commencement of construction.

## **Tourism**

Governor Cuomo has made growing the state's tourism industry a priority – especially in Upstate New York. Over the last five years, the State has invested a record \$150 million to promote tourism – and the commitment is paying dividends. Tourism in New York State is now at record levels, bringing with it increased spending and more jobs; in 2015 it was announced that the economic impact of the industry is now over \$100 billion annually, an all-time high. New York is the top destination for international

visitors, and one out of every 12 jobs in the state is tourism-related. A third state tourism summit was held in November. The FY 2017 Budget includes \$50 million for the I LOVE NY campaign, which is an increase of \$5 million from last year. The funding will support summer, fall and winter advertising campaigns and special events such as the Governor's Challenges.

### **Manufacturing Extension Partnership (MEP) Program**

(Division of Science, Technology & Innovation: Cultivation of Advanced Industry Clusters and In-State Supply Chains)

Over the past year, ESD's Division of Science, Technology & Innovation has undertaken several activities designed to unite high-tech and advanced manufacturing industry clusters in New York State. One of ESD's most notable accomplishments was achieving Manufacturing Extension Partnership (MEP) Designation in fall of 2015. ESD's Division of Science, Technology & Innovation was awarded \$6 million in federal funding annually over the next five years in order to support the growth and modernization of the state's manufacturing businesses. Combined with state funds, ESD will invest approximately \$9.8 million per year in the MEP Program, which aims to support science and technology-based businesses, start-up companies, and small-and medium-sized manufacturers statewide.

As a result of the Regional Economic Development Councils' (REDC) creation of Regional Economic Cluster Plans, the Division charged its MEP network with tailoring regional services to meet the needs of companies in those clusters. Today, one statewide and 10 regional MEP centers are actively working with their respective REDCs and building sector-specific expertise, for example focused on cyber technology or advanced manufacturing or food and beverage manufacturing.

The Division and FuzeHub have undertaken an initiative in partnership with NYSERDA to determine the status, directions, barriers, opportunities, and economic potential associated with advancing additive manufacturing in New York, and to define a potential industry-driven framework for further advancing this ecosystem. This builds on New York's recent investment in the new Additive Manufacturing and Multifunctional Printing (AMPrint) Center at Rochester Institute of Technology, through the Division's Centers for Advanced Technology program.

Additional highlights:

- In 2015, Centers for Advanced Technology (CATs) supported nearly 670 jobs in New York State.
- Since 2011, Centers of Excellence have supported the creation of more than 2,400 new jobs and retention of more than 12,800 jobs statewide.

### **Digital gaming hubs:**

Funding included in the 2014-2015 executive budget allowed for following Digital Gaming Hubs to be selected in New York State: New York University (NYU), Rensselaer Polytechnic Institute (RPI), and Rochester Institute of Technology (RIT). The Digital Gaming Hubs, selected through a RFP process, will receive \$150,000 each, per year for three years. The hubs have been charged to create collaborative activities to bring together industry, higher education, non-profit organizations, students, and individuals to foster the creation of new games or companies; provide resources and mentoring to encourage students and entrepreneurs to enter the growing industry; assist existing companies with gaming concepts, technologies and trends; host events focused on assisting the gaming community; and increase the economic impact to New York as a result of fostering innovation.

## **JAVITS CONVENTION CENTER EXPANSION**

Today, the Javits Convention Center is the busiest convention center in the nation – but with booming West Side development and record tourism to New York City, the Empire State has to grow to stay ahead. The 1.2 million square foot expansion of Javits, announced in January 2016, will cement New York’s status as the premier destination for large scale, world-class events and create 4,000 full-time jobs. The expansion project, including a four-story truck marshaling facility, will result in five times more meeting space and create the largest ballroom in the Northeast.

## **EMPIRE STATION COMPLEX**

Penn Station, in its current form, lacks the capacity and aesthetics worthy of the most trafficked transportation hub in New York City. In January, Empire State Development, in partnership with Amtrak and the MTA, issued a solicitation for the development of the new Empire Station Complex, a world-class transportation facility that will include a revamped Penn Station and the future Moynihan Train Hall in the James A. Farley Post Office Building. The vision for the Empire Station Complex dramatically enhances passenger experience, utilizes space more efficiently, and funds transportation infrastructure primarily through private investment.

## **GOING FORWARD**

Empire State Development is proud to continue its mission of encouraging investment and creating jobs in New York State, to continue to keep New York’s economy growing and to sustain and build on these accomplishments into the next fiscal year and beyond.