



**NEW YORK**  
STATE OF  
OPPORTUNITY™

**Empire State  
Development**

# LINKED DEPOSIT PROGRAM YEAR 2024



**ANNUAL REPORT**  
to the Governor and the Legislature

## **Introduction**

Empire State Development (ESD) is New York's chief economic development agency. ESD's mission is to promote a vigorous and growing economy, encourage the creation of new job and economic opportunities, increase revenues to the State and its municipalities, and achieve stable and diversified local economies. Through the use of loans, grants, tax credits and other forms of financial assistance, ESD strives to enhance private business investment and growth to spur job creation and support prosperous communities across New York State.

ESD's Division of Small Business & Technology Development (SBTD) supports the growth of small businesses, providing programs and services that facilitate access to capital, technical assistance, technology assistance, and venture funding.

The Linked Deposit Program (LDP), managed by the Capital Access division of SBTD, assists New York State small businesses to undertake investments that improve their performance and competitiveness, leading to a stronger economy for New York State. LDP is an important component in lowering the cost of capital for small businesses and is one of several ESD initiatives that are helping to ensure New York State's businesses continue to thrive and grow.

## **Overview**

The LDP "linked loan" provides businesses with affordable capital based on interest rates that are supported by state deposits. Eligible businesses can obtain LDP loans from commercial banks, savings banks, savings and loan associations, credit unions, farm credit institutions and Pursuit Lending at an interest rate lower than the prevailing rate on such loans, thereby making borrowing less expensive. Most eligible businesses qualify for up to a 2-percent interest rate reduction, while others like agricultural firms, technology and innovation businesses, certified Minority and Women Owned Business Enterprises (MWBs), certified Service-Disabled Veteran-Owned Businesses (SDVOBs) and those businesses located in highly distressed areas may qualify for up to a 3-percent reduction.

Since the program's inception in 1994, LDP has lowered the interest rate for over 6,615 loans, resulting in \$2.4 billion in lending and leveraging \$4.737 billion in new capital investment by businesses across New York State.

## **Linked Deposit Recent Legislative Changes**

In May 2023, Governor Hochul signed legislation that increased the lifetime per borrower maximum to \$6 million and the maximum individual loan amount to \$4 million from the previous \$2 million limit.

## LDP Success Stories

- Demko Dairy LLC, Lowville, NY, is a 2000-cow dairy farm that raises its own replacement stock and grows forage crops for their herd. They sell milk to the Lowville Producers Co-Op, which provides milk to the Kraft plant in Lowville. In 2019, Demko used the Linked Deposit Program to expand and upgrade its milking parlors and, in 2024, Demko once again used the Linked Deposit Program to help finance an expansion of their dairy. In 2024, Demko was able to use the Linked Deposit Program to help finance the construction of a new 70'x150' cow barn. This barn provides higher quality care for their cows which allows their cows to produce more milk and make the farm more productive. The recent increase in the lifetime assistance allowance has allowed Demko to return to the program, lower its cost of borrowing, and has helped it continue to grow from a 400-cow operation in 1998 when Demko first accessed the program, to the 2000-cow operation today. As a result, Demko has added dozens of jobs, and tens of millions of dollars of economic activity to the important dairy agriculture industry and the North Country Region of New York State.
- Filtration Unlimited LLC, Akron, NY, and its subsidiaries distribute industrial filtration solutions to companies located predominately in the Northeastern United States. Filtration Unlimited also operates a manufacturer's representative business selling industrial ovens, furnaces, process chillers, process heat exchangers and central vacuum systems. Filtration Unlimited used the Linked Deposit Program to help fund the purchase of the assets of two industrial filtration companies located in Maryland (Coastal Filtration, Inc. and Globetech International, Ltd.). The purchase included the inventory, machinery, equipment, and customer lists of both companies. Filtration Unlimited purchased those assets and moved the distribution operations from Maryland to Akron, NY. Both acquired companies had a strong customer base in Maryland and several other states where Filtration unlimited did not previously do business. This will allow Filtration Unlimited to grow their business in other parts of the United States while maintaining their HQ and distribution in New York. The investment allowed them to add employees in New York State and they anticipate a strong increase in sales in the near future.
- McQuillen Manufacturing LLC, Honeoye Falls, NY, is a contract manufacturer for the space, aircraft, and defense industries, that specializes in high precision axis machining. The Linked Deposit Program helped McQuillen Manufacturing to finance the purchase of new machinery and equipment including a five-axis machining cell (Kern Micro HD). The new machinery has allowed McQuillen Manufacturing to grow its operations and become more competitive. It will also allow McQuillen Manufacturing to diversify its customer base and expand further into the commercial space and satellite industries and other markets other than Department of Defense/US Government sources, which are currently a large portion of its business. McQuillen Manufacturing expects to add additional employees in New York State and increase its revenue with the new investment and Linked Deposit assistance.

- Orthodont Laboratory Inc. is a digital orthodontics and dental laboratory located in Buffalo, NY. Orthodont offers a full range of traditional appliances and digital solutions for orthodontists throughout the US and in other countries. The products include fixed and removable appliances and clear aligners and retainers. Orthodont used the Linked Deposit Program to help finance a 3D metal printer and an MFI tumbler for finishing and post-processing metal printed parts. The new equipment enhanced its manufacturing capabilities, increased production capacity by 30%, and reduced production time by 20%. This is enabling Orthodont to meet higher demand, improve product quality, and introduce new, innovative orthodontic appliances. The efficiency improvements will strengthen its competitive edge, allowing Orthodont to capture a larger market share, achieve sustainable growth, and add additional employees in New York State.

### 2024 and 2023 Program Activity Comparison

Program activity has continued to increase substantially in 2024 when compared to 2023. This is at least in part attributable to the ongoing elevated interest rate environment.

- In 2023, 333 applications were received and 321 approved, resulting in \$222.09M of approved loans and generating \$329M in private sector investment.
- In 2024, the number of applications received increased by 70% (566 applications), applications approved increased by 68% (540 applications), the total dollar amount approved increased by 27.8% (\$283,863,311) and private sector investment increased by 26% (\$414,615,863).



Following is an overview of 2024 LDP program activity, including borrower and project information, employment, and other relevant program data.

## I. 2024 Program Performance Details:

### 1. Firms Receiving Linked Loans

TYPE OF FIRMS	NUMBER OF FIRMS
Agricultural	196
Manufacturing	82
Professional	1
Non-Profit	1
Retail	1
Service Businesses	259
<b>Total</b>	<b>540</b>

### 2. Linked Deposit Loan Utilization

LOAN UTILIZATION	NUMBER OF LOANS
Buyouts	29
Equipment Purchases	356
Expansions	78
Real Estate Purchases	67
Renewed Deposits	5
Working Capital	5
<b>Total</b>	<b>540</b>

### 3. Geographic Distribution of Participating Firms

#### GEOGRAPHIC DISTRIBUTION OF PARTICIPATING FIRMS

##### CENTRAL NEW YORK:

Approved Projects - 43  
Total Loan Amount - \$22,124,277

##### FINGER LAKES:

Approved Projects - 152  
Total Loan Amount - \$102,138,261

##### WESTERN NEW YORK:

Approved Projects - 121  
Total Loan Amount - \$55,726,295

##### SOUTHERN TIER:

Approved Projects - 56  
Total Loan Amount - \$29,649,033

##### NORTH COUNTRY

##### NORTH COUNTRY:

Approved Projects - 28  
Total Loan Amount - \$19,120,370

##### MOHAWK VALLEY

##### MOHAWK VALLEY:

Approved Projects - 86  
Total Loan Amount - \$29,872,517

##### CAPITAL REGION

##### CAPITAL REGION:

Approved Projects - 48  
Total Loan Amount - \$16,479,816

##### MID-HUDSON

##### MID-HUDSON:

Approved Projects - 4  
Total Loan Amount - \$5,577,741

NEW YORK CITY:  
Approved Projects - 0

##### NEW YORK CITY

##### LONG ISLAND

##### LONG ISLAND:

Approved Projects - 2  
Total Loan Amount - \$3,175,000



#### 4. Loan Amounts

LOAN AMOUNTS	NUMBER OF LOANS	TOTAL
Under \$100,000	148 Loans	\$8,375,473
Between \$100,000 and \$199,999	101 Loans	\$14,847,655
Between \$200,000 and \$999,999	209 Loans	\$91,145,477
Between \$1,000,000 and \$1,999,999	44 Loans	\$57,304,066
Between \$2,000,000 and \$3,999,999	25 Loans	\$61,190,640
For \$4,000,000	13 Loans	\$52,000,000
Totals:	540 Loans	\$283,863,311

#### 5. Approximate Number of Jobs Created or Retained as a Result of LDP

Approximate Number of Jobs Created and Retained as a Result of LDP	
NYS total jobs at time of application (540 approved projects)	7,991
NYS jobs to be created (projections made by applicant)	757
NYS jobs to be retained (projections made by applicant)	2077

#### 6. Types of Linked Deposit Lenders

Type of Lender	Total Lenders
Commercial Banks	51
Credit Unions	2
Farm Credit Institution	1
Pursuit Lending	1
Savings and Loan Associations	1
Savings Banks	10
<b>Total</b>	<b>66</b>

#### 7. 2024 Minority and Women Owned Enterprises (MWBE) LDP Activity

In 2024, sixty (60) minority or women owned businesses were approved for LDP assistance for a total of \$26,808,772, nine (9) of which were pending loan closing as of 12/31/24.

#### 8. Small Business Participation

Since the program's inception, the vast majority of businesses assisted by LDP are small businesses, which are defined as companies with 100 or fewer employees. During 2024, 99.6% (538 of 540) of the loans approved benefited small businesses and they received 99.3% of the total \$283.8 million committed by LDP.

## **9. Businesses Eligible for the 3-Percent Interest Rate Reduction**

Of the 540 loans approved during 2024, two hundred thirty-one (231) were eligible for the up to 3-percent interest rate reduction. This includes five (5) loans to technology and innovation businesses, two (2) loans to a business diversifying from defense, twenty-five (25) loans to businesses in highly distressed census tracts, and one hundred ninety-six (196) loans to agricultural businesses. This also included three (3) loans to NYS-Certified MWBEs completing procurement opportunities. All of the above listed loans were approved for the up to 3 percent reduction for a total loan amount of \$174.0 million; however, the 3 percent reduction was not realized for all the loans for it is limited to the lender's 4-year CD rate and some CD rates were below 3 percent.

Businesses and loans may qualify in more than one category for the 3 percent reduction; see page 2 for a description of the other categories. Some businesses may also receive assistance on more than one loan. The remaining eligible companies and projects qualified for the up to 2 percent interest rate reduction.

## **10. Maximum Lifetime Allowance**

In 2023, the lifetime limit per company was raised to \$6 million. As of December 31, 2024, there are currently seven (7) borrowers that have reached their lifetime maximum. All seven have added employees, demonstrating the effectiveness of the program and how it supports the growth of the economy.

## **11. Certificate of Deposit Average Interest Rate**

The average 4-year CD\* rate for 2024 was 2.51 percent, a slight reduction (0.42%) from the 2.52 percent average during 2023. Even though the program allows a 3-percent reduction, borrowers can only realize a reduction based on the lender's 4-year CD rate, which can lessen the subsidy borrowers can obtain.

\*Credit union's interest rates are based on their 4-year share certificate rates; interest rates referenced in this report reflect both share certificates and CD rates.

## 12. Average Deposit Amount

The average deposit for 2024 was \$551,190, a 2.18% increase from the 2023 average of \$539,406.

## 13. Amount of Money on Deposit for Linked Loans

LDP amount on deposit as of 12/31/2024: \$374,009,298 (696 deposits)  
Total deposits authorized since 2/11/1994: \$2,405,743,170 (6,615 deposits)

## 14. Funding

Funding for this program is authorized at \$560 million. Of that amount, \$516 million has been committed to the program from the Office of the State Comptroller and public authorities.

As of December 31, 2024, \$374 million is being utilized on deposit, leaving approximately \$142.2 million available to fund new projects.

## 15. Statement of Cost\* of LDP to the State and to the Public Authorities

Office of the State Comptroller	\$ 11,131,387.12
Department of Taxation and Finance	\$ <u>457,047.46</u>
<b>Total Cost of LDP for 2024:</b>	<b>\$ 11,588,434.58</b>

\*Cost is determined by calculating the difference between the average rate on other short-term investments and the average rate of return on funds invested in Linked Deposit CDs.

## II. Additional Information:

### 1. 2024 Promotional and Outreach Activity

Promoting LDP at webinars and in person events continued in 2024. For example, SBTB staff promoted the program through webinars and by attending and staffing booths at the annual MWBE forum held in November and the Service-Disabled Veteran-Owned Business “VetCon” conference held in December.

### 2. 2025 Program Activity

ESD will continue to promote the LDP to New York State businesses and MWBEs as the economy continues to recover from the prior pandemic and the current inflationary pressures.

### 3. How to Request Linked Deposit Assistance



Businesses may contact the LDP office at 518-292-5261 or [linkeddeposit@esd.ny.gov](mailto:linkeddeposit@esd.ny.gov) for information or contact any one of the participating lenders to inquire if their business is eligible, and if their project qualifies for an interest rate subsidy. Lenders make the credit decision and submit the application on behalf of the borrower. The list of participating lenders, the LDP application, and other relevant program information can be found on the ESD website at: <http://esd.ny.gov/BusinessPrograms/LinkedDeposit.html>.



## Linked Deposit Program

**LINKED DEPOSIT PROGRAM**  
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