

## **Empire State Development**

### **Testimony before the Joint Hearing of the Fiscal Committees of the State Legislature**

**FY 2013-14 Executive Budget**

**Empire State Development**

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Chairman DeFrancisco, Chairman Farrell and distinguished members of the Senate and Assembly: good afternoon. I appreciate the opportunity to appear before you today to discuss Governor Cuomo's 2013-2014 Executive Budget for Empire State Development (ESD).

No one is more focused on creating jobs and growing businesses in New York State than our Governor. We've seen two years of fiscally-responsible, on-time budgets, a property tax cap and other reforms that are reducing the burden on families and businesses.

The Governor's signature Regional Economic Development Councils initiative is also transforming how the State invests in economic development projects. This community-based, performance-driven approach is enabling each region of the state to shape its own economic future. It recognizes that what's good for Buffalo isn't necessarily what's good for Brooklyn. As a result, businesses that before wouldn't have given New York a second look, are now choosing the state as their place to locate, keep and expand their business.

Governor Cuomo's new budget proposal builds on these successes by, among other things:

- Eliminating a \$1.3 billion budget gap;
- Making key investments to create jobs and spur economic growth;
- Holding spending increases below two percent for a third consecutive year.

A centerpiece of the Governor's budget is a plan to strengthen our innovation economy. New York's universities rank second only to California in terms of total research dollars spent. Yet, New York gets four percent of the nation's venture capital investment, while California receives 47 percent. There's simply no reason why New York's "Tech Valley" can't compete with California's "Silicon Valley."

Governor Cuomo has proposed a number of bold new initiatives to make it easier to move innovative ideas from concept to commercialization. They include:

- A statewide competition to create or designate “innovation hot spots,” which will support inventors and entrepreneurs as they grow their businesses, by creating tax-free zones and a collaborative environment to work and share best business practices.
- The establishment of a \$50 million Innovation Venture Capital Fund to provide critical seed funding to support entrepreneurs making the transition from research to marketplace, and incentivize them to stay and grow in New York.
- The creation of the Innovation NY Network to build collaboration among academics, venture capitalists and business leaders - and break down barriers in bringing academic ideas to the marketplace.

In this year’s budget, Governor Cuomo has also proposed new initiatives to grow the State’s tourism industry, especially in Upstate New York. In 2011 alone, New York State welcomed 8.3 percent more visitors than the year before, resulting in \$53.9 billion in direct tourism spending and \$6.9 billion in state and local tax revenue. Tourism remains the fifth largest employer in the state. To continue this trend, boost tourism and promote “made in New York” products, the Governor has introduced three new initiatives:

- Market NY – This competitive advertising campaign will award \$5 million for the best regional marketing plans.
- Taste-NY – This initiative will promote New York products through a two-part strategy:
  - Marketing to create greater awareness and demand for “Made in New York” products;
  - Creation of duty-free retail venues selling New York made and produced products.
- Adirondack Challenge – A national rafting and paddling competition that will showcase the State’s unparalleled natural beauty and recreational opportunities, and attract visitors to Upstate New York.

The Governor has also made clear that while we build on the State’s strengths, we also must assist areas that are struggling. This year’s budget contains the second phase of a multi-year \$1 billion commitment to revitalize Buffalo’s regional economy. Less than a year after announcing this historic investment, the Governor was presented with the final Buffalo Billion Investment Development Plan developed by the Western New York Regional Economic Development Council.

The Plan, comprised of six signature investable initiatives strategies, will spur growth and private sector investment in Western New York. This commitment to economic excellence in

the Buffalo area has already resulted in unprecedented collaboration among Western New York communities, with the potential to set a new growth trajectory for jobs and growth in the regional economy.

To strengthen New York's overall approach to economic development, the Governor has also proposed several other measures, including renewing and enhancing the State's film production tax credit, which is resulting in record numbers of new jobs and investments in New York. In 2012, it is estimated that the 135 projects that have applied for the program will result in the creation of thousands of jobs and lead to millions in new spending across New York State. Recent production Upstate has included a feature film starring John Cusack in Syracuse, *Place Beyond the Pines* filming in Schenectady, and last spring HBO filmed a portion of *Ali's Greatest Fight* here in Albany.

In closing, Governor Cuomo has outlined a clear-cut plan to balance the budget, create jobs and make New York State the place to do business. Under the Governor's leadership and by working together with you, our legislative partners, I am confident we will have another year of great success and achievement.

Thank you again for this opportunity to testify. I am happy to take any questions you may have.

