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**Empire State Development**

**Testimony before the Joint Hearing of the Fiscal Committees of the State Legislature  
FY 2012-13 Executive Budget  
Empire State Development  
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Chairman DeFrancisco, Chairman Farrell and distinguished members of the Senate and Assembly, thank you for the opportunity to testify today regarding Governor Cuomo's 2012-13 Executive Budget for Empire State Development.

Thirteen months ago, New York was struggling to live up to its reputation as the Empire State - companies, jobs, and people were leaving because our state lacked the sustainable economic infrastructure to attract new investment and grow New York businesses. Under Governor Cuomo's leadership, New York State started to change all that with one of the most historic and productive legislative sessions in recent memory.

Governor Cuomo ushered in a new dynamic, rebuilding state government and improving New York's business climate based on the principles of performance, integrity and pride. As the Governor always says - this success could not have been achieved without your efforts; and that's why I would like to congratulate all of you for making last year so successful.

We closed a \$10 billion dollar deficit with no gimmicks and no new taxes, and it was done on time. The first-ever property tax cap was enacted, and we eliminated the MTA payroll tax for most small businesses. We passed energy legislation like Recharge NY and Power NY to create jobs and lower energy costs, and a higher education bill to transform our public institutions into incubators for workforce and economic development. And in the final month of the year, we cut taxes for people earning \$40,000 to \$300,000 so the middle class now pays its lowest rate in 58 years.

Of course, I am especially proud of having launched our New York Open for Business campaign and Regional Economic Development Councils - which are redefining the landscape of the State's economic development efforts. The plans submitted by all ten regions were truly extraordinary and for the first time, we are putting the power of the State Government behind the innovation of our people, aligning state resources with local planning and priorities to rebuild our economy.

But we are not here today just to talk about yesterday's successes; we are here to plan for tomorrow's achievements. The Governor sent a strong message in his Executive Budget and

Reform Plan that we must build on our accomplishments as the pillars of reform and recovery in order to continue to build a new New York.

At the center of the Governor's comprehensive agenda is a new economic development blueprint that aims to spur private sector job creation while limiting spending and maintaining fiscal discipline. Through the use of regionally-based economic strategies and creative public/private partnerships, the Governor's plan will leverage state resources and assets to generate economic growth, improve the State's infrastructure and create thousands of new jobs.

Last year, Regional Economic Development Councils exceeded all expectations and redefined the way New York invests in job creation. Regional Councils transformed the State's model for economic development from a top-down approach into a community-based, performance driven model which empowers individual areas to develop and invest in regional solutions to create jobs and economic growth. The Councils awarded \$785 million competitively to projects determined to have the greatest potential for creating jobs.

To keep the momentum going, Governor Cuomo has proposed a \$200 million second competitive round of regional economic development awards in 2012, which includes \$130 million in new capital funding from the New York Works initiative and \$70 million in tax credits from the Excelsior Jobs Program. We also expect state agencies to once again pool together economic development resources in support of regional councils. Each of our state's regions now has a five-year roadmap to get their local economies working again and it is critical for the state to continue to align its limited resources behind regional planning and strategies. Additionally, the New York Open for Business campaign will step up its efforts to market New York to the world as a place to invest and will expand its tourism by highlighting regional treasures like the Adirondacks, Catskills, wine country, and Long Island beaches.

Since the start of his administration, Governor Cuomo has worked to bring efficiency and performance to state government, creating a system that performs better and costs less. Leveraging public-private partnerships is critical tool to spur economic development without burdening taxpayers with a mounting bill. Building on New York's strength as an international tourist destination, Governor Cuomo has proposed a joint venture with a private development company, Genting New York LLC, to fund the construction of the largest convention center in the country. This proposed convention center at the Aqueduct Race Track venue in New York City will be the result of a \$4 billion private investment that will drive demand for our tourism industry, increase revenues for the state, and create tens of thousands of jobs and new economic activity without significant funding from the state.

The Governor has also made it clear that while we build on our strengths, we must also assist the areas of our state that are struggling the most. The Executive Budget contains the first phases of a multi-year \$1 billion economic development package for Buffalo, which has the third highest poverty rate of any large city in the nation. By attracting large private investments in growth industries, the Governor's plan seeks to leverage state resources to gain a 5:1

commitment from the private sector, resulting in over \$6 billion in economic activity and the creation of thousands of jobs. In keeping with the Regional Council approach to local economic development planning, we will be engaging the Western New York Regional Council – a Best Plan Awardee – to play a key role in how the funding is used to support the expansion of local companies and how to target the attraction of new businesses to come to Buffalo. The budget includes \$100 million in each of the next two years for this initiative.

As you know, the Governor is also creating the NY Works Fund and Task Force, a group of leading public and private sector experts, who will help coordinate, leverage and accelerate all capital programs. The NY Works fund will also ensure state agencies, including ESD, work together to maximize the number of jobs created and get critical infrastructure projects like the Tappan Zee up and running.

The Governor has proposed other measures which will enhance New York's overall approach to economic development including an increase of \$1.6 million to support expenses associated with full implementation of the Business Diversification Act and hosting the Minority and Women-Owned Business Enterprise (MWBE) Monitoring and Compliance System. These initiatives will help achieve the Governor's goal of increasing MWBE participation in state contracting across the state to 20 percent which will result in a more diverse and competitive business climate and more jobs for New Yorkers.

Throughout his Budget and Reform package, Governor Cuomo has demonstrated a forward-thinking vision to continue our efforts to transform our state, improve the business climate, and get New Yorkers back to work. Under the Governor's leadership and by working together, I am confident we can have another year of great success and historic achievement to give all New Yorkers the New York they deserve.

Thank you for this opportunity and I will now take any questions.