



**Senate Standing Committee on Finance; Senate Standing Committee on
Commerce, Economic Development and Small Business; Senate Standing
Committee on Investigations and Governmental Operations**

**Testimony of Empire State Development Acting Commissioner and President and
CEO-designate Hope Knight**

Friday, January 14, 2022

Chairpersons Krueger, Kaplan, and Skoufis, and distinguished members of the New York State Senate: good morning. My name is Hope Knight, and I serve as the Acting Commissioner of the New York State Department of Economic Development, and as President and CEO-designate of Empire State Development (ESD). I'm joined by Kevin Younis, ESD's Chief Operating Officer, and, on behalf of ESD, thank you for the opportunity to be here today.

As this is my first testimony before the Legislature, I'd like to take a moment to introduce myself. Prior to my nomination, I worked in economic development and supported communities in need for more than two decades. Most recently, I served for more than six years as the President and CEO of the Greater Jamaica Development Corporation in Queens. It is one of the oldest economic development agencies in the country, and we focused on promoting community-building efforts and responsible real estate projects that generate sustainable economic growth. Before that, I was the Chief Operating Officer of the Upper Manhattan Empowerment Zone for 12 years. I've been a member of the New York City Planning Commission, worked internationally in the private sector, volunteered as Treasurer of the North Country School in Lake Placid where my son attended, and have, for many years, enjoyed the beauty of many Upstate communities with my family when my son was a competitive snowboarder.

Over the past two months, I've also traveled and seen transformational ESD projects across the state, from Canalside in Western New York, to Moynihan Station in the City, to UBS Arena on Long Island. I have met with leaders from business, education and government in our 10 diverse regions. There is a shared interest in cultivating sustainable, community-led and inclusive economic growth that creates high quality jobs. This is central to the work of ESD, and that's why I am honored to have been nominated to this position by Governor Hochul.

Background on ESD Incentive Programs

With the support of our partners in the Legislature, ESD administers a host of economic assistance and development programs to support state and regional growth. Providing economic incentives to stimulate business investment and job creation is a fundamental

component of local and state economic development strategies across the country. Incentives are just one tool in the toolkit that we use to support businesses and industries of all sizes. Despite being one element of the greater economic development picture, they are vital to sustaining a vibrant 21st century economy.

Today, many businesses have a choice when it comes to where they establish their next factory or office – a reality that has only grown now that the pandemic has proven many businesses can utilize a remote workforce. In this context, New York State is in competition with other states and countries for jobs and investment. Our goal at ESD is to make New York State the place companies want to locate and grow, and our incentives support projects in every single region of New York State.

Incentive programs administered by ESD are delivering results. As evidenced in our reporting, businesses that receive ESD support with conditional job creation and retention requirements have met and exceeded their commitments. Our loan and grant programs, in concert with tax incentive programs like Excelsior and the New York State Film Tax Credit have been successful; they create and retain jobs and they generate private investment in regional economies, helping to revitalize communities across the state.

Administration of ESD Business Incentive Programs

Over time, the State Legislature and ESD have created numerous safeguards to ensure that the benefits of state incentives justify their use, like budgetary limits on tax credits. For example, our grants and tax credits are performance-based, meaning that a company or grantee does not receive any money from the state until certain benchmarks are achieved, submitted to ESD and verified.

In addition, ESD prepares a benefit-cost analysis for all discretionary tax credit and grant awards for business investment and job creation projects. That analysis, coupled with staff evaluations regarding the need for an incentive, is part of our internal controls to ensure the State's economic return is justified.

In some cases, incentives have been used to support large businesses establishing or growing their New York State presence. These projects often create substantial jobs and anchor the growth of new industries and opportunities. That said, ESD does not only work with large companies. In fact, the vast majority of our economic assistance supports small businesses and small, regionally important projects that fit the strategic plans developed by local stakeholders.

This is best demonstrated through the Regional Council process. We award funding to projects of all sizes with the capacity to improve communities and grow vital regional industries, as recommended by the Council members. Examples include enhancements at Storm King Art Center to support Hudson Valley tourism, and at the Port Washington Studios to encourage film and television production on Long Island.

Evaluation and Reporting of ESD Business Incentive Programs

Ultimately, when it comes to ESD's portfolio of programs, we adhere to the principles of transparency, accountability and results. This commitment is critical to holding ourselves accountable to the public, to improving our programs over time, and to sharing lessons learned with the broader economic development community.

To this end, in addition to the dozens of reports ESD publishes every year, we launched our Database of Economic Incentives in May 2021. This publicly available dataset includes details on more than 1,700 tax credit, grant and loan projects overseen by ESD. Moreover, this demonstrates that most ESD projects aren't "mega deals," but smaller grants and tax incentives, many of which go to support small businesses.

Looking Forward

ESD remains committed to holding ourselves to the highest standard of fiscal stewardship and effectiveness. In my short time at ESD, I've seen how the dedicated, professional and talented staff at the agency are making a difference in the lives of New Yorkers.

We will continue to be successful under the Governor's leadership in collaboration with you, our partners in the State Legislature. Our doors are always open, and we stand ready to work together on projects and policies to help New Yorkers overcome the remarkable challenges of the last 22 months. I look forward to your ideas and sharing my perspectives on this important topic.

Together, we will build our economy back stronger, more inclusive and more resilient than ever.

Thank you.

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