



2018 ANNUAL REPORT

New York State Assembly

Carl E. Heastie

Speaker

Committee on

Small Business

Fred W. Thiele, Jr.

Chairman





FRED W. THIELE, JR.
Assemblyman 1st District

CHAIR
Committee on Small Business

THE ASSEMBLY
STATE OF NEW YORK
ALBANY

COMMITTEES
Ways & Means
Education
Environmental Conservation
Oversight, Analysis & Investigation
Transportation

December 15, 2018

Honorable Carl Heastie, Speaker
New York State Assembly
Legislative Office Building, Room 932
Albany, New York 12248

Dear Speaker Heastie:

I am pleased to submit the 2018 Annual Report of the Assembly Standing Committee on Small Business. Throughout the 2018 Legislative Session, the Committee remained dedicated to addressing the needs of small businesses by passing legislation designed to aid small business in recognition of the current challenging marketplace.

This past session the Committee worked on legislation designed to stimulate small and entrepreneurial business growth, to help small businesses to become both energy and environmentally efficient, to promote minority- and women-owned business development, to incorporate available resources for these entrepreneurs and to ease the regulatory strain on small businesses. The Committee worked closely with its members to craft legislation that would create an online informational resource for small businesses and minority- and women-owned businesses. It also addressed public concerns stemming from a Joint Legislative hearing examining the role of online lending, by introducing legislation to provide for online lending awareness to educate businesses on the potential costs associated with obtaining loans through online marketplace lenders.

The Committee will continue to examine the full range of issues affecting the needs of small businesses. I join with my colleagues and commend you for your commitment to supporting small businesses. The Committee looks forward to a productive legislative session of persistent efforts so that we can continue to create a healthy environment for small business prosperity across New York State

Sincerely,

Fred W. Thiele, Jr., Chair
Committee on Small Business

**2018
ANNUAL REPORT**

**NEW YORK STATE ASSEMBLY
STANDING COMMITTEE ON SMALL BUSINESS**

**Fred W. Thiele, Jr.
Chairman**

Committee Members

Majority

José Rivera
Frank Skartados
Victor M. Pichardo
Carrie Woerner
Charles Barron
Diana C. Richardson
Alicia Hyndman
Billy Jones
Inez E. Dickens
Clyde Vanel
Harvey Epstein

Minority

David DiPietro
Kieran Michael Lalor
Dean Murray
Ken Blankenbush

Staff

Giovanni Warren, Assistant Secretary for Program and Policy
Patrick Totaro, Legislative Counsel
Whitney Griffin, Legislative Analyst
Lisa Lombardo, Committee Clerk

TABLE OF CONTENTS

I. INTRODUCTION, COMMITTEE JURISDICTION AND ACTIVITY 4

II. 2018-2019 SMALL BUSINESS BUDGET OUTCOME 5

III. MAJOR ISSUES OF 2018..... 7

A. REGULATORY REFORM 7

B. BUSINESS ASSISTANCE 7

C. EMPLOYEE-OWNED ENTERPRISES 7

D. PUBLIC HEARINGS/ROUNDTABLES..... 8

IV. OUTLOOK FOR 2019 8

APPENDIX A 9

APPENDIX B 10

I. INTRODUCTION, COMMITTEE JURISDICTION AND ACTIVITY

New York's small business sector continues to prove itself as one of the driving forces in the State's economy. Small businesses are defined in State law as those employing 100 or fewer people. According to the U.S. Department of Commerce, over 400,000 enterprises qualify as small businesses under New York State law, comprising 97 percent of the State's established firms. The small business sector in New York includes industries such as construction, retail, technology-related and health care services among many others, with a large share of owners from New York's minority and female community.

Small businesses and entrepreneurs continue to report difficulties in accessing start up capital to grow and support their operations. One of the Committee's foremost priorities is to promote existing financial assistance programs and legislation to improve access to credit and technical services for small businesses and Minority- and Women-owned Business Enterprises. Historically, small businesses and start up enterprises have led the way in job creation, and the Committee remains committed to promoting new growth, supporting established small businesses, and helping entrepreneurs develop and commercialize innovative ideas in New York.

The Committee works closely with a number of State agencies and entities to ensure they are serving the needs of the small business community, including the Department of Economic Development and the Empire State Development Corporation, which are the State's chief economic development entities. The Committee also provides oversight of the Small Business Development Centers Program.

During the 2018 Legislative Session, the Standing Committee on Small Business reported 11 bills favorably. In addition, a number of bills that were important to small businesses, but were referred to other committees, became law with the assistance and input of the Small Business Committee.

II. 2018-2019 SMALL BUSINESS BUDGET OUTCOME

The Committee on Small Business supported key initiatives to boost New York's economy, create jobs, and facilitate opportunities for small businesses and entrepreneurs. The following are budget highlights that affect small businesses in New York State.

The enacted State budget provided an All Funds appropriation of \$92.02 million, an increase of \$9.38 million over the Executive proposal for the Department of Economic Development. Further, the budget provided an All Funds appropriation of \$1.37 billion, an increase of \$11.19 million over the Executive proposal for the Urban Development Corporation. The following are budget highlights for some of the programs that are funded to promote economic development and businesses in New York State in the State Fiscal Year 2018-19 Budget:

- **University-Based Programs**

- \$13.818 million for the 15 existing Centers for Advanced Technology (CATs), which collaborate with New York companies on the development of new technologies and products and create new businesses and high-quality jobs throughout the State;
- \$10 million for the nine existing Centers of Excellence, with a legislative restoration of \$1 million to enable each Center to receive \$1 million each for their base operating funds. The Centers are collaborative public-private partnerships that commercialize scientific discoveries in fields such as nanoelectronics, bioinformatics, photonics, environmental systems, wireless applications and information technology.
- The following additional appropriations were approved, in addition to the base funds:
 - \$1 million was allocated to Cornell University to create a Center of Excellence in Food and Agriculture Innovation in Geneva, New York;
 - \$873,000 was allocated to Rensselaer Polytechnic Institute, Rochester Institute of Technology and New York University to create a Center of Excellence in Digital Gaming Development;
 - \$250,000 was allocated for the SUNY Albany Center of Excellence in the Data Science in Atmospheric and Environmental Predictions and Innovation; and
 - \$750,000 was allocated for the New York Medical College Center of Excellence in Precision Responses to Bioterrorism and Disasters.

- **Business Assistance**

- \$8 million for the Manufacturing Extension Partnership Program;
- \$6 million for the High Technology Matching Grants Program;
- \$921,000 for the Industrial Technology Extension Service Program;
- \$5 million for the New York State Innovation Hot Spots/ New York State Incubators;
- \$500,000 for the Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) Technical Assistance Program;
- \$1.99 million for the Technology Development Organizations;

- \$1.795 million for the Community Development Financial Institutions (CDFI) Program;
 - \$1.76 million for the Entrepreneurial Assistance Program (EAP);
 - \$1 million for the Minority- and Women-Owned Business Development and Lending Program and to recapitalize the Minority- and Women-Owned Business Investment Fund;
 - \$3 million for SUNY Polytechnic Institute College of Nanoscale Science and Engineering and Rensselaer Polytechnic Institute focus centers;
- **Commerce, Regional Economic Development, Trade and Tourism**
 - \$150 million for the Regional Economic Development Councils (REDCs);
 - \$3 million for military base retention and research efforts;
 - \$200,000 for Manufacturers Association of Central New York (MACNY);
 - \$50,000 for the Buffalo Niagara International Trade Gateway Organization;
 - \$50,000 for the World Trade Center Buffalo Niagara;
 - \$200,000 for Canisius College;
 - \$200,000 for the Finger Lakes Tourism Alliance;
 - \$100,000 for the Lake Ontario and Thousand Island Tourism Promotion;
 - \$900,000 for the Bronx Overall Economic Development Corporation;
 - \$500,000 for the Brooklyn Chamber of Commerce;
 - \$500,000 for the Queens Chamber of Commerce;
 - \$100,000 for the New Bronx Chamber of Commerce;
 - \$150,000 for the Staten Island Economic Development Corporation;
 - \$125,000 for the Chamber of Commerce of the Borough of Queens;
 - \$125,000 for the New York Women’s Chamber of Commerce;
 - \$400,000 for the Community Development Revolving Loan fund;
 - \$600,000 for the Center State Corporation for Economic Opportunity Program;
 - \$500,000 for Center State CEO Grants for Growth;
 - \$200,000 for Adirondack North Country, Inc;
 - \$1 million for the Beginning Farmers NY fund; and
 - \$300,000 for the North Country Chamber of Commerce.

ARTICLE VII PROPOSALS

- The Legislature approved the proposal to extend the Minority- and Women-Owned Business Enterprise (MWBE) program until December 31, 2019.
- The Legislature approved a proposal to extend the Urban Development Corporation’s authority to administer the Economic Development Fund from July 1, 2018; to July 1, 2019.
- The Legislature approved a proposal to extend the Urban Development Corporation’s general loan powers from July 1, 2018; to July 1, 2019.
- The Legislature approved and provided clarification of procedures for small businesses applying for SBIR/STTR federal grants and providing technical assistance to small businesses in need;

III. MAJOR ISSUES OF 2018

A. REGULATORY REFORM

Reform Administration of Revolving Loan Funds Chapter Amendment

(A.8935 Thiele, Chapter 378)

This bill would make further changes to last year's law, which authorizes the Empire State Development Corporation (ESD) to administer the Regional Revolving Loan Trust Fund Program, Minority and Women Revolving Loan Trust Fund Program, Micro Enterprise Revolving Loan Trust Fund Program, and Commercial District Revolving Loan Trust Fund Program in a manner consistent with the Small Business Revolving Loan Fund Program. Specifically this bill would clarify the information reported by Empire State Development and institutes a new start date as April 1, 2019 for the information to be published on the corporation's website.

B. BUSINESS ASSISTANCE

Tax-Deferred Savings Accounts

(A.2457 Lavine, Reported to the Committee on Ways and Means)

This bill would allow small businesses to deposit into a small business tax-deferred savings account up to \$5,000, which may be withdrawn tax-free (at the State level) only if the money is used to create or preserve full-time jobs.

Entrepreneurial Assistance Centers

(A.2805 Thiele, Chapter 398)

This bill would authorize the Entrepreneurial Assistance Program (EAP) to help a broader cross-section of small businesses throughout the State. The program would be streamlined to accurately reflect how it has evolved since it was initially created. EAP centers are situated in local communities to provide instruction, training, technical assistance, and support services to individuals who have recently started their own business or are interested in starting a business. EAP centers routinely assist new and aspiring entrepreneurs in developing basic business management skills, refining business concepts, devising early-stage marketing plans, obtaining financing, and preparing action plans.

C. EMPLOYEE-OWNED ENTERPRISES

Micro-Business Worker Cooperatives

(A.2804-A Thiele, Governor Vetoed, Veto memo 274)

Establishes entrepreneurship assistance centers to provide assistance to minority group members, women, individuals with a disability and dislocated workers and veterans; requires the

Department of Economic Development to establish criteria and designation of such centers; sets forth requirements for each center. Governor vetoed stating “The State has already appropriated funds for established programs tailored to provide financial and technical assistance to small businesses.”

D. PUBLIC HEARINGS/ROUNDTABLES

Small-business owners can provide valuable information to public policy discussions, hearings, and roundtables. By having these forums, the Small Business Committee can focus its energy on legislation that will benefit the State as a whole.

Public Hearing on Economic Development, Job Creation, Commerce and Industry

On December 17th, 2018, the Assembly Standing Committees on Small Business and Economic Development, Job Creation, Commerce and Industry held a joint public hearing on the State Fiscal Year 2018-2019 budget and program initiatives. The Committees focused on State supported programs that leverage operating funds with other public and private funding sources to facilitate the transfer of technology advancements into viable long-term business strategies and development. The Department of Economic Development and the Empire State Development administer programs such as Technology Development Organizations, Manufacturing Extension Partnership, Centers of Excellence, Centers for Advanced Technology, and Innovation Hot Spots/ Certified Incubators, and others focused on research, development and technological advancement as well as stimulating business development and expansion across the State.

The hearing examined the statewide impact of such programs with respect to job creation and growth, attraction of new investment from public and private sources, the number of patents, the number of companies created and assisted, and other general economic impacts associated with the programs.

IV. OUTLOOK FOR 2019

The Small Business Committee will continue to work to address the needs of small businesses, minority- and women-owned business enterprises (MWBEs), and veteran-owned businesses, creating a supportive environment that encourages their growth, expansion, and stability right here in New York. Issues of access to capital, the expansion of MWBEs, supporting the development and commercialization of innovative new technology, workforce development, contracting with State and local government, energy assistance, veterans’ business assistance and immigrant-owned business assistance are priorities of the Committee.

APPENDIX A

2018 SUMMARY SHEET

**Summary of Action on All Bills
Referred to the Committee on**

SMALL BUSINESS

<u>Final Action</u>	<u>Assembly Bills</u>	<u>Senate Bills</u>	<u>Total</u>
Bills Reported With or Without Amendment			
To Floor: Not Returning to Committee (Favorable)	1	0	1
To Ways and Means	8	0	8
To Codes	1	0	1
To Rules	1	0	1
To Judiciary	0	0	0
Total	11	0	11
Bills having Committee Reference Changed			
To...	0	0	0
To...	0	0	0
To...	0	0	0
To...	0	0	0
Total	0	0	0
Senate Bills Substituted or Recalled			
Substituted	0	0	0
Recalled	0	0	0
Total	0	0	0
Bills Defeated in Committee			
Bills Held for Consideration, Roll-Call Vote	3	0	3
Bills Never Reported, Died in Committee	0	0	0
Bills Having Enacting Clauses Stricken	0	0	0
Motions to Discharge Lost	0	0	0
Total Bills in Committee	13	0	13
Total Number of Committee Meetings Held	4		

APPENDIX B

Bill Number	Sponsor	Description	Last Action
A00188	Santabarbara	Establishes a small business energy assistance and advocacy services program as part of the division of small business to assist small businesses in accessing energy conservation, energy efficiency and renewable energy programs available through public and private sources.	Passed Assembly
A00428	Bichotte	The purpose of this bill is to publish and announce agencies that have entered into a contract with contact information. Would allow for smaller contractors an avenue to contact the prime contractor to bid on projects.	Passed Assembly
A02348-A	Thiele	This bill creates a Small Business Environmental Fund under the Public Authorities Law to assist small businesses in leveraging capital from financial institutions for the purposes of complying with environmental laws or preventing pollution. The fund may guarantee up to 90% of the principal of each loan made by a financial institution to a small business. Loans may not exceed \$500,000. Participating small businesses would have to demonstrate difficulty obtaining conventional financing which impedes the business' ability to prevent pollution or comply with environmental laws. The bill gives preference to businesses seeking to comply with the federal Clean Air Act or other new laws, to businesses in highly distressed areas, and to MWBEs.	Referred to Ways and Means
A02457	Lavine	This bill would allow small businesses to deposit into a small business tax-deferred savings account up to \$5,000, which may be withdrawn tax-free (at the State level) only if the money is used to create or preserve full-time jobs. It also requires the Department of Tax and Finance and the Department of Economic Development to evaluate and report on the utilization of the program.	Referred to Ways and Means
A02804-A	Thiele	This bill would provide for assistance in the creation of micro-business worker cooperatives upon transfer of ownership of an existing business.	Governor Vetoed, Veto Memo 274
A02805	Thiele	Establishes entrepreneurship assistance centers to provide assistance to primarily minority group	Signed, Chapter 398

		members, women, individuals with a disability and dislocated workers and veterans; requires the Department of Economic Development to establish criteria and designation of such centers; sets forth requirements for each center.	
A03767	Quart	This bill would establish the Microenterprise Development Act under the Department of Economic Development to provide grants of up to five thousand dollars to community-based microenterprise development organizations for the purpose of providing technical training and assistance to businesses with five or less employees. The program would provide that not less than 50% of the funds made available would be used to benefit persons whose income is not more than 150% of the federal poverty line. The microenterprise development organizations receiving funding would be required to match the grants on a one-to-one ratio.	Governor Vetoed, Veto Memo 276
A04124	Thiele	Creates the micro business outreach center assistance program within the Department of Economic Development, and provides for its functions, powers and duties; further creates the micro business outreach center network; establishes a reporting requirement by the commissioner of economic development.	Referred to Ways and Means
A04905	Schimminger	Recodifies the small business innovation research program within the New York state urban development corporation act; alters provisions under the small business innovation research program, particularly as they affect Phase I award winners; prohibits arbitrary exclusion of technologies and companies; provides for matching of federal funds, to a certain extent.	Referred to Ways and Means
A05177	Titus	The purpose of this bill is to aid in the assistance of obtaining technical, managerial, financial, and other support to assist minority- and women-owned business enterprises (MWBE) and other certified businesses and applicants. Further, this bill would establish within each of the regional offices of the Empire State Development Corporation an Office of the Minority- and Women Owned Business Enterprise Regional Advocate.	Passed Assembly
A07434	Blake	The purpose of this bill is to provide zero interest loans to businesses with less than five employees to	Referred to Ways and Means

		hire New York residents and to help small businesses grow in New York State.	
A08205-B	McDonald	Relates to regulatory fines for small businesses; provides that upon an initial violation of a state agency's rules or regulations, a small business shall be afforded a cure period or other opportunity for ameliorative action, which if successful shall prevent the imposition of a fine or fines.	Governor Vetoed, Veto Memo 285
A08934	Ryan	Relates to the composition of an advisory panel on employee-owned enterprises within the division of small business services; changes the composition of the panel by adding one member to be appointed by the governor; moves report date to June 30, 2019.	Signed, Chapter 30
A08935	Thiele	Amendment to A425; clarifies the information reported by Empire State Development; institutes a new start date as April 1, 2019 for the information to be published on the corporation's website.	Signed, Chapter 378
A09524	Kim	This bill would expand the eligibility criteria of the Economic Development Fund to assist dry cleaning businesses and appearance enhancement businesses which practice nail specialty in making capital improvements. Specifically, the financial assistance shall be used to help dry cleaning businesses purchase and install non-perchloroethylene machines and sprinkler systems, and to help appearance enhancement businesses make capital improvements and upgrades to mechanical ventilation systems, so that both types of businesses are in compliance with federal, state, and local codes and regulations.	Governor Vetoed, Veto Memo 358
A09543	Thiele	Allows for the division for small-business to advise on matters affecting micro-enterprises consisting of fewer than five employees; establishes the Main Street Center grant program to create Main Street Centers in each of the counties in New York state, with the exception of the five boroughs of New York city; and requires the secretary of state to receive all rule-making documents in electronic format and to create an online publication of the state register.	Referred to Ways and Means