

NEW YORK STATE ASSEMBLY

2022

Committee On Small Business

Carl E. Heastie • Speaker
Albert A. Stirpe, Jr. • Chair



ANNUAL REPORT



ALBERT A. STIRPE, JR.
Assemblyman 127th District

THE ASSEMBLY
STATE OF NEW YORK
ALBANY

CHAIR
Small Business

COMMITTEES
Agriculture
Alcoholism & Drug Abuse
Economic Development, Job Creation,
Commerce and Industry
Higher Education

December 15, 2022

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

Dear Speaker Heastie:

I am pleased to submit the 2022 Annual Report of the Assembly Standing Committee on Small Business. Throughout this Legislative Session, the Committee worked on policy and budget solutions for small businesses struggling through tough economic times due to the COVID-19 pandemic, and subsequent imposed restrictions, supply chain disruptions, and employee shortages.

The Enacted State Fiscal Year 2022-23 Budget invests in programs that support small business and encourages innovation that will help rebuild New York's economy. Included in the enacted budget is: \$200 million for market and shovel ready sites; \$1 million for each of the Centers for Advance Technology and the Centers of Excellence; \$2 million for the Minority- and Women-Owned Business Enterprise Development and Lending Program; \$250 million for the Restore New York Communities Initiative; \$200 million for the new small business seed grant program; and \$250 million COVID Capital Costs Small Business Tax Credit.

The Committee was also instrumental in the enactment of the Green CHIPS Act, which will incentivize semiconductor manufacturers to build new factories in New York State by making them eligible for the Excelsior Jobs Tax Credit Program. This law will help ensure that a domestic supply of semiconductor chips is made in New York State.

I join my colleagues in commending you for your continued commitment to supporting small businesses. The Committee looks forward to a productive legislative session so we can continue to rebuild and create a healthy environment for small businesses to thrive across New York State.

Sincerely,

A handwritten signature in cursive script that reads "Albert A. Stirpe, Jr.".

Al Stirpe, Chair
Committee on Small Business

**2022
ANNUAL REPORT**

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

**Al Stirpe
Chairman**

Committee Members

Majority

José Rivera
Carrie Woerner
Inez Dickens
Billy Jones
Taylor Darling
Catalina Cruz
Emily Gallagher
Chantel Jackson
Sarah Clark
Jenifer Rajkumar
Manny De Los Santos
Monique Chandler-Waterman

Minority

David DiPietro
Kieran Michael Lalor
Marjorie Byrnes
Brian Manktelow

Staff

Fletcher Whyland, Assistant Secretary for Program and Policy
Kathleen Fazio, Analyst
Michael DeBaise, Committee Clerk
Sally Block, Program and Counsel Secretary

TABLE OF CONTENTS

I. INTRODUCTION, COMMITTEE JURISDICTION AND ACTIVITY4

II. 2022-2023 SMALL BUSINESS BUDGET OUTCOME5

III. ISSUES BROUGHT THROUGH COMMITTEE IN 2022

A. REGULATORY REFORM.....12

B. BUSINESS ASSISTANCE12

IV. OUTLOOK FOR 202313

APPENDIX A: 2022 SUMMARY SHEET14

APPENDIX B: CHAPTERS OF 2022.....15

APPENDIX C: ADDITIONAL BILLS REPORTED IN 202216

APPENDIX D: SMALL BUSINESS WEEK RESOLUTION17

I. INTRODUCTION, COMMITTEE JURISDICTION AND ACTIVITY

Small businesses are defined in State law as those businesses employing 100 or fewer people. According to Empire State Development 2022 Annual Report on the State of Small Business, New York State small businesses comprise 98 percent of the State's established firms and an estimated 40 percent of the state workforce. Just about all industries in the state are represented by small businesses, including trade, professional services, leisure activities, construction, financial services, health care, manufacturing, transportation, information, and education.

New York's small businesses are integral to the State's economy, but the effects of pandemic, supply chain disruptions, and the current rise in inflation are proving to be difficult for many businesses across the State. According to the most recent national Small Business Credit Survey (2022), 80 percent of NYS firms indicated that they are still negatively affected by the pandemic and 93 percent indicate a financial challenge during the last 12 months.

In last year's and again in this year's enacted budget, the State Legislature has created funding programs to help small businesses that did not qualify for federal funding, as well as various other supportive funding programs and statutory changes. Additionally, the Committee continues to promote budget programs and legislation that will improve access to credit, financial programs and technical assistance services for small businesses of all kinds, including minority-, women-, and veteran-owned businesses.

The Committee also works closely with several State agencies and entities to ensure they serve the needs of the small business community. This includes the Department of Economic Development and the Empire State Development Corporation, which are the State's chief economic development entities. The Committee also met with newly appointed director of the Small Business Development Centers (SBDC) to gain insight to the role of SBDCs and how they can assist small businesses in New York State.

During the 2022 Legislative Session, the Standing Committee on Small Business reported three bills favorably. In addition, several 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. 2022-2023 SMALL BUSINESS BUDGET OUTCOME

In the most recently enacted state budget, 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:

Empire State Development and Department of Economic Development

The enacted State Budget provided an All Funds appropriation of \$103.6 million, an increase of \$4.42 million over the Executive proposal, for the Department of Economic Development. Further, the budget provided an All Funds appropriation of \$5.2 billion, an increase of \$1.22 billion over the Executive proposal, for the Urban Development Corporation. The following are highlights of some of the programs that are funded to promote economic development and businesses in New York via the State Fiscal Year 2022-2023 Budget:

- **Pandemic Recovery Programs**

- \$200 million for the COVID-19 Small Business Seed Funding Grant Program, which will provide grants to micro- and small businesses and for-profit independent arts and cultural organizations and independent arts contractors that began operation shortly before or during the COVID-19 pandemic and were not eligible for other State and Federal assistance. The program builds upon the State's \$800 million Pandemic Small Business Recovery Grant Program enacted in SFY 2021-2022 Budget. (Note: Application Portal on the Empire State Development opened on September 14, 2022)
- \$250 million for a refundable COVID-19 Capital Costs Small Business Tax Credit program, which will provide small businesses \$2.5 million or less in gross receipts to be eligible for a 50 percent tax credit of up to \$25,000 of qualifying costs to cover unexpected COVID-related costs, (i.e., the purchase of cleaning supplies, outdoor heaters, air purifiers, signage denoting vaccine/masking policies, and equipment to accommodate contactless payments).
- Authorization for an additional Restaurant Return-to-Work Credit for restaurants that received the existing Restaurant Return-to-Work Credit, but exceeded the \$50,000 per employer cap, which is equal to 10 Full-Time Equivalent (FTE) positions added from April 1, 2021, to December 31, 2021. This credit is available for eligible businesses that hired between 10 and 20 FTE positions over the same period, and the combined Restaurant Return-to-Work Credits would remain capped at \$35 million.
- Extension and enhancement of the NYC Musical and Theatrical Production Tax Credit from \$100 million to \$200 million to further support this sector impacted by the Omicron variant.

- **Workforce Development**

- A \$350 million investment for the new Office of Workforce and Economic Development at Empire State Development to provide resources to the following:
 - Leverage Empire State Development’s relationships with employers to help identify employer needs
 - Develop tailored regional training strategies
 - Support programs to train New Yorkers in the skills necessary to succeed in in-demand fields
 - Make targeted investments in teachers, healthcare workers, apprenticeships and internships, mental health professionals, and caregivers.
- The new office will work in conjunction with the Regional Economic Development Councils, the Department of Labor, the State University of New York and the City University of New York and other partners to ensure coordinated training and workforce strategies.
 - The following is a delineation of how the \$350 million will be invested:
 - \$115 million for Workforce Development Grant Program
 - \$47 million for Financial Burden Relief for Healthcare Workers
 - \$39 million for Caregiver Flexibility for Direct Care Workers
 - \$35 million for Workforce Development Capital Grant Program
 - \$30 million for Teacher Residency Program
 - \$22.5 million for Training Capacity Expansion for Statewide institutions
 - \$20.8 million for Office Workforce Development and Economic Development
 - \$10 million for SUNY and CUNY internships
 - \$10 million for Expansion of Alternative Teacher Certifications
 - \$8 million for Upskilling School Paraprofessionals
 - \$5 million for SUNY and CUNY apprenticeships
 - \$2.8 million for Expansion of Psychiatric rehabilitation Service at Office of Mental Health
 - \$2.7 million for Employment and Training at Office for People With Developmental Disabilities
 - \$1.2 million for Diversity in Medicine Program
 - \$1 million for Expansion of a SUNY Pre-Medical Opportunities Program
- \$2.5 million for a cannabis workforce development

- **University-Based Programs**

- \$15 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
- \$14 million for the 14 existing Centers of Excellence (CoE), which collaborate with New York companies in commercializing scientific discoveries in fields such as nanoelectronics, bioinformatics, photonics, environmental systems, atmospheric sciences, bioterrorism and disaster preparedness, and information technology
- \$3 million for SUNY Polytechnic Institute College of Nanoscale Science and Engineering and Rensselaer Polytechnic Institute focus Centers
- \$2.7 million for Small Business Development Centers
- \$20 million for the Syracuse University Carrier Dome
- \$1 million for Stony Brook Medicine's National Cancer Institute

- **General Economic Development**

- \$800 million for New York State Regional Economic and Community Assistance Program
- \$320 million for the New York Works Economic Development Fund
- \$200 million for FAST grants program for shovel ready site development
- \$250 million for the Restore New York Communities Initiative
- \$45 million for economic development initiatives of the State for promoting tourism and expanding business investment and job creation and retention
- \$26.18 million for the Empire State Economic Development Fund
- \$15 million for the Market New York Program
- \$2 million for the Empire State Entertainment and Diversity Job Training Program

- **Business Assistance**

- \$75 million for the Innovation Venture Competition Program
- \$15.5 million for the Manufacturing Extension Partnership Program

- \$5 million for the High Technology Matching Grants Program
- \$5 million for the New York State Innovation Hot Spots/ New York State Incubators
- \$1.76 million for the Entrepreneurial Assistance Program (EAP)
- \$1.382 million for the Technology Development Organizations
- \$1.495 million for the Community Development Financial Institutions (CDFI) Program
- \$2 million for the Minority- and Women-Owned Business Development and Lending Program and for Minority- and Women-Owned Business Development
- \$921,000 for the Industrial Technology Extension Service Program
- \$343,000 Science and Technology Law Center
- \$3.44 million for the Urban and Community Development Program
- **Commerce, Regional Economic Development, Trade and Tourism**
 - \$350 million for a Long Island Investment Fund
 - \$10 million for a Mohawk Harbor Events Center
 - \$11 million for Universal Hip Hop Museum
 - \$5 million for the Pace University Performing Arts Center
 - \$600 million for Orchard Park football facilities (home of the Buffalo Bills), as well as \$7 million to help retain professional football in Western New York
 - \$10 million for New York Hall of Science
 - \$3.45 million for local tourism promotion matching grants
 - \$7 million for marketing and advertising to promote regional attractions
 - \$1.5 million for Economic Development and Community Service Organizations
 - \$16 million in Federal grants for state and local workforce, tourism, recreation, marketing
 - \$1 million for the Manufacturers Intermediary Apprenticeship Program
 - \$150,000 for the Finger Lakes Tourism Alliance

- \$150,000 for Harlem Week, Inc.
- \$100,000 for Kleinhans Music Hall Management
- \$1 million for military base redevelopment and research
- \$550,000 for the Bronx Overall Economic Development Corporation
- \$700,000 for the Center State Corporation for Economic Opportunity (CEO) Program
- \$500,000 for the Queens Chamber of Commerce
- \$150,000 for the Brooklyn Chamber of Commerce
- \$550,000 for the Brooklyn Alliance
- \$225,000 for the North Country Chamber of Commerce
- \$100,000 for Adirondack North Country Association
- \$150,000 for the Association of Community Employment Programs
- \$100,000 for the Brooklyn Neighborhood Association
- \$310,000 for the Amsterdam Urban Renewal Agency
- \$140,000 for the Kingsbridge Riverdale Van Cortlandt Development Corporation
- \$100,000 for the Queens Economic Development Council
- \$50,000 for the Staten Island Economic Development Council
- \$150,000 for the Syracuse Jazzfest Productions

- **Regional Economic Development Councils**

The 10 Regional Economic Development Councils (REDCs) of New York State, which include community, business, academic leaders, and members of the public in each region, use their knowledge and understanding of local priorities and assets to help direct state investment in support of job creation and economic growth. REDCs have developed and implemented comprehensive strategic plans for their respective regions and regularly issue updated plans. These play an important role in determining how millions of dollars in existing economic aid are awarded through the State's Consolidated Funding Application (CFA).

- \$150 million for REDC grants program

- \$200 million for a sixth round of the Downtown Revitalization Initiative (DRI) to be used to revitalize downtowns areas in each of the 10 economic regions of the State. Funds are to be distributed as follows:
 - \$100 million for the traditional main street redevelopment
 - \$100 million for the NY Forward grant program to support redevelopment in smaller and more rural areas
- **Other notable investments in the NYS Budget related to committee work:**
 - \$1.4 billion for Broadband Funding to ensure affordable access to highspeed internet across the state, \$1.1 billion of which is federal funding.
 - \$11 million for Minority- and Women-Owned Businesses Enterprises (MWBEs) to ensure faster MWBE certifications and to address the backlog in pending certifications and promote equal access to reduced-rate loans for MWBEs.
 - \$500 million for Green Jobs, investing in green technology and infrastructure necessary for the development of offshore wind ports.
- **Article VII**

The 2022-23 State Fiscal Year Budget includes the following Article VII provisions related to the Department of Economic Development and Empire State Development.

- The Legislature modified the Executive proposal to extend the general loan powers of the New York State Urban Development Corporation by three years to a one-year extension (July 1, 2022 to July 1, 2023).
- The Legislature modified the Executive proposal to authorize the New York State Urban Development Corporation to administer the Empire State Economic Development Fund by three years to a one-year extension (July 1, 2022 to July 1, 2023).
- The Legislature adopted a proposal to create a COVID-19 Small Business Seed Funding Grant Program to provide funding to support early-stage small and micro businesses.
- The Legislature approved a proposal to expand the Excelsior Linked Deposit Program by authorizing Community Development Financial Institutions to participate as borrowers for projects in which loans will be available to small businesses.
- The Legislature modified the Executive proposal to establish a \$250 million refundable tax credit program to support small business capital expenses resulting from the COVID-19 pandemic, to add reporting requirements and establish a minimum credit amount of \$1,000 per business. Under this program, small businesses with \$2.5 million or less of

gross receipts would be eligible for a credit of 50 percent of their qualifying costs up to \$25,000.

- The Legislature modified the Executive proposal to increase funding caps for demolition and rehabilitation of property. Under the RESTORE-NY program residential apartment units are included as eligible properties to receive rehabilitation funds and enhanced incentives are provided to rehab properties for purpose of creating affordable housing units, including the participation of minority and women-owned businesses enterprises.
- The Legislature adopted a proposal to codify a searchable database of all economic development programs and to include part-time and full-time jobs created and retained by entities receiving economic development benefits.
- The Legislature modified the Executive proposal to expand the Restaurant Return-to-Work Credit program to include an additional credit available for businesses that hired between 10 and 20 FTE positions over the same period.
- The Legislature modified the Executive proposal to increase the New York City Musical and Theatrical Production Tax Credit from \$100 million to \$200 million.

III. ISSUES BROUGHT THROUGH COMMITTEE IN 2022

A. REGULATORY REFORM

Extension Through 2024 of Cure Periods for Small Businesses or Small Business Regulatory Relief

(A.8744, McDonald; Chapter 39 of the Laws of 2022)

This law changes the annual submission dates for a report by the Division for Small Business regarding the use of opportunities for cure or ameliorative action afforded to small businesses for first time violations of rules and regulations to October 1st of each year.

B. BUSINESS ASSISTANCE

Small Business Main Street Grant Program

(A.6488-A, Stirpe; Reported to Ways & Means)

This bill would require the Division of Small Business to advise/make recommendations on matters affecting micro-enterprises; create a Main Street Center Grant Program; and require all rule-making documents be submitted to the Secretary of State in electronic format and that documents be made available electronically to the public and to interested parties through various means determined by the Secretary of State.

New York State Innovative Energy and Environmental Technology Program

(A.9309-B Solages; Reported to Ways & Means)

This bill would create the New York State Innovative Energy and Environmental Technology Program, providing grants of up to \$100,000 for the purposes of spurring innovative energy and environmental technology development and commercialization.

V. OUTLOOK FOR 2023

Though the road to recovery is long, the Small Business Committee's support for New York's small businesses is steadfast. The Committee will continue 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 here in New York.

The priorities of the Committee include increasing access to capital and the expansion of MWBEs while supporting the development and commercialization of innovative new technology, adoption of alternative energy and energy conservation, workforce and economic development, improving contracting opportunities with State and local governments, veterans' business assistance, immigrant-owned business assistance and helping small businesses recover from the effects of the pandemic to come back stronger.

APPENDIX A

2022 SUMMARY SHEET

SUMMARY OF ACTION ON ALL BILLS

REFERRED TO THE COMMITTEE ON

Small Business

TOTAL NUMBER OF COMMITTEE MEETINGS HELD 2

<u>ASSEMBLY</u>	<u>SENATE</u>	<u>TOTAL</u>
<u>BILLS</u>	<u>BILLS</u>	<u>BILLS</u>

BILLS REPORTED FAVORABLE TO:

Codes	0	0	0
Judiciary	0	0	0
Ways and Means	2	0	2
Rules	1	0	1
Floor	0	0	0
TOTAL	3	0	3

COMMITTEE ACTION

Held For Consideration	0	0	0
Defeated	0	0	0
Enacting Clause Stricken	0	0	0
REMAINING IN COMMITTEE	14	0	14

BILLS REFERENCE CHANGED TO:

TOTAL	0	0	0
--------------	----------	----------	----------

APPENDIX B

Chapters of 2022

CHAPTER	ASSEMBLY BILL (SPONSOR)	SENATE BILL (SPONSOR)	DESCRIPTION
39	A.8744 (McDonald)	S.7820 (Kaplan)	This law changes the annual submission dates for a report by the division for small business regarding the use of opportunities for cure or ameliorative action afforded to small businesses for first time violations of rules and regulations to October first.

APPENDIX C

Additional Bills Reported in 2022

ASSEMBLY BILL (SPONSOR)	LAST ACTION	DESCRIPTION
A.9309-B (Solages)	Referred to Ways & Means	This bill would create the New York State Innovative Energy and Environmental Technology Program that will award grants for the purpose of energy and environmental technology development and commercialization.
A.6488-A (Stirpe)	Referred to Ways & Means	This bill would require the Division of Small Business to advise/make recommendations on matters affecting micro-enterprises; create a Main Street Center Grant Program; and require all rule-making documents be submitted to the Secretary of State in electronic format and that documents be made available electronically to the public and to interested parties through various means determined by the Secretary of State.

APPENDIX D

NYS Assembly Resolution – Small Business Week No. 801, Sponsored by Assembly Member Stirpe

MEMORIALIZING, Governor Kathy Hochul to proclaim May 1-7, 2022, as Small Business Week in the State of New York.

WHEREAS, Small businesses of all kinds, from restaurants and local farms to hair salons and bike shops to tech firms and landscapers, are crucial to the health of individual communities and to the state's economy overall, but have been greatly tested during these past two difficult years; and

WHEREAS, Prior to March 2020, when New York State declared a state of emergency because of the COVID-19 pandemic, more than 623,000 small businesses called New York State home, comprising 98 percent of all businesses; and

WHEREAS, Prior to the pandemic, New York State's small businesses had employed more than four million people, or 50.2 percent of all the employees in the state, and generated 54 percent of New York's total known export value; and

WHEREAS, Small businesses showed great ingenuity by adapting quickly to pandemic-related restrictions and resulting economic hardships and they continued to serve their communities; and

WHEREAS, Nine out of 10 small businesses report having experienced major changes in their business because of the pandemic; and

WHEREAS, While many small businesses benefited from Federal and New York State COVID-19 relief programs, safety precautions and then supply chain disruptions forced many to lay off workers and some to shut their doors; and

WHEREAS, In the last two state budgets, New York has attempted to directly help small businesses with almost \$2.5 billion in grants, tax relief and credits, as well as expanded access to capital and job-creating investments; and

WHEREAS, New York State continues to actively support minority and women-owned business enterprises with increased investments and greater access to procurement contracting; and

WHEREAS, New York State is prioritizing and promoting service-disabled veteran-owned businesses with grants and technical assistance programs and in the public procurement process; and

WHEREAS, The innovation, diversity, competitive strength, job creation, and quality of life small businesses bring to our economy are vital elements for our State's long-term economic health; and

WHEREAS, The entrepreneurial spirit of New York residents has led to the creation and growth of emerging agricultural industries in New York, such as craft beverages, artisanal foods, and the production of hemp, hops and adult-use cannabis; and

WHEREAS, Small business owners demonstrate extraordinary resilience in the face of larger forces beyond their control, such as challenging economic times, supply chain disruptions, and pandemics; and

WHEREAS, The future welfare of our State depends on the continued development of small businesses; and

WHEREAS, The members of the New York State Assembly wish to proclaim their recognition of small businesses as a crucial element in the economy of New York State and the need for all residents to shop locally; now, therefore, be it

RESOLVED, That this Legislative Body pause in its deliberations to memorialize Governor Kathy Hochul to declare May 1-7, 2022, as Small Business Week in the State of New York; and be it further

RESOLVED, That a copy of this Resolution, suitably engrossed, be transmitted to The Honorable Kathy Hochul, Governor of the State of New York.