



Joint Legislative Budget Hearing

Testimony of Empire State Development President and CEO and Department of Economic Development Commissioner Hope Knight

9:30 a.m., Thursday, February 9, 2023

Good morning, Chairwoman Krueger, Chairwoman Weinstein, and distinguished members of the Legislature. My name is Hope Knight, and I serve as the President and CEO of Empire State Development, and as Commissioner of the New York State Department of Economic Development. I am joined by our Chief Operating Officer Kevin Younis. Thank you for the invitation to discuss Governor Hochul's 2024 Executive Budget.

Over the past year, I have had the privilege to work with many of you to support effective and transparent economic development across the State. And in these uncertain economic times, I am proud of what we have accomplished.

We have been laser focused on supporting small businesses, especially in the wake of the pandemic. Thanks to the Governor's small business assistance programs, more than 50,000 small businesses – including minority and women-owned businesses – have received support from ESD over the last two years. This direct support, combined with the resiliency of New York entrepreneurs, has resulted in the number of small businesses growing by 20,000 since 2020.

Governor Hochul also secured one of the largest economic agreements in U.S history when Micron chose Central New York for its \$100 billion semiconductor facility. The project is expected to create nearly 50,000 jobs statewide, including 9,000 new high-paying Micron jobs with average salaries exceeding \$100,000.

Under the Governor's leadership, we also launched the Office of Strategic Workforce Development. This marked a decisive shift in the State's workforce development strategy by aligning training with the needs of employers, especially those in growth industries. The Office's first round of awards is supporting nearly 3,000 trainees for jobs with more than 100 business partners.

I am also proud of what we have done to make ESD even more transparent and accountable. We recently expanded the Database of Economic Incentives from 26 fields to 52 fields, informed by input from the Legislature and Good Government Groups. The Database now includes additional information about jobs, MWBE utilization and IDA support. Today it is one of the leading public databases for economic development projects in the nation.

As we look ahead, New York is finally emerging from a pandemic that has weighed on the state's economy for almost three years. While some economic challenges linger, indicators show that New York is ready for an economic resurgence. We are seeing job growth across the state, as the unemployment rate has declined to 4.3%.

This year, we have an opportunity to shift the state's focus from recovery to growth. Governor Hochul's Executive Budget aims to spur new, inclusive economic development, strengthen our business communities, and help all New Yorkers achieve the New York dream.

The arrival of Micron in Central New York will require collaboration across industry and community partners. The new Governor's Office of Semiconductor Expansion, Management, and Integration – or GO SEMI – will assist with regional planning efforts to ensure smart growth and cohesive development. The Office will also support the expected growth of semiconductor and supply chain companies across the state.

New York's life science sector continues to thrive, with a 10% job increase over the past five years. More than 100,000 New Yorkers now work in this high-growth industry. The Governor's announcement of two cell and gene therapy hubs, one upstate and one downstate, will drive life-saving research while creating high paying jobs. Cell and gene therapy sales are expected to grow more than 800% by 2026. By leaning into strategic investments at this crucial stage, New York is securing its place as an industry leader.

The Governor's budget also provides matching grant funding to attract federal research dollars to New York. These will go to small businesses applying for a portion of the billions in federal grants offered through the Small Business Innovation Research and Small Business Technology Transfer programs. These matching grants will help our small businesses develop and commercialize groundbreaking technology right here in New York.

The Executive Budget also includes the Extended Prosperity and Innovation Campuses initiative, or EPIC, to support new business growth around the state's educational centers. EPIC will improve on its START-UP NY predecessor. For the first time, upstate and downstate locations will have the same requirements, benefits, and eligibility criteria. It will also support a wider range of businesses and increase the amount of eligible space dedicated to growing innovation and creating jobs.

The Governor is working to remove barriers for MWBEs. We have made significant improvements to our certification process, and the Executive Budget directs the State to pursue certification reciprocity with other certifying organizations. This process will cut red tape for applicants and allow more MWBEs to participate in contracting opportunities.

We are also making an unprecedented commitment to the film and entertainment industry. Film productions have compounding economic benefits that make this sector particularly valuable by supporting jobs and small businesses, and generating revenue

at the state and local level. The increased Film Tax Credit will make us competitive with other states and encourage more productions to choose New York.

All told, this is a bold agenda. I am proud of the progress we have made together, and I look forward to continuing to work closely with all of you to deliver for New Yorkers.

Thank you for the opportunity to speak this morning, and I am happy to take your questions.