



**Business Incubator Association  
of New York State, Inc.**

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January 14, 2025

The Honorable Kathy Hochul  
Governor of the State of New York  
NYS Capitol Building  
Albany, NY 12224

Dear Governor Hochul:

BIANYS is a member-led trade association composed of 115 business incubators and accelerators across New York State and we collectively house over 3000 startup companies. Our membership is broad: It includes all the incubators and accelerators funded by the New York State Empire State development NYSTAR programs and the New York State NYSERDA's programs, but also NYC's EDC funded incubators, and many privately funded incubators. We have the widest reach into the State's innovation ecosystem.

On behalf of our members, we ask that you consider the following budget items as you craft the FY2025-2026 budget:

- 1.) Funding BIANYS' role in providing statewide coordination of the State's 10 Hotspot Regional Incubator programs, educational programs to improve services provided by our members, and data collection services designed to aid both our membership and policy makers at ESD and your administration - \$300,000.00**
- 2.) Increase the funding for the 10 Hotspot Regional programs from \$250,000 to \$300,000 to reflect the inflationary pressure on the programs. This funding has not increased since these programs launched over 10 years ago. Cost is an additional \$500,000 per year to the appropriation.**
- 3.) Increase the number of State Certified Incubators from 20 to 30 and increase the allotment for each Certified Incubator from the current \$125,000 to \$150,000 to reflect the inflationary pressures on these programs over the past 10 years. Cost is an additional \$500,000 per year for the increase in funding and \$1.5M a year for the 10 additional certified incubators being proposed**



## Business Incubator Association of New York State, Inc.

### **In regard to Item 1 above - Funding BIANYS' role in providing statewide coordination of the State's 10 Hotspot Regional Incubator programs - \$300,000.00**

When the legislation was written to create the State's Certified Incubator and Hotspot programs it referenced the need to have a Statewide organization of incubators to help coordinate activities statewide,

***“Sub 7, Section 16-v UDC act, New York state business incubator and innovation hot spot support act***

*7. Association of incubators. The corporation may consult with a statewide entity which is a membership association of incubators and others and which has expertise in providing services to incubators for the purpose of providing services to entities designated as New York state innovation hot spots and New York state incubators and to entities seeking to apply or applying to become New York state innovation hot spots and New York state incubators or which otherwise are included as recipients of services pursuant to this section. Such services shall include advising concerning best practices of incubation and development of plans to incorporate and integrate such practices, development of data concerning incubation in this state and recommendations for improvement, aid in marketing and event sponsorship, and such other services as the corporation shall deem necessary and appropriate to the strengthening of business incubation in this state.”*

Notwithstanding the intent in the original statute, we have fulfilled the role outlined in the Statute without financial support from New York State. More is needed to continue to fulfill the incubator/hotspot mission of creating jobs, companies, and opportunities, and we can do more if we have more resources, including importantly the data collection mission alluded to above.

**We are therefore respectfully requesting a budget line in the State Budget for \$300,000.00 for BIANYS to help coordinate the 10 Hotspot Regions of New York State to ensure stronger regional programming for all incubators, accelerators and startups in each region of the State.**

Additionally with this funding BIANYS would launch two additional programs that can help the State:

- 1. Pre-Incubation Program-** BIANYS has signed up a number of our member incubators and staff to mentor New York State residents forced into entrepreneurship out of necessity with their new business plans and models. We have replicated the methodologies utilized in the successful NSF-ICORP program and the lean startup model to help entrepreneurs assess their product or idea and determine product market fit, conduct customer discovery, and test their business model. These methods are available to some of the companies that have resulted from federal research but are not readily available to companies that do not fit the NSF criteria. With this funding BIANYS will expand these services to entrepreneurs across the state, especially in traditionally underserved communities that have been hardest hit by the pandemic is our goal. By leveraging our entire network, we will ensure that every corner of the state has access to this programming.
- 2. Softlandings Program-** This program attracts international startups to set up an office and create jobs in New York State. In 2021 we had created a program curriculum and had conducted outreach to foreign



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economic development offices to attract foreign companies to begin sales in the United States by coming here to New York. We ran a pilot program of 3 companies, two from the Czech Republic and one from Chile. They will be utilizing our organization to navigate the entrepreneurial and innovation ecosystem throughout our state. We are utilizing the talent within our member incubators as well as many of the other economic development organizations across the state that we have partnered with to offer this program. This is a 10 week program, 6 weeks virtual and four weeks in person (when it is safe) focused on indoctrinating the companies and assisting them to establish manufacturing, engineering, and sales operations within our state. We anticipate helping up to 20 companies come to New York in the next year, and when in full swing we will be able to help up to 50 companies a year begin business operations in New York.

**In regard to items 2 and 3 above-** these requests are to reflect that success of the certified incubator and hotspot incubator programs and the hundreds of companies that they have helped to create and the thousands of jobs that have been created as a result of those companies. The increase requested of these programs are a function of trying to adjust for inflation for the past 10 years since these programs have launched.

BIANYS is committed to providing this programming and we are reaching out to the private sector, the banking industry, and private foundations to help fund these programs. Our efforts would be greatly accelerated if the State were to make a small investment in these programs that we could utilize as a match to leverage private sector funds.

Both the Senate and the Assembly added this funding into their one house budgets last year, and we are hoping that this year, you will see fit to ensure this important funding is included in the final budget.

I am always available for further dialogue on the programs outlined in this letter or any other matter that may be of assistance to you or your staff.

Respectfully Yours,

A handwritten signature in blue ink, appearing to read "Marc Alessi".

Marc Alessi  
Executive Director



January 15, 2025

The Honorable Kathleen Hochul  
Governor  
State of New York  
New York State Capitol Bldg.  
Albany, NY 12224

Dear Governor Hochul:

We are the leaders of several technology business incubators affiliated with the top higher education institutions in New York State. We are writing to you to express our deep concern about the upcoming discontinuation of the START-UP NY tax benefit program for early-stage companies. We urge you to both consider the positive impact this program has had on economic growth and innovation in New York, and to please support its renewal in the budget.

The START-UP NY program has been instrumental in helping hundreds of New York-based early-stage technology businesses, including companies involved in cleantech, biotech and AI, to thrive and create jobs, while encouraging innovation and fueling economic growth across the state. Starting a new business is difficult, especially in a state with increasing everyday costs. This highly effective tax incentive program has allowed startups to reinvest more of their resources on Research and Development, hiring in New York, and scaling operations. For many of these companies, START-UP NY has been the difference between simply surviving and being able to grow, hire, and contribute meaningfully to the state's economy and to our communities.

In a December 2023, [PFM Group Consulting report](#) commissioned by the NY State Department of Taxation and Finance regarding the "Economic Impact of Tax Incentive Programs in New York," found that Startup NY to be one of the few successful tax incentive programs from Empire State Development. On page 284, the auditors find:

*"START-UP NY has a positive return on investment across the dimensions of economic impact. It tests very well on a straight return on foregone revenue calculation. It contributes positively to both the small business and start-up community in New York State by creating and expanding opportunities for hiring and investment.*

*"It contributes positively to the State's institutes of higher education by creating additional economic activity on campus, connecting students to potential employers or fields of study, and aligning research activities with commercial opportunities to grow New York based firms. The utilization of the program is relatively low considering the massive potential of the credit (up to 100 percent of tax liability) though the State is planning adjustments to the program that might enhance its appeal and aid in marketing the offering to potential recipients."*

Launched in May 2014, the Startup NY (SUNY Tax-free Areas to Revitalize and Transform Upstate NY ) program "encourages businesses to start, relocate to, or expand in New York State through offering the opportunity to operate tax-free for 10 years on or near eligible New York State universities or college campus-designated 'hotspots'. Partnering with these schools gives businesses direct access to advanced research laboratories, development resources, and experts in key industries."

New York has seen the benefits of the Startup NY tax program. From the PFM Group report: "Since 2014, the Start-Up NY program has received 1,240 tax benefit reports, and the program has grown each year up to 2021, the most recent for which data is available.



“The program has retained 2,801 jobs new jobs across ten of the State’s economic development regions. START-UP NY participants have spent approximately \$1.3 billion on wages and capital investment over the eight-year period. **The vast majority of this spending is on wages** – 96 percent in the most recent period.

“Based on the IMPLAN economic impact model, the economic impact is positive when accounting for foregone revenues; **Start-Up NY returns \$1.58 for every \$1.00 of investment**. Start-Up NY provides a host of qualitative benefits beyond its fiscal strength, including growth of small businesses, retention of homegrown entrepreneurs, and development of the state’s higher education institutions.”

As of December 31, 2024, there are nearly 400 businesses within the program:

**Figure: New York State schools and their participating Startup-NY companies at Dec 31, 2024**

Schools with multiple current Startup NY companies:	Schools with at least one current Startup NY company:
<ul style="list-style-type: none"> <li>• University at Buffalo, 202 companies</li> <li>• Cornell University, 8 companies</li> <li>• CUNY Medgar Evers College, 6 companies</li> <li>• CUNY York College, 2 companies</li> <li>• Finger Lakes Community College, 3 companies</li> <li>• Hudson Valley Community College, 9 companies</li> <li>• Jamestown Community College, 3 companies</li> <li>• Monroe Community College, 2 companies</li> <li>• Mount Saint Mary College, 2 companies</li> <li>• New York University, 20 companies</li> <li>• New York University Biolabs, 24 companies</li> <li>• Stony Brook University, 5 companies</li> <li>• SUNY Albany, 5 companies</li> <li>• SUNY Binghamton, 17 companies</li> <li>• SUNY Downstate Medical Center, 24 companies</li> <li>• SUNY Polytechnic Institute, 5 companies</li> <li>• SUNY Schenectady, 3 companies</li> <li>• Ulster Community College, 5 companies</li> <li>• University of Rochester, 2 companies</li> </ul>	<ul style="list-style-type: none"> <li>• Alfred University</li> <li>• Clinton Community College</li> <li>• Columbia-Greene Community College</li> <li>• Dutchess County Community College</li> <li>• Fredonia</li> <li>• Long Island University</li> <li>• New York Institute of Technology</li> <li>• Rochester Institute of Technology</li> <li>• Rockland Community College</li> <li>• Sullivan County Community College</li> <li>• SUNY Brockport</li> <li>• SUNY ESF</li> <li>• SUNY Farmingdale</li> <li>• SUNY Oswego</li> <li>• SUNY Upstate Medical</li> <li>• Syracuse University</li> </ul>

*Source: Empire State Development*

There have been a number of notable successes throughout the state. Carmera, a Series B geospatial company which provides real-time HD maps and navigation-critical data to autonomous vehicles, raised over \$26.5 million and was acquired by Toyota’s Woven Planet in 2021. The company was incubated at the NYU Future Labs in Brooklyn.

Geometric Intelligence, founded by NYU cognitive scientists, achieved much success, and in 2016 it was acquired by Uber to lead on AI technology. At the time of its acquisition, its staff of 15 included a number of high-profile data science and artificial intelligence academics from New York State, all of whom benefitted from START-UP NY.

In just the past 15 years, New York has transformed successfully into a hub for tech innovation, and the START-UP NY program has helped ensure that it has been an attractive place for these companies to plant their roots and grow. New York has created many programs to foster local talent in this sector, and START-UP NY is essential in ensuring New York retains this talent with opportunities to work in the most



cutting-edge environments, as well as serving as a potent recruitment tool to create tech jobs in New York. The partnership between higher education institutions and these companies is critical in connecting graduates with these opportunities.

Renewing the START-UP NY program would be an investment in the future of New York’s economy, its workforce, and its competitiveness on a global scale.

As passionate advocates for the growth and long-term success of our state’s entrepreneurs and technology businesses, we urge you to consider renewing this program beyond the end of its term in December of this year. Now, more than ever, we need to invest in the success of New York’s small businesses and startups. New York prides itself as a leader in innovation, and a place where entrepreneurs can turn their dreams into reality.

Thank you for your time and consideration. Please contact us through **Marc Alessi** <marc.alessi@bianys.com>, Executive Director, Business Incubator Association of New York State.

Sincerely,

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## Impacts of the Startup-NY Tax Waiver Program on New York Startups and Innovation:

*Why the State should renew & strengthen START-UP NY in the next budget cycle*



### Economic Impact & ROI

- ❖ **2,800 jobs created and retained** across New York State
- ❖ **Strong ROI: \$1.58 for every \$1** in tax incentives (PMF Group, 2023)
- ❖ **\$1.3 billion in wages and capital** improvements from participants



### Workforce Development & Higher Education Partnerships

Over 400 startups are currently in the program, partnered with more than 25 universities and colleges across New York. This partnership between startups and higher education connects students and graduates with cutting-edge job opportunities, keeping top talent in-state.

**Companies gain: access to advanced research, labs, and faculty expertise**, strengthening the state's innovation ecosystem.

### Supporting New York's Tech & Innovation Economy

Over the past 15 years, New York has become a national hub for technology and innovation. **START-UP NY has helped grow critical industries—AI, biotech, cleantech**—ensuring companies stay and expand in the state.

Machine learning and AI companies like Camera (acquired by Toyota) and Geometric Intelligence (acquired by Uber) got their start thanks to this program, demonstrating its effectiveness in nurturing high-growth startups. In biotech, New York's biotech ecosystem is still in its early stages; Boston, San Francisco, San Diego, and recently Philadelphia are all more well established. START-UP has helped biotech founders choose to stay and grow in NYS by making it more affordable to locate and attract talent.

### A Cost-Effective, Targeted Incentive

- ❖ Unlike broad corporate tax breaks, **START-UP NY directly benefits early-stage businesses** that might not survive without it.
- ❖ PFM report confirmed **START-UP NY is one of the few effective tax incentive programs** in the state.

### Urgency: The Need for Renewal

- ❖ Program **expires December 2025**.
- ❖ Ending it now would risk **reversing gains in tech and startup job creation**.
- ❖ **Startups may choose other states** with better incentives, resulting in loss of economic activity, jobs, and strategic sectors like AI and cleantech.
- ❖ **Keeping New York competitive** requires **renewing and strengthening** START-UP NY in the next budget cycle.

We urge you to **support the renewal of START-UP NY in this year's budget** to sustain job growth, innovation, and investment in New York. We welcome any discussions to explore **enhancements or improvements** to maximize the program's impact.