MEMORANDUM
March 31, 2016

TO: NYSEDC members

FROM: Brian T. McMahon

RE: 2016 State Budget summary

The legislature worked all night to approve a FY 2016-17 State Budget. NYSEDC is going through budget bills, and will provide a more comprehensive analysis next week. However, an initial summary of many of the key economic development provisions follows.

**Spending:** The budget will spend about $147.2 Billion, or $1.4 Billion more than Governor Cuomo proposed.

**Key economic development provisions**

**Minimum wage:** There will be statewide increases in the minimum wage for all occupations. There are geographic differences, as per the following:

- **NYC:** $15 by the end of 2018; 2019 for businesses with less than 10 employees
- **Westchester & Long Island:** $15 by the end of 2021
- **Upstate:** $12.50 by 2021; future increases determined by a state formula based on economic conditions, with wage increases eventually reaching $15.

Here is [NYSEDC’s statement](#) on the minimum wage increase.

**Paid family leave:** A new 12 week employee funded paid family leave mandate will be adopted. To be eligible, employee must have worked at business for six months. The benefit will be paid through a weekly tax of $0.70 taken from an employees pay check, rising to $1.47 when fully implemented in 2021.
This is much more burdensome than federal requirements, which provide 12 weeks of unpaid leave, and exempts employers with less than 50 workers.

**State approval of Private Activity Bond projects**, as proposed by the governor and opposed by NYSEDC, is not included in the budget.

**Infrastructure**: According to AGC/NY, the final budget provides an historic level of investment in statewide transportation infrastructure and represents a major step forward toward meeting New York’s long-term infrastructure needs. Funding for NYSDOT infrastructure projects (Upstate) will be about $25B over the 6 year period and the MTA at about $27B

**Buy America** requirements for certain infrastructure projects, as proposed by the Assembly and opposed by NYSEDC, is not included in the budget.

Expansion of “public works projects” to include economic development projects funded by certain economic development, transportation, and infrastructure programs as proposed by the Assembly and opposed by NYSEDC, is not included in the budget.

**The NYS Design and Construction Corporation** is created as a subsidiary of DASNY to review, monitor, or oversee state capital projects in excess of $50 MM.

**The Canal Corporation** will be transferred from the Thruway Authority to NYPA.

**Program appropriations**

- Steward and Republic Airport project funding: $12.5 MM
- Non-NYC public-use airport funding (Subject to competition) $200 MM
- Nassau Hub $85 MM
- Ronkonkoma Hub $50 MM
- Stony Brook/ Brookhaven Labs $15 MM
- High tech projects in Erie and Chautauqua Counties $685 MM
- Utica nano projects $638 MM
- SUNY POLY project in Clinton County $125 MM
- SUNY 2020 Challenge grant $55 MM
- CUNY 2020 Challenge Grant $55 MM
- NY power manufacturing electronics consortium $33.5 MM
- Market NY program $8 MM
- Regional Economic Development Councils $150 MM
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- NY Works Economic development Fund $199 MM
- Upstate Revitalization Fund Initiative $200 MM
- Jacob Javits Convention Center expansion $1 Billion
- Environmental Protection Fund $300 MM
- Freight rail projects $27.5 MM
- Centers of Excellence $10 MM
- Centers for Advanced Technology $13.8 MM
- ITES $921,000
- High tech matching grants $6 MM
- Innovation hotspots and incubators $5 MM
- Tourism matching grants $3.8 MM
- Market NY grants $5 MM
- CDFIs $1.5 MM
- Empire State Economic Development Fund $31.2 MM
- Business marketing, advertising & promotion $66.5 MM
- Military base retention $3 MM
- Workforce Development Institute $6.6 MM

Taxation issues

- Anerobic digestion facilities, bulk milk tanks and coolers, forage containers will be exempt from taxation
- Farms shall be eligible for a tax credit equal to $250 per fulltime employee beginning in 2016, escalating to $600 per eligible employee in 2022.
- Personal Income Tax rates shall be reduced beginning in 2017. The maximum rate for incomes between $150,000 and $300,000 shall decline incrementally from 6.58% to 6% in 2024.
- $2,000 tax credit for purchase of zero-emission cars