



# Committee on Small Business

Summer/Fall 2014 Newsletter

Sheldon Silver, Speaker • William Scarborough, Chair

## Message from the Chair

*Dear Friend:*

*I would like to take this opportunity to update you on the work accomplished by the Assembly Standing Committee on Small Business during the 2013–2014 Legislative Session. Highlights from this session include passage of several significant pieces of legislation, an on-time budget, and oversight of agencies and their implementation of existing laws.*

*The Committee also recognizes that small businesses, especially those owned by minorities and women, are a fast growing segment of entrepreneurs in the State. The Committee continues to work hard to ensure the State is responding to their needs and continues to monitor State programs aimed at assisting these businesses through financial, technical and other support.*

*These and other accomplishments led to a productive session where the Committee made progress on improvements to the small business community. As always, I welcome your ideas and concerns. Please do not hesitate to contact me.*

*Sincerely,*

WILLIAM SCARBOROUGH  
Chair, Assembly Standing Committee  
On Small Business

## Legislative Initiatives

During the 2013-2014 Legislative Sessions, the Committee on Small Business took action on a number of bills important to New York's small businesses. The following provides a brief summary of those measures.

### Small Business and Minority and Women Business Enterprise Database

It is critical that all businesses, but especially small businesses and Minority- and Women-Owned Business Enterprises (MWBES) which historically have access to fewer resources, have reliable and up-to-date information readily available to them. Therefore, legislation that would require the Department of Economic Development to create and maintain an online registry of State, federal, private and non-profit technical and financial programs available to MWBEs and small businesses was advanced in the Assembly. Currently, a small business directory, created by Executive action, does exist. However, the directory in its current form has not maintained its content and there is no binding legal requirement to enforce compliance on the Department. This initiative was a recommendation of the Small Business Task Force and a local directory has been successfully implemented and updated by New York City. (A.4169-A, Scarborough, Passed Assembly)

### Up-State, Down-State – United In Small Business Development

Legislation, which has passed both houses, would authorize the Division for Small Business, under the Department of Economic Development, to develop a Cross Regional Small Business Partnership Program. The program would be required to initiate and encourage small business ventures that foster joint development in one or more regions of the State. Further, this bill would cultivate the use of products that are grown, made, processed or manufactured in New York as well as encourage the use of shared facilities, when feasible, for the processing, production or manufacturing of products. This bill was designed to enhance the natural relationship that exists between urban and upstate businesses and to support job development within the State as a whole. (A.8308-B, Lentol, Passed Both Houses)

### Assisting a Growing Sector in Micro-Businesses

This legislation would create the Microenterprise Business Outreach Center Assistance Program. The Program would be purposed with ensuring that business outreach centers serving micro-businesses are able to provide the opportunities and benefits of their services to a wider business population throughout New York State. (A.4358, Scarborough, Assembly Ways and Means Committee)

## Creating Minority- and Women-Owned Business Regional Advocates

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The State promotes Minority- and Women-Owned Business Enterprises (MWBEs) within New York by providing technical, managerial, financial, and educational support. This bill would provide broader support by appointing regional advocates for such businesses. Advocates would act as liaisons for MWBEs and aid in resolving concerns regarding certification delays, investigating complaints, and assisting in the certification process. Advocates would also play an important role in developing educational outreach programs and creating awareness of competitive grant programs. (A.1986, Titus, Passed Assembly)

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## Entrepreneurship Assistance Centers

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This legislation 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. (A.2585-B, Scarborough, Passed Assembly)

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## Creating the Small Business Crime Prevention Services Program

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This legislation would establish the Small Business Crime Prevention Services Program within the Empire State Development's Division of Small Business. The program would provide small businesses with information on strategies, best practices, and programs offering training and assistance in the prevention of crimes in and around the premises of small businesses or otherwise affecting small businesses. These crimes include assault, arson, other violent felony offenses, robbery, burglary, theft, identity theft and fraud, vandalism, graffiti, and other property damage. (A.6931, Solages, Passed Assembly)

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## Bridging the Gap

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The federal government sets aside a share of its research and development dollars for small businesses through the federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. Currently, over \$2 billion for competitive grants and contracts is made available annually to small businesses to develop promising new technologies. Two legislative initiatives were considered by the Committee to make New York State businesses more competitive in securing these federal grants.

The first bill would help bridge the gap between phase I and phase II of the SBIR, which is often challenging for many companies because of financial stress and/or development roadblocks. In order to promote research and development within the State, this bill would provide State funding to small businesses in the SBIR

Program. Small businesses who have already received a phase I SBIR grant could use the additional time to continue research and development efforts before applying for SBIR phase II grant funds, a period of time during which federal funds are not available. (A.2032-A, Schimminger, Assembly Ways and Means Committee)

The second bill would aid small businesses in applying for grants from federal SBIR/STTR assistance programs by providing outreach to small businesses in order to promote awareness of SBIR/STTR grants as well as counseling and technical assistance to apply for those federal grants. (A.3057-B, Schimminger, Assembly Ways and Means Committee)

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## Ensuring Energy Assistance to Small Businesses

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According to the U.S. Energy Information Administration, New York has the second highest electricity costs in the United States. This is often cited by small businesses as a key factor for why New York-based businesses and New York-made products are not as competitive in national and global markets. The State's economic expansion is tied to the growth and development of small businesses and reducing a primary cost component, like energy, can help New York State retain and attract more businesses and allow existing businesses to become more competitive. Therefore, several legislative measures were considered by the Committee to assist small businesses in reducing their energy costs.

The first bill would create the Small Business Energy Assistance and Advocacy Services Program within the Department of Economic Development to ensure assistance to small businesses with energy conservation, streamlining, and planning their energy use. The Program would solicit input from organizations representing small businesses regarding their energy assistance needs and identify issues relating to energy availability, affordability, and sustainability. Further, the Program would also be required to facilitate coordination between small businesses and entities such as the New York State Energy Research and Development Authority, the New York Power Authority, and others in the development of energy assistance programs. (A.6640-B, Santabarbara, Passed Assembly)

The second bill would encourage the adoption and installation of more efficient alternative energy technologies by small businesses. This bill would provide zero- and low-interest loans or loan interest rate reductions for energy improvement projects in economically distressed areas to stimulate the growth and development of small businesses and jobs. (A.2587-B, Scarborough, Assembly Ways and Means Committee)

The third bill would create the New York State Innovative Energy and Environmental Technology Program to spur innovative energy and environmental technology development and commercialization by providing early stage financing to small businesses. (A.8900-A, Pichardo, Passed Assembly)

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## Promoting Sound Environmental Business Practices

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This legislation would create, within the Urban Development Corporation (UDC), a Small Business Environmental Fund for the purpose of pollution prevention compliance by small businesses. The fund would consist of the following: money appropriated by the Legislature; loan origination fees; proceeds of bonds or notes issued by the UDC; and any other payment received from the federal government or other sources. This bill would also establish the criteria for both financial institutions and small businesses to use this fund. (A.5578, Scarborough, Assembly Ways and Means Committee)

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## Small Business Tax-Deferred Savings Account

This legislation would allow small businesses to deposit profits into a small business tax-deferred savings account. Any funds in a small business tax-deferred savings account could only be withdrawn tax free if it would be used to create or preserve full time jobs. (A.8653-B, Lavine, Assembly Ways and Means Committee)

## Small Business Week in the State of New York Resolution

This resolution requested that the Governor declare May 12-16, 2014 as *Small Business Week in the State of New York* in recognition of the dedication and entrepreneurial spirit of small businesses, minority- and women-owned businesses, and entrepreneurs who are vital to the prosperity and vibrancy of every community across the State. (K1156, Scarborough, Passed Assembly)

## HIRE-NY

This legislation would create the “Hire Individuals in the Real Economy New York” program (HIRE-NY) within the Urban Development Corporation. If qualified, then a small business could be eligible for zero interest loans to hire New York residents. A small business, for the purposes of this act, is a business that has five or fewer employees. This program would assist both New York State residents looking for employment as well as small businesses seeking to expand. (A.8513-A, Scarborough, Assembly Ways and Means Committee)

## State of Small Business Reporting

Legislation was enacted that requires the Division for Small Business, under the Department of Economic Development, to prepare an annual State of Small Businesses report. The report is required to include relevant and available employment, statistical and economic data on the various small business sectors as well as identification and review of State and local regulations particular to these businesses. The Division, on or before June 1st, would be required to annually submit this report to the Governor and the Legislature. (A.7483, Gjonaj, Chapter 451 of the Laws of 2013; chapter amendment - A.8620, Gjonaj, Chapter 16 of the Laws of 2014)

## Budget Highlights

The Legislature adopted an on-time budget for fiscal year (FY) 2014-2015 that provides funding for several significant economic development programs to assist businesses in the State. The following is a brief accounting of funds approved for FY 2014-2015:

- The budget creates a new Minority- and-Women-Owned Business Investment Fund within the Minority- and Women-Owned Business Development Lending Program to provide critical financial support to foster the development of new and emerging ideas and promote long-term financial performance and success of early stage Minority- and-Women-Owned Business Enterprise start-ups.
- The Assembly added an additional \$365,000 to the Minority- and Women-Owned Business Development Lending Program for a total appropriation of \$1 million.
- The Legislature provided \$3.5 million of additional funding to the Centers of Excellence, which are collaborative public-private partnerships that commercialize scientific discoveries in such fields as nanoelectronics, bio-informatics, photonics, environmental systems, wireless applications and information technology. Of note, this budget funds all the Centers of Excellence, including the four newest centers, at the same amount of \$872,333.
- \$50 million in capital funding and a \$2.5 million funding restoration is provided for the College of Nanoscale Science and Engineering (CNSE). CNSE’s state-of-the-art facilities and public-private sector partnerships have received world-wide recognition from the computer chip manufacturing industry and its economic foot print has benefitted businesses throughout the State.
- The Entrepreneurial Assistance Program was funded at **\$1.8 million** and it provides comprehensive assistance in starting a new business and helping existing businesses succeed.
- Community Development Financial Institutions that promote community development in economically distressed areas by providing loans, investments and/or banking services to individuals and small businesses that reside in such areas, were funded at a total of **\$1.8 million**.
- Other economic development programs approved in the budget include \$600,000 for the Rensselaer Polytechnic Institute Smart Lighting project, \$600,000 for Advanced Manufacturing in Central New York, and \$300,000 of additional funding for Community Development Financial Institutions.

In addition to funding numerous economic development programs, the enacted FY 2014-2015 budget also provided for several tax benefits from various new or extended tax provisions for which small businesses may be qualified, such as:

- Small businesses that qualify as manufacturers will face a zero percent income tax rate as well as 20 percent off their real property taxes; and
- Depending on the individual circumstances and use of various credits, they may be able to benefit from:
  - Extension of the commercial production credit;
  - Benefit from the Youth Credit, if they employ certain youth;
  - Credit if they hire developmentally disabled individuals; or
  - Benefit from the extension of certain New York City and Lower Manhattan tax abatements.

The following link describes, in more detail, the tax provisions passed in this year’s budget: [http://www.tax.ny.gov/pdf/stats/sumprovisions/summary\\_of\\_2014\\_15\\_tax\\_provisions.pdf](http://www.tax.ny.gov/pdf/stats/sumprovisions/summary_of_2014_15_tax_provisions.pdf)

## Public Outreach and Participation: Micro-Business Roundtable

The Small Business Committee members recognize that in New York State, micro-businesses provide a significant contribution to the State's overall economy. Promoting micro-business development is an economic strategy that gives the average citizen the opportunity to be an entrepreneur and become an integral part of their communities as well as the State's long-term economic well-being. Micro-businesses generate jobs, often in communities with high unemployment, and provide a route to economic self-sufficiency, especially for minorities and women.

Small- and micro-business owners need more than hard work and dedication to succeed; they also need a source of viable financing to grow and expand their businesses. This is especially true for minority- and women-owned businesses as they often struggle to secure financing. Micro-businesses regularly rely on personal funds, loans from family and credit cards as sources of investment funds.

Although the State has a number of programs in statute to encourage micro-enterprise development, including the Minority- and Women-Owned Business Development and Lending Program, various Revolving Loan Funds, the Entrepreneurial Assistance Program, Small Business Development Centers, the Self-Employment Assistance Program, Innovate NY, State Procurement Assistance and the Rural Revitalization Program, many of these programs remain underutilized by the target businesses.

The Committee held a roundtable discussion on June 4, 2014 to examine the State's current role in providing assistance and outreach to micro-businesses and to seek guidance on how these efforts can be adjusted to meet the future needs of these businesses. The Roundtable discussed the suite of assistance programs available to micro-businesses in order to understand how they work in day-to-day applications, which programs are working well, which programs need to be improved and how to best assist micro-businesses going forward.

## Contact Assemblyman William Scarborough

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### Highlighting Programs within State Agencies

The Committee also works closely with a number of State agencies and public authorities to ensure that they are serving the needs of the small business community, including the State's chief economic development entity, the Empire State Development Corporation (ESDC), under which the Division for Small Business operates. The mission of ESDC is to promote economic development by providing financial assistance to local governments, businesses, and not-for-profit corporations engaged in economic development activities. The following is the web address to the Division of Small Business: <http://www.empire.state.ny.us/SmallBusiness.html>. The site provides links to key programs available to small businesses and minority- and women-owned businesses.

The New York State Department of Labor (DOL) also provides significant information useful to small businesses. Programs and services such as: Job fairs and customized recruitment services; Job vacancies posted on the online jobs database - Jobs Express ([www.jobs.ny.gov](http://www.jobs.ny.gov)); Tax credits for hiring youth through the New York Youth Works Program; Human Resource consultation; Shared Work - the layoff alternative; Health and Safety consultations; and frequent Labor Law seminars. Detailed information on all of these programs can be found on the DOL website: <http://www.labor.ny.gov/home/businesses.php>.