

Legislative Update

SHELDON SILVER, SPEAKER • WILLIAM SCARBOROUGH, CHAIR • AUGUST 2012



MESSAGE FROM THE CHAIR

Dear Friend:

Enclosed is an update on the activities of the Assembly Small Business Committee, including highlights from the 2011–2012 Legislative Session. It is my pleasure to report that for a second consecutive year, the Governor and the Legislature adopted an on-time budget. Among the highlights of the budget, a second round of funding for the regional economic development councils was approved to ensure the continued economic recovery throughout New York. The State's small business community has provided a great deal of input to the various regional economic development councils, and I am confident that with their continued participation and feedback, the councils will enjoy a successful second phase. The Committee also recognizes that minority- and women-owned businesses are a fast growing segment of entrepreneurs and the Committee has worked hard to ensure the State and its agency are responding to their needs. Efforts have been made to improve the procurement process and implementation of new programs that provide financial and credit assistance, as well as training and technical support to help small businesses and minority- and women-owned business enterprises. These and other accomplishments led to a productive session where the Committee made progress to bring improvements to the small business community.

Sincerely,

WILLIAM SCARBOROUGH
Member of Assembly

LEGISLATIVE INITIATIVES

The Standing Committee on Small Business dealt with many bills that were important to small businesses throughout New York State. Below are some of the small business measures that were considered by the Committee to bring improvements to the small business community during the 2011-2012 Legislative Sessions.

CREATING MINORITY AND WOMEN-OWNED BUSINESS REGIONAL ADVOCATES

■ **A.5054 (Titus)** 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 further 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. This legislation passed the Assembly.

SMALL BUSINESS AND MINORITY AND WOMEN BUSINESS ENTERPRISE DATABASE

■ **A.8036 (Scarborough)** would create a directory for small businesses and Minority- and Women-Owned Business Enterprises that provide businesses with information for technical and financial programs at the state, federal, private, and non-profit levels. This is a recommendation of

the Small Business Task Force and has been successfully implemented in New York City. This legislation passed the Assembly. This exists by Executive action but is not law.

ASSISTING A GROWING SECTOR IN MICRO-BUSINESSES

■ **A.6669 (Scarborough)** The Micro-enterprise Business Outreach Center Assistance Program would be created to ensure that business outreach centers serving micro-enterprises provide the opportunity and benefits of these services to a greater population throughout New York State, as well as receive federal funding to assist in the operation of the program. This bill was referred to Ways and Means.

CREATING THE SMALL BUSINESS CRIME PREVENTION SERVICES PROGRAM

■ **A.232-A (Latimer)** would establish the Small Business Crime Prevention Services Program within the Empire State Development's Division of Small Business to 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. This legislation passed the Assembly.

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INNOVATIVE ENERGY AND ENVIRONMENTAL TECHNOLOGY

■ **A.5149-B (Gabryszak)** provides capital grants to encourage and support innovative energy and environmental technology development for early stage financing of small environmental technology businesses in New York State. This legislation passed the Assembly.

ENTREPRENEURSHIP ASSISTANCE CENTERS

■ **A.6670-A (Scarborough)** The Entrepreneurial Assistance Program (EAP) establishes centers 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 assists new and aspiring entrepreneurs in developing basic business management skills, refining business concepts, devising early-stage marketing plans, and preparing action plans. In addition, EAP actively assists client efforts to obtain business financing. Two-thirds of the centers operate or are formally affiliated with a micro loan fund. This bill would merge the separate sections of law that govern how an EAP center functions and allows the EAPs to help a broader cross-section of small businesses. This legislation would streamline the Program and more accurately reflect how it has evolved. This bill passed the Assembly.

CREATING A ONE-STOP SMALL BUSINESS WEBSITE

■ **A.2158 (Hevesi)** In order to ensure that small businesses across the State can easily and readily access information regarding services provided by local, state, and federal agencies, this bill would require the Division for Small Business at the Department of Economic Development to create a small business specific portal on its website. This currently exists by Executive action but is not law. Making it

law assures that a future administration cannot undo these efforts.

The information maintained on the website would include assistance with and provision of online applications for permits and permit renewals, financing, tax exemptions, relocation and property acquisition, locating and training employees, health and business insurance, environmental compliance, other technical assistance, Minority- and Women-Owned Business Enterprises, and issues facing veteran-owned small businesses. This bill passed the Assembly.

RECODIFIES THE SMALL BUSINESS INNOVATION RESEARCH PROGRAM TO UDC

■ **A.3410-B (Schimminger)** Bridging the gap between phase I and phase II of the federal Small Business Innovation Research Program (SBIR) can be 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 no federal funds are available) and ensures that the research will be conducted solely within New York State. This bill was referred to Ways and Means.

ENSURING ENERGY ASSISTANCE TO SMALL BUSINESSES

■ **A.235 (Latimer)** According to the U.S. Energy Information Administration, New York has the second highest electricity costs in the United States. Costly energy is a crucial part of any small business expenses. This legislation would create the Small Business Energy Assistance and Advocacy Services Program within the Department of Economic Develop-

ment 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.

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 and to provide small businesses with information and materials regarding energy assistance programs, including access from the Empire State Development's website. This bill passed the Assembly.

SMALL BUSINESS ENERGY LOAN PROGRAM

■ **A.6712-A (Scarborough)** New York has the second highest electricity costs in the United States and this is often cited by small businesses as a key factor for why New York-based businesses and New York-made products are not competitive in national and global markets. The State's economic expansion is tied to the growth and development of small businesses. By reducing a primary cost component in a rapidly growing sector of the State's economy, those businesses are rendered more competitive and help New York retain and attract businesses.

This legislation seeks to encourage the adoption and installation of more efficient alternative energy technologies by small businesses. This measure 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. This bill was referred to Ways and Means.



Assemblyman William Scarborough, Chair of the Committee on Small Business and sponsor of the Small Business Information Forum at York College, greets the audience at the Access to Capital Workshop led by Melva Miller, Director of Economic Development for Queens Borough President Helen Marshall, who co-sponsored the forum with Congressman Gregory Meeks. *Photo Credit: Juliet Kaye*

BUDGET SUMMARY

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 Department of Economic Development (DED) and the Empire State Development Corporation (ESDC) which are the State's chief economic development entities. The mission of the ESDC is to promote economic development and real estate development by providing financial assistance to local governments, businesses, and not-for-profit corporations engaged in economic development activities.

■ **Regional Economic Development Councils.** Capital-based economic development initiatives intended to develop long-term strategic plans for economic growth for each of the 10 regions. Additionally, this will help create or retain jobs, prevent, reduce or eliminate unemployment and underemployment, and increase business activity in a community or region. (\$150 million)

■ **Minority- and Women-Owned Business Enterprise Participation.** Through Budget agreement between the legislature and the governor, the Department of Economic Development was able to increase staffing levels by 15 full-time equivalent positions in order to assist with minority- and women-owned business compliance. Additionally, a computerized monitoring and compliance system will also be developed. (\$1.6 million)

■ **Economic Development Fund (EDF).** Invests in projects that create or retain jobs. (\$50 million)

■ **Urban and Community Development Program.** Provides state technical assistance and capital for the startup of "micro-enterprise" businesses and provides funds for development in economically distressed communities. (\$7.4 million)

■ **Minority- and Women-Owned Businesses Development and Lending Program.** The Committee on Small Business was pleased to successfully advocate for an increase in MWBE funding from \$635,000 to \$1 million. This program makes capital available for local loan funds to startup minor-

ity- and women-owned businesses and provides funds for business development in economically distressed areas. (\$1 million, an increase of \$365,000 over SFY 2011-12)

■ **Entrepreneurial Assistance Program.** Provides comprehensive assistance in starting a business and helping new businesses succeed. (\$1.764 million)

■ **Community Development Financial Institutions.** Promotes community development in economically distressed areas by providing loans, investments and/or banking services to individuals and small businesses that reside in such areas. (\$1.5 million)

SMALL BUSINESS CREDIT INITIATIVE (ENACTED 2011)

The State Small Business Credit Initiative provides \$55.4 million in federal funds through the Innovate NY Fund (\$25.9 million), the New York State Capital Access Program (CAP) (\$18.9 million), and the Bonding Guarantee Assistance Program (\$10.4 million). The goal of this program is to spur development of small businesses and Minority- and Women-Owned Enterprises, helping them to create jobs and expand.

PUBLIC HEARINGS/ROUNDTABLES

Small business owners can provide valuable information for the formulation of public policy through discussions, hearings or roundtables.

STATE CONTRACTING WITH MWBEs

On March 9, 2011, the Committee in conjunction with the Assembly Standing Committee on Governmental Operations, the Governmental Operations Subcommittee on Oversight of Minority- and Women-Owned Business Enterprises (MWBEs), and the Assembly Standing Committee on Banks held a roundtable to discuss and examine issues concerning the state-wide implementation of the 2010 Business Diversification Act that requires targeted MWBE goals for sourcing State procurement needs to certified MWBE businesses and to examine diversity programs operated by those contracting with the State.

SMALL BUSINESS CREDIT INITIATIVE

On April 13, 2011, in conjunction with the Legislative Commission on

Science and Technology, the Committee held a roundtable to solicit recommendations from the banking, economic development, and venture capital communities as to the most effective use of New York's allocation under the federal State Small Business Credit Initiative that President Obama signed into law during the fall of 2010. The Committee and the Commission gathered the informed opinion of the attendees, which included representatives from the Small Business Development Center, private sector banking institutions and angel investors, and regional economic development officials that coordinate assistance to small businesses.

UTILIZATION OF THE STATE'S ASSISTANCE PROGRAMS FOR SMALL BUSINESSES

On November 30, 2011, the Small Business Committee and the Assembly Standing Committee on Economic Development, Job Creation, Commerce and Industry held a public hearing to review utilization of New

York's small business assistance programs and their effectiveness. The Committee has a long history of supporting initiatives that support the formation and growth of small businesses. As small businesses are generally the major job creators that lead the economy out of recession, the Committee invited agency officials and the public to testify to the effectiveness of New York's technical assistance and access to capital programs for small businesses. At the hearing, Kenneth Adams, President and CEO of Empire State Development, experts on small business assistance, and small businesses who have received assistance testified to the importance of the State's programs in the past and how they can improve assistance in the future.

INFORMATION FOR SMALL BUSINESSES

NYS DIVISION OF SMALL BUSINESS

Empire State Development's Division for Small Business is established in New York State Economic Development Law to represent the interests of small businesses and to support the development and expansion of small businesses with under 100 employees.

SMALL BUSINESS DIVISION:

633 Third Avenue, 33rd Floor
New York, NY 10017
(800) 782-8369

30 South Pearl Street, 7th Floor
Albany, NY 12245
(800) 782-8369

FOR MORE INFORMATION, VISIT THESE ESD SMALL BUSINESS WEBSITES:

Empire State Development Division for Small Business

<http://www.esd.ny.gov/SmallBusiness.html>

Business First – Small Business Resource Center

<http://www.nyfirst.ny.gov/ResourceCenter/SmallBizMenu.html>

Directory of Alternative Lending Programs

<http://www.esd.ny.gov/SmallBusiness/AlternativeFunding.html>

Directory of New York State Small Business Programs

<http://www.esd.ny.gov/SmallBusiness/Data/NYSDirectorySmallBusinessProgram.pdf>

Directory of New York State Small Business Programs in Spanish

http://www.esd.ny.gov/SmallBusiness/Data/NYSDirectorySmlBiz_Espanol.pdf

NY State Bonding Program

<http://esd.ny.gov/BusinessPrograms/BondingAssistance.html>

ENTREPRENEURIAL ASSISTANCE PROGRAM (EAP)

Entrepreneurial Assistance Centers are located 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. The program's 24 EAP centers are strategically located throughout New York State.

FOR MORE INFORMATION, VISIT:

<http://esd.ny.gov/businessprograms/eap.html>

SMALL BUSINESS ADMINISTRATION

The U.S. Small Business Administration has delivered millions of loans, loan guarantees, contracts, counseling sessions, and other forms of assistance to small businesses.

FOR MORE INFORMATION, VISIT:

www.sba.gov

DIVISION OF MINORITY- AND WOMEN-OWNED BUSINESS DEVELOPMENT (DMWBD)

The Division's Three Key Objectives:

Certification

- Review applications by businesses seeking MWBE certification or re-certification with New York State, and maintain a directory of certified MWBEs.

Utilization/Agency Services

- Encourage and assist state agencies that are engaged in contracting activities to award a fair share of state contracts to MWBEs. Monitor and track agency compliance and utilization of MWBE firms.

Business Development

- Promote the business development of MWBEs through education and outreach to agencies and MWBEs.
- Work with community-based organizations and MWBE business advocacy groups.
- Develop programs designed to assist the growth and development of businesses owned, operated, and controlled by MWBEs.

EMPIRE STATE DEVELOPMENT:

95 Perry St.
Buffalo, NY
14203

30 S. Pearl St.
Albany, NY
12245

633 Third Ave.
New York, NY
10017

1 800 STATE-NY

www.esd.ny.gov

www.nyfirst.ny.gov

SMALL BUSINESS DEVELOPMENT CENTERS

A network of 24 regional centers, the New York State Small Business Development Center delivers high quality business counseling and training to New Yorkers who want to start a business or improve the performance of an existing business. Thanks to partners in the public and private sectors, the services are free of charge.

CENTRAL ADMINISTRATIVE OFFICE:

NYS Small Business Development Center
22 Corporate Woods Building, 3rd Floor
Albany, NY 12246

In NY State (800) 732-SBDC

Outside NY State (518) 443-5398

www.nyssbdc.org

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