



Testimony to

**Senate Finance Committee and Assembly Ways and Means
Committee**

FY 2026 Executive Budget: Economic Development Issues

Submitted by

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My name is Ken Pokalsky and I am Vice President of The Business Council of New York State, Inc. We are New York's largest statewide employer association, representing 3,200 private sector employers from all across New York, in all major business sectors.

We appreciate this opportunity to submit comments for inclusion in the record for today's joint hearing on economic development and related issues included in, and related to, the state's FY 2026 budget, including proposals in the Executive Budget and related issues that may be considered by the Senate and Assembly for inclusion in their respective budget resolutions, and that may be negotiated into the final budget agreement.

These comments, and our ongoing engagement with the Administration and Legislature, are focused on assuring an effective, efficient, affordable economic development and related programs.

Importantly, we strongly urge the Legislature to not think of economic development solely as a series of targeted programs and incentives, but also from the perspective of the state's overall cost of doing business and overall regulatory structure. A wide range of policy issues, such as labor mandates, significant new liability and litigation measures, new and increased business taxes or taxes on business inputs, actions that impact the reliability and cost of power and natural gas are among the numerous issues of critical concern to the state's business community.

In addition to your ongoing consideration of economic development programs, we strongly believe that the state needs to do a better job of assessing the impact of major policy initiatives on the state's overall economic climate, on private sector investments and the creation and retention of jobs.

As always, we welcome the opportunity to discuss our concerns and recommendations with members of the Senate Finance and Assembly Ways and Means committee, and with other members of the State Legislature.

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Executive Budget Tax Credit Provisions

Semiconductor Industry – The investments in semiconductor facilities in Saratoga County have been transformative, bringing significant direct and indirect jobs and investment to the Capital Region, and we believe the pending fab investment in Central New York will have similar long-lasting effects. For these reasons, we support the Executive Budget’s proposals to support the semiconductor industry. These include:

- * a new Semiconductor Supply Chain credit under the existing Excelsior Jobs program, including a 7% wage credit for new hires, a 3 percent investment tax credit (ITC), and a 7 percent credit for research and development investments. (S.3009/A.3009, Part H).
- * a new Semiconductor Research and Development credit providing a 15 percent ITC for investments greater than \$100 million. (S.3009/A.3009, Part B).

Five Borough Jobs Campaign - The Business Council is supporting the “The Five Borough Jobs Campaign,” a New York City-wide coalition of local economic development corporations, business improvement districts, and businesses, in their support for two Executive Budget proposals:

- * a five-year renewal of the Relocation and Employment Assistance Program (REAP), which has played a crucial role in fostering business growth and job creation across throughout the city, and which program supports a wide range of jobs in key sectors.
- * a new Relocation Assistance Credit for Employees (RACE) program. This relocation assistance credit targets New York City and would provide a Corporation and Unincorporated Business Tax credit for out-of-state businesses (except retail and hotels) that relocate to a location in New York City of at least 20,000 square feet, with the credit up to \$5,000 per relocated employee available for up to eleven tax years after the relocation, with the credit to be refundable for the first five years. (both REAP and RACE are in S.3009/A.3009, Part X).

Other Tax Credit Issues

Work Opportunity Tax Credit – We strongly encourage negotiation of a state counterpart to the federal “work opportunity tax credit” as part of the SFY final budget. Both the Senate and Assembly included a “pilot project” version of the WOTC in their SFY 2025 budget resolutions. While we are comfortable with a temporary credit as a test, we urge adoption of a more robust program as proposed in S.2429 (Skoufis)/A.4012 (Bronson). This proposal would authorize tax credits of \$500 per eligible employee, with the credit available for the state’s 2025, 2026 and 2027 tax years, and set an aggregate cap on available credits at \$90 million, with no more than \$30 million in credits available for any one tax year. This credit will promote the state’s interest in bringing additional New Yorkers into the workforce, by providing an incentive for the hiring of workers from one of ten targeted groups that face barriers to employment. Importantly, for taxpayers, especially smaller and newer taxpayers with limited profits, the legislation would make the credit refundable, meaning that if the credit exceeds the taxpayer’s tax liability for a given tax year, the excess is treated as a refundable overpayment.

State implementation will be straightforward as the criteria and calculations for the state WOTC will be the same as under federal law, and the New York State Department of Labor is already responsible for certifying employee eligibility under the federal WOTC, under federal designation.

At a time when employers are looking to expand their search for employees, and the state is working to expand the workforce and support the re-entry of workers into the workforce, we believe this targeted hiring incentive would be a “win-win” for the state.

Workforce Development

Employers in all sectors and in all parts of the state are struggling to recruit additional qualified employees. We applaud and support the workforce programs supported by the Executive Budget, which include:

- * a new semiconductor manufacturing workforce training incentive program would provide a tax credit equal to 75% of eligible wages, training costs and wrap-around services up to \$25,000 per employee, up to \$1,000,000, per eligible non-semiconductor manufacturing business, and up to \$5,000,000 per eligible semiconductor manufacturing business.
- * \$10 million for providers of registered apprenticeships and pre-apprenticeships in high-demand occupations to cover partial apprentice wages, training costs, and for underrepresented groups, wraparound services.
- * \$8 million to launch a new initiative to support employer-led training, along with a Labor Department commitment to collaborate with school districts and businesses to recruit high school students for a summer work experience program in high-demand fields.
- * \$694 million for the implementation of workforce programs to support training and education for new workers as well as support career advancement for existing workers through tuition payments and student loan repayment.
- * support for healthcare training programs under the Increasing Training Capacity in Statewide Healthcare Facilities grant program, with a distinct focus on nursing training programs.

In addition, we urge the legislature to consider funding for several other, innovative approaches.

Ellis Island Initiative and \$100 million “Ready to Work Proposal” - The Ellis Island Initiative's \$100 million “Ready to Work” proposal represents a critical investment in workforce development that would strengthen New York’s labor market, bridge skill gaps, and prepare workers for high-demand industries. This initiative expands job training programs, upskills workers, and creates pathways to stable, well-paying careers. At a time when industries across New York are facing persistent labor shortages, these efforts will ensure that businesses have access to a highly skilled and adaptable workforce while providing economic mobility for thousands of workers. A key component of the Ready to Work Proposal is the use of \$50 million to supplement Workforce Innovation and Opportunity Act (WIOA) Adult, Dislocated Worker, and Youth funding. These additional funds would be distributed to local workforce areas in the same manner as current WIOA-supported programs, overseen by local workforce development boards. This funding would support increased grants for individuals participating in occupational skills training programs and on-the-job training opportunities for businesses, strengthening workforce pipelines in key industries.

The Ellis Island proposal also includes \$50 million in enhanced supportive services to address non-traditional barriers to employment that are not typically funded through WIOA. These funds would support childcare, transportation, housing relocation, stipends for training programs, and language assistance—essential services that enable individuals, particularly those from historically marginalized communities, to successfully enter and remain in the workforce.

By expanding access to workforce development funding, the initiative empowers businesses, community organizations, and training providers that are often locked out of traditional state funding sources.

“Real Life Rosies” – We support the Manufacturers Alliance proposal for \$1 million to support funding of the Women in Manufacturing program, which would be New York’s first direct-entry program for women in advanced manufacturing, to focus on training women on technical skills required to succeed in advanced manufacturing jobs.

Small Business Assistance

New York Small Business Development Centers - We strongly support restoring \$5 million in funding for SBDCs in the Economic Development Budget, which was previously eliminated. New York’s Small Business Development Centers (SBDCs) play a vital role in fostering entrepreneurship, job creation, and economic growth. These centers provide no-cost, high-quality consulting services and training programs that help small businesses navigate challenges, secure financing, and expand their operations. However, funding reductions threaten their ability to continue delivering these critical services. This investment is essential to ensuring that small businesses, especially minority- and women-owned enterprises, startups, and businesses in underserved areas, can access the resources and guidance they need to succeed.

Without additional funding for outreach, many entrepreneurs remain unaware of the free and valuable services available to them. Despite these challenges, SBDCs continue to be a critical resource, fostering small business success through dedicated advisors and strong community partnerships.

Studies have shown that businesses receiving SBDC assistance have significantly higher survival rates, stronger revenue growth, and create more jobs than those that do not. For every dollar invested in the SBDC program, there is an estimated \$3:1 return in state tax revenue and \$2:1 in federal revenue, making this a cost-effective and high-impact investment.

Additionally, without adequate state funding, New York risks losing out on federal matching dollars that could otherwise strengthen small business support programs. Many federal funding opportunities require state commitments, and failing to meet these matching requirements leaves millions of dollars untapped. Increased funding would not only sustain existing services but also allow for expanded outreach efforts, ensuring businesses in rural and historically under-resourced communities can take full advantage of SBDC services.

Ensuring that small businesses have access to technical assistance, financial guidance, and business development support will not only bolster individual businesses but also strengthen the broader workforce. Restoring the \$5 million in funding for SBDCs is a direct investment in economic resilience, business sustainability, and job creation across New York State.

Brownfield Cleanup Program

The brownfield program has been a significant economic development initiative for the state. According to numbers published by the DEC, since its inception, the brownfield program has resulted in \$3.325 billion in privately financed site cleanup and preparation costs, \$112 million in groundwater remediation expenditures, and \$24.041 billion in brownfield site redevelopment investments, for a total private sector investment of \$27.4 billion compared to total tax expenditures of \$4.274 billion (or 15.5% of total investment) and a direct return on investment of 6.5 to 1. The program has resulted in the cleanup and redevelopment of more than 1,000 sites, including his means the removal of physical hazards (like abandoned buildings), the removal of chemical hazards, the elimination of environmental and public health exposures, and the return of formerly developed properties to productive use.

With significant remedial program financial and policy issues before the legislature, including the request for an additional \$1.3 billion in funding for state “superfund,” the SF 2026 budget process would be an opportune time for the Senate and Assembly to consider addressing recent state regulatory actions that

will make the brownfield program more difficult and costly for volunteers to navigate, with a negative impact on the program's ability to bring previously developed contaminated sites back into safe and productive use. The legislature should consider reversing a number of pending regulatory changes (the DEC's Part 375 amendments are in the "revised rulemaking" process) including but are not limited to:

- * requiring BCP volunteers to address on-site "exposures" from off-site sources, and could impose excessive remedial obligations on a volunteer for assessing soil or groundwater contamination entering their site from an upgradient source that it cannot control (and that should be addressed by responsible parties or through state superfund expenditures)
- * requiring a BCP volunteer to conduct off-site field investigation to identify and sample potential areas of contamination may be required to support an exposure assessment, a proposal that could require a substantial off-site field investigation, shifting these costs from the state or a responsible party to the volunteer.
- * requiring a BCP applicant to prepare "a feasibility study," for any site determined to be a "significant threat," which would result in significantly increased compliance and cost burden on the volunteer for the sampling of off-site soil vapor, groundwater and soils.
- * allowing DEC to list sites on its inactive hazardous waste site registry even if it is subject to an ongoing BCP application effort, since its pending proposal would defer listing only if an application is "complete."
- * requiring a BCP applicant to conduct a responsible party search for a site on the DEC's registry, so it can be determined if there are any responsible parties with the ability to pay for the investigation and remediation of the site, a function now specifically required to be done by the Department. BCP applicants do not have sufficient access to information to do effective searches, nor can they conduct effective generator or transporter searches.

Other Issues

Preferred Source Program - The Executive Budget, in S.3007-A/A.3007-A, Part Z, proposes to make the "Preferred Source Program" permanent. We support this proposal. The PSP has been instrumental in increasing employment opportunities for individuals with disabilities by ensuring equitable access to state contracts, and the Executive Budget would make permanent the critical reforms enacted in 2022. These updates modernized outdated language and expanded employment opportunities for individuals with disabilities, but the provisions are set to expire in October 2025, putting the program's future at risk. Since its modernization, the Preferred Source Program has demonstrated measurable success. In 2022 alone, more than 6,800 individuals with disabilities in New York participated in the PSP, contributing over 2.1 million work hours across various industries. This is particularly important given that individuals with disabilities face a 67% unemployment rate, making employment access a major barrier to financial stability and community integration.

Beyond workforce inclusion, the Preferred Source Program generates substantial economic benefits. A 2021 report by the Rockefeller Institute of Government found that every hour worked under a preferred source contract generates a \$108 local economic impact, translating into over \$226 million in statewide economic activity annually. These contracts contribute millions in wages and benefits to workers with disabilities, reducing reliance on public assistance programs and promoting financial independence. Research shows that for every \$1 invested in disability employment initiatives, states receive a return of \$3.50 in economic benefits through increased worker productivity, tax revenues, and reduced social service costs. The Preferred Source Program is a proven success and must remain a permanent fixture in New York's workforce development strategy to protect job opportunities and sustain economic growth for individuals with disabilities across the state.

The NYS Empire Licensure Act – We urge the legislature to consider inclusion in their respective budget resolutions a version of the “Empire State Licensing Act” – S.3046 (Rivera)/A.1952 (Cruz). This legislation provides a critical step toward ensuring that all New Yorkers have access to professional, occupational, commercial, or business licenses, permits, certificates, or related registrations. By prohibiting state agencies from denying licenses based on immigration status, the act removes unnecessary barriers that prevent qualified individuals from fully participating in the workforce and contributing to New York’s economy. It allows applicants to use an Individual Taxpayer Identification Number (ITIN) in place of a Social Security Number, ensures licensing applications and exams are available in multiple languages when English proficiency is not essential, and includes confidentiality measures to protect applicants’ personal information.

New York is not alone in recognizing the importance of licensing reform. Other states, including Washington, Maryland, New Mexico, Nevada, Delaware, California, and Colorado, have already passed similar legislation, demonstrating that such reforms strengthen economies, reduce labor shortages, and create greater stability for working families. By adopting the Empire State Licensing Act, New York will align itself with these states, modernizing workforce policies and fostering a more prosperous economy.

These comments are intended to address several major, immediate issues for consideration by the Administration and State Legislature is developing a final FY 2024 budget, but it is hardly a comprehensive review of issues of interest or concern to Business Council members. We expect to be engaged with policy makers on numerous additional legislative and regulatory actions related to the state’s response to climate change, including proposals not included in the final scoping plan.

We look forward to working with members of the Senate Finance Committee, the Assembly Ways and Means Committee, both houses’ Environment Committees as well as other members of the state Legislature and Administration, on assuring an effective, workable, and affordable achievement of the state’s environmental conservation goals.