

New York State Assembly - Sheldon Silver, *Speaker*

2006

# ANNUAL REPORT

Committee On  
**Small Business**  
Mark S. Weprin, *Chairman*



November 10, 2006

Honorable Sheldon Silver, Speaker  
New York State Assembly  
Legislative Office Building, Room 932  
Albany, New York 12248

Dear Speaker Silver:

It is my pleasure to present to you the Annual Report for the Assembly Standing Committee on Small Business.

Throughout the 2006 legislative session, the Committee remained dedicated to the creation of small business enterprises. This dedication led to the passing of a small business package aimed to help small businesses thrive in today's challenging marketplace. One of the bills featured in this package was the micro business outreach center and program. This program will provide a vital resource to small businesses by reaching out to entrepreneurs, offering business training and technical assistance, as well as one-on-one counseling and financing resources to help them start and grow their business. The Committee is pleased to announce that the grand opening of this center was on May 5, 2006.

The Committee also introduced legislation designed at helping small businesses to comply with environmental laws and regulation. The Committee also introduced bills intended to create better access to capital through the expansion of the Excelsior Linked Deposit Program, and the Niche Market Assistance.

The committee also recognizes the Minority and women-owned businesses has become the fastest growing segment among entrepreneurs and those populations are well represented in New York. Last year the committee held hearings to determine the effectiveness of the program and to determine what updates were necessary to keep the program vital. In addition, the Committee will continue to examine the full range of issues affecting the small business workplace and its capitalization needs. We look forward to playing an active and productive role in these areas in 2007.

I join with my colleagues on the Small Business Committee in commending you for your commitment and support of small business development. The Committee eagerly anticipates another session under your leadership pursuing efforts to create a healthy environment for small businesses to prosper in New York State.

Sincerely,

Mark Weprin, Chairman  
Committee on Small Business

2006  
ANNUAL REPORT

NEW YORK STATE ASSEMBLY  
STANDING COMMITTEE ON SMALL BUSINESS

Mark S. Weprin  
Chairman

Committee Members

Majority

Joan K. Christensen  
David Koon  
Joan L. Millman  
Carl E. Heastie  
Jose Rivera  
Adam Clayton Powell IV  
Michele R. Titus  
Annette Robinson  
Jimmy Meng  
Mark J. Schroeder

Minority

Bill Reilich  
Michael J. Fitzpatrick  
Joe Giglio

Staff

Ernest Amabile, Legislative Coordinator  
Yolanda J. Bostic, Legislative Analyst  
Teri Kleinmann, Associate Counsel  
Benita Leigh-Lewis, Committee Assistant  
Darlene Mullally, Legislative Director/Committee Clerk

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## I. INTRODUCTION

The New York small business sector continues to prove itself the driving force in the State's economy. Small businesses are defined in State law as those employing one hundred or fewer people. This includes over one million businesses in New York State comprising 99% of the State's businesses and employing over 55% of the State's workforce. These companies often need help in advancing to a level of profitability at which they can move forward and create jobs. Small businesses that fail to grow are often unable to gain access to needed capital and other means of assistance. The Small Business Committee believes that the State must focus more attention on the sector of the business community that creates nearly eight out of every ten jobs.

Minority and women-owned businesses has become the fastest growing segment of entrepreneurs, and both populations are well represented in New York. In addition, a surprising number of home-based businesses have also appeared in recent years, causing some economists to conclude that very small businesses (those comprising ten or fewer employees) are increasingly becoming major players in the State's economy. It is estimated that four out of every five small businesses (81%) in New York have fewer than ten employees, and nearly two-thirds (65%) have fewer than five employees, now called micro-enterprise. The importance of these small ventures cannot be overstated: by testing new ideas, products, and processes, they are re-inventing New York State's future in the global marketplace.

## II. COMMITTEE JURISDICTION AND ACTIVITY

New York State statutes affected by legislation before the Small Business Committee include the Banking Law, Economic Development Law, State Finance Law, Public Authorities Law, Labor Law, and the Civil Practice Law & Rules.

Although the Committee's areas of concern are wide-ranging, many bills that affect small business are integrally related to the jurisdictions of other Assembly committees. As a result, many small business issues, such as changes in taxation, economic development programs, insurance, State agencies' regulatory practices, and employee benefit programs are not directly within the jurisdiction of the Small Business Committee. These and many other issues of importance to small businesses are referred to other Assembly committees which have direct jurisdiction over such subjects. They include the Committees on Economic Development, Job Creation, Commerce & Industry; Banks; Labor; Insurance; Governmental Operations; and Ways and Means. The Small Business Committee remains involved by working closely with these committees.

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), the New York Office of Science, Technology and Academic Research (NYSTAR) (formerly known as the Science and Technology Foundation), the Job Development Authority (JDA), the Empire State Development Corporation (ESDC), and the Urban Development Corporation (UDC--a public authority of ESDC), which are the State's chief economic development entities. The committee also oversees the work of the State University of New York in administering the Small Business Development Centers (SBDC) Program.

During the 2006 Legislative session, the Standing Committee on Small Business reported 6 bills favorably. In addition, a number of bills that were of importance to small firms but were referred to other committees became law with the assistance and input of the Small Business Committee.

The Committee will continue to be active in Assembly and State efforts to advance the needs of small businesses, while also advocating reforms to improve New York State's business climate.

### III. 2006-2007 SMALL BUSINESS BUDGET OUTCOME

The Assembly fought for key initiatives to boost New York's economy and create jobs and opportunities for small businesses and entrepreneurs. The following are budget highlights that impact small businesses in New York State.

#### PROGRAMMATIC ISSUES

##### 1. Urban Development Corporation/Empire State Development Corporation

The Urban Development Corporation (UDC) is currently doing business as the Empire State Development Corporation (ESDC). The mission of the UDC/ESDC is to promote economic development and real estate development by providing financial assistance to local government, businesses and not-for-profit corporations engaged in economic development activities. In addition, the UDC/ESDC is engaged in housing portfolio maintenance and provides State facility financing for the construction and modernization of State correctional facilities, as well as other special projects. The following are highlights relating to small business programs that are funded through UDC/ESDC:

- Jobs Now (**\$32.1 million**) program provides funding for large-scale projects that create new jobs;
- Economic Development Fund (**\$32.2 million**) provides funds for projects that create or retain jobs;
- Urban and Community Development Program (UCDP) (**\$3.5 million**) provides a source of State technical assistance and capital for the start-up of "micro enterprise" businesses and provides funding for program activities in economically distressed areas; and
- Minority-and Women-Owned Business Development and Lending Programs (**\$3.5 million**) provide for available capital for local funds targeted to small "micro loans" for start-up of minority and women-owned businesses and provide funding intended for program activities in economically distressed and highly distressed areas.

## 2. New York Office of Science, Technology & Academic Research (NYSTAR)

NYSTAR is responsible for directing the State's university-based high-technology economic development programs. In addition, the Office develops comprehensive plans to attract and retain high technology businesses with the potential for significant job creation in New York State. The high-technology program within NYSTAR received funding totaling **\$33.2 million**, which included the following:

- Centers for Advanced Technology (CATs), which collaborates with New York companies on the development of new technologies and products, which in turn create new businesses and high-quality jobs throughout the State, were fully funded at **\$15 million** for the existing 15 CATs that are located throughout the State.
- Technology Development Organizations (TDOs), which provide technical assistance to high-tech companies seeking to remain competitive, were funded at a total of **\$1.5 million**.
- Industrial Technology Extension Services (ITES) whose ITES field agents located throughout the State provide technical and managerial assistance to small and mid-sized New York manufacturers seeking to improve their competitiveness, received **\$1 million**.

## IV. MAJOR ISSUES OF 2006

### A. REGULATORY REFORM

#### 1. **Deferred Payments of Telecommunication Charges**

(A.8429, Koon; Passed Assembly)

The New York State Public Service Law currently requires that the Public Service Commission require telephone companies to offer a plan for the deferred payment of installation charges for residential telephone lines for up to one year. The result is that persons who otherwise could not afford to pay the installation charges may pay over the course of a year.

This legislation would extend such a payment option to small businesses, thereby easing the burden of start-up, expansion and nonrecurring maintenance costs with respect to telephone service, which is a necessity for many small businesses. Easing telephone installation charges would lessen start-up burdens and expansion costs for new small businesses and would therefore serve to encourage and increase small business in New York.

#### 2. **Enhance Small Business Access to Government**

(A.8633, Weprin; Chapter 283)

Interacting with state government is never an easy task for small businesses. Whether they are searching for government funding or trying to comply with agency regulations, small business owners often struggle trying to navigate state bureaucracies to find the information they need. In addition, since they lack both the resources to hire professional help and the time to track down the information themselves, many small businesses owners do not take advantage of the various programs and opportunities that the State currently offers.

In recent years the State has taken a number of steps to improve government accessibility for small businesses, including the creation of the "NY Loves Small Biz" website and the establishment of the On-Line Permit Assistance and Licensing (OPAL) program. Given the size and complexity of State government, however, the State must continually identify new ways to help small businesses access and interact with its agencies. This legislation has helped to identify cost-effective ways to simplify access to State government for small businesses.

**3. Small Business Regulatory Reform**  
(A.8634, Weprin; Chapter 637)

Complying with federal and state regulation is a financial and administrative burden for many small businesses. A small business with 20 or fewer employees has an annual regulatory burden of \$7,000 per employee. Easing this regulatory burden is important to ensuring the growth and success of small businesses throughout the state.

Currently, state agencies are required to consider utilizing approaches that will minimize the adverse economic impact of a regulation on small businesses and local governments (SAPA § 202-b [1]). Such alternative approaches include, but are not limited to: (1) different compliance, reporting requirements or timetables for small businesses or local government; (2) the use of performance rather than design standards; and (3) a full or partial exemption from the regulation for small businesses or local governments.

However, it is unclear how often state agencies actually utilize such alternative approaches, and whether the existing law is achieving the desired affect of helping to lessen the adverse economic impact of regulations on small businesses and local governments. By requiring Governor’s Office of Regulatory Reform (GORR) to issue quarterly reports in this area, this Chapter will identify the alternative approaches being utilized by state agencies. Identifying such alternative approaches will enable other State agencies to replicate them, as well as allowing the Governor and Legislature to evaluate the effectiveness of the existing law.

**B. BUSINESS CREATION ASSISTANCE**

**1. Kitchen Incubator/Shared-Use Kitchen Facility Grant Program**  
(A.3717, Cook; Passed Assembly)

In the food sector of our economy, many successful enterprises have been started at home or on the farm by individuals who may not have an advanced degree or investment income but who have created a great recipe or family dish that could be developed into a profitable product. The growth of these types of businesses is often dependent on affordable, available processing space, financing, management assistance and other services that can nurture an emerging firm.

Kitchen incubators are similar to other types of business incubators: they provide inexpensive space, shared services, and access to financing and other support to multiple small enterprises such as specialty food producers, farmers, street vendors, restaurants, caterers, and food service training programs. The goals of

these "kitchen" facilities are to foster entrepreneurship, job development, and community revitalization. An additional goal is improving local farm sustainability by providing an outlet for farmers to sell, or add value themselves, to their farm products. Creating a program for small-scale food businesses will benefit local economies, workers and farmers.

This bill would provide seed funding and expansion funding for communities to establish facilities that provide opportunities for individuals to become food business owners which, in turn, creates jobs for the surrounding area. Such facilities could also participate in workforce training and development.

## **2. Small Business Niche Market Assistance** (A.6279, Towns; referred to Rules)

A "niche market" is a targeted market composed of individuals and businesses that have similar interests and needs that can be readily identified, or a group of potential customers who share common characteristics, making them especially receptive to the company's product, service or opportunity.

This legislation would establish a competitive program within UDC to provide grants to a not-for-profit corporation or Manufacturing Extension Partnership Program with a demonstrated capacity to conduct market analysis and seek new markets for niche products for manufacturers, to enable the grant recipients to work with small manufacturers and to assist them to identify and develop niche markets.

## **3. Micro Business Assistance** (A.6704, Weprin; Passed Assembly)

Small businesses are the backbone of every community. In this difficult economy small businesses are the source for the majority of new jobs. Daily, more and more individuals realize the opportunities that exist for people who have their own businesses and the benefits that such small businesses provide to the surrounding community. In New York State there are many people that have a talent or idea that could become a very successful enterprise if only they knew how to implement it. These are the types of people who are potential micro enterprise owners-proprietors of businesses that begin with five or fewer employees, require less than \$ 35,000 in start-up capital, and do not have access to the traditional commercial banking sector.

Since its inception, Business Outreach Centers (BOC's) Network has assisted over 15,000 small businesses and new entrepreneurs. Its efforts have saved and created over 3,000 jobs and leveraged over \$35 million dollars, in mostly private financing.

These centers take hard-working men and women who may not have the knowledge or experience of how to create a micro-business and provide them with the tools they need to start an enterprise; it can include assistance in writing a business plan or matching an entrepreneur with a reasonable loan. To insure that these centers are properly supported, the Assembly allocated \$50,000 to assist the establishment of the first BOC in Corona, Queens, New York. The Committee is pleased to announce that the grand opening of this center is scheduled for March 2006.

This legislation would create the micro-business outreach center assistance program and micro-business outreach centers. In turn, these centers would not only serve as a vital resource to small businesses by facilitating access to the complex infrastructure of economic development programs and services, but would also connect small businesses to needed information, capital and technical assistance.

**4. Come Home to New York**  
(A.8506, Weprin; Chapter 756)

Modeled after the successful "Come Home to Syracuse" campaign, which encourages native Central New Yorkers who have left New York State to return home by putting them in contact with occupation-specific local volunteers, this chapter will authorize Empire State Development (ESD) to create the "Come Home to New York" Network which would encourage the return of native New Yorkers to the State by establishing a local network of outlets designed to assist native New Yorkers in returning, relocating or starting a small business in New York State.

**C. CAPITAL FORMATION & DEVELOPMENT**

**1. Credit Union Participation in Excelsior Linked Deposit Program**  
(A.4970, Sweeney; Passed Assembly)

Credit unions often serve clients in areas not served by traditional banking institutions. With the increase in the number and importance of small businesses in our economy, it is vital that all areas of the State have access to financial institutions.

The Excelsior Linked Deposit Program was created to help fill a gap in the lending arena that traditional financial institutions were not able to fill. This legislation would allow state and federal credit unions to participate in the program, as well as raise the limit on the amount that may be on deposit at any given time, allowing small businesses to have greater access to loans within their own communities.

**2. Expanding the Excelsior Linked Deposit Program**  
(A.3209, Schimminger; Reported to Ways & Means)

Currently, small businesses located in Empire Zones or in highly distressed areas, and minority-owned and women-owned businesses or defense industry manufacturers seeking financing for specified eligible projects, are eligible for a linked loan interest rate three percentage points below the interest rate the lender would charge absent the linked deposit.

This legislation would allow qualifying businesses located in certain areas designated under the Federal Community Renewal Tax Relief Act of 2000 (federal empowerment zones, enterprise communities & renewal communities) to be eligible for numerous loans at the most beneficial interest rate provided through the Excelsior Linked Deposit Program.

**3. Small Business Innovation Research Program Enhancement**  
(A.3433, Schimminger; Passed Assembly)

The State Small Business Innovation Research (SBIR) Program, which began in SFY 1984-1985, was designed to provide assistance to New York's newer high-technology companies. This assistance helps them compete for a greater share of the federal research contracts under the federal SBIR program. The State program was highly successful, increasing the amount of federal SBIR dollars coming into the State from under \$5 million annually to over \$30 million by 1991. Just as important, State assistance under this program greatly increased the cost of federal SBIR Phase I award winners in their ability to compete for much larger SBIR Phase II awards. Although the State SBIR statute remains in effect, the State stopped funding the program after its initial success, in part because of disagreement over how to allocate limited funds among the rapidly increasing number of federal SBIR award winners.

This legislation would clarify how funds are allocated within the NYS Office of Science, Technology and Academic Research (NYSTAR) so that the Small Businesses Innovation Research Program (SBIR) can assist small high technology companies compete for Federal SBIR funds, which will help them grow and provide new jobs for New York State residents.

**4. Small Business Research & Development Assistance**  
(A.6431, Magnarelli; Passed Assembly)

Research institutions in the State produce thousands of inventions annually, often with State support, and many of these inventions have commercial potential. The intellectual property rights held by these research institutions could be purchased or licensed by companies located anywhere in the country or the world. In order to keep the economic benefits flowing from the commercialization of this intellectual property within New York State, it is necessary to assist indigenous entrepreneurs and small businesses in commercializing such intellectual property. Developing this potential into successful products manufactured by firms located in New York could create thousands of well-paying jobs for the State's citizens.

This legislation seeks to provide grants to small businesses and research institutions to translate discoveries and inventions into commercially viable products in New York State.

**D. ENVIRONMENTAL COMPLIANCE FOR SMALL BUSINESS**

**1. Small Business Pollution Prevention & Compliance**  
(A.262, Destito; Passed Assembly)

Since enactment of "clean air" statutes, it has become apparent that New York State needs to offer its small business community technical and financial services in order to achieve pollution prevention and/or compliance with other environmental laws and regulations. Many small businesses lack the expertise and resources to keep abreast of changes in the growing body of environmental regulations and permitting procedures.

This legislation would assist small businesses in the pursuit of pollution prevention opportunities and compliance with Federal and State environmental laws. This bill would direct DED to assist small businesses through the Industrial Effectiveness Program in obtaining technical and financial assistance for pollution prevention and environmental compliance for State or Federal environmental law, rule or regulation.

**2. Small Business Clean Environment Compliance Fund**  
(A.2657, Destito; Passed Assembly)

Both private and public sources of financing have historically avoided small business lending because of the relatively higher risks and administrative costs of those loans.

This legislation would establish the Small Business Clean Environment Compliance Fund within the Environmental Facilities Corporation. The fund would be used to encourage private lenders to make pollution prevention or compliance loans to small businesses backed by a loan loss reserve fund. By increasing the ability of small businesses to meet new regulations through increased access to funding, companies will be able to maintain the same level of product and employment.

**3. Small Business Compliance and Pollution Prevention**  
(A.6332, Christensen; Veto Memo 102)

Pollution prevention -- i.e., changes in production processes to avoid the creation of toxic or hazardous by-products is a forward thinking policy which not only protects the environment and the health of a business's employees and the surrounding community, but also can lower production costs and enhance the business's ability to compete. There is broad support for promoting investments in pollution prevention, and the state has already initiated several programs to provide technical and financial assistance for multi-media pollution prevention activities.

In particular, many small businesses want to meet environmental goals, but may need technical assistance and help in financing changes to their operations to do so. This legislation would authorize DED to provide information and assistance to small businesses on environmental compliance requirements and pollution prevention. DED regional offices will be able to assist small businesses in accessing available programs of technical and financial assistance to promote compliance standards.

## **E. SMALL BUSINESS ENERGY ASSISTANCE**

### **1. Innovative Energy & Environmental Technology Development & Commercialization Grants**

(A.6758, Cohen, A.; Passed Assembly)

The success of innovative energy and environmental technology-oriented businesses with growth potential is essential to the continued economic health and security of New York State. The development of new products to assist mature industries that are undergoing dramatic changes or facing increasing international competition with reducing energy costs and complying with environmental regulations can serve to retain, and even increase, employment. However, commercialization of these products is constrained as numerous small businesses are limited by lack of early stage financing.

This legislation seeks to provide early stage funding in capital grants for up to \$100,000 to qualified businesses to help develop and commercialize new energy and environmental technologies in New York State to stimulate the creation of a substantial number of new businesses and jobs in the energy and environmental sector.

### **2. Small Business Energy Loan Program**

(A.8352, Weprin; Passed Assembly)

The state's chronically high energy costs are often cited by 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 thus help to better secure New York-based jobs.

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 to stimulate the growth and development of small businesses and jobs.

## **F. BILLS REFERENCED TO OTHER COMMITTEES**

### **1. Corporations, Authorities & Commission**

- (A.727, Sweeney; Passed Assembly) would create a program to provide low-interest loans of up to \$150,000 to small businesses that are likely to suffer economic loss as a result of an owner, manager or key employee who is a reservist being called to active military duty.

### **2. Economic Development, Job Creation Commerce and Industry**

- (A.521, Koon; Passed Assembly) would require state economic development agencies to give preference to small business and entrepreneurs when awarding state economic development assistance.
- (A.2002-C, Morelle; Passed Assembly) would authorize the New York State Office of Science, Technology, and Academic research to establish a high-tech employment and training program, which would include projects to increase enrollment and retention of minority and women students interested in high-technology careers.
- (A.7991, Koon; Chapter 489) allows all linked deposit loans in existence before Chapter 291 of the Laws of 2004 to be able to apply for an extension to their loans for an additional two years.

### **3. Governmental Operations**

- (A.345, Christensen; Vetoed Memo 11) would have allowed small businesses to use an installment plan to pay fees or civil penalties over \$300 owed to State agencies.
- (A.6527, Cook, Passed Assembly) would extend and improve the law to help minority-and women-owned business enterprises continue to develop.
- (A.7061, Christensen; Veto Memo 49) would assist small businesses and local governments by enabling them to make installment payments for fees or civil penalties owed to state agencies.

### **4. Labor Committee**

- (A.5497, Gottfried; Passed Assembly) requires employers with more than 20 employees to grant employees working 20 or more hours a week 3 hours leave of absence a year to donate blood.

**5. Environmental Conservation**

- (A.2882-A, Morelle; Passed Assembly) would assist small quantity generators of hazardous waste in complying with governmental regulations.

**6. Insurance Committee**

- (A.943, Tokasz; Passed Assembly) would provide insurance coverage for up to 210 days of hospice care under the Healthy New York program for qualifying small businesses.

## **G. PUBLIC HEARINGS/ROUNDTABLES**

Small business owners can provide valuable information to public policy discussions, hearings or roundtables. By having these forums, the Small Business Committee can focus its energy on legislation that will benefit the State as a whole.

### **The Effectiveness of Article 15-A of the Executive Law**

February 23, 2005

Joint Hearing with Assembly Standing Committee on Governmental Operations  
Assembly Standing Committee on Corporations, Authorities and Commissions  
Black, Puerto Rican and Hispanic Legislative Caucus  
Assembly Task Force on Women's Issues  
Puerto Rican/Hispanic Task Force

The hearing was held in Utica, New York to determine whether minority and women-owned business enterprises are being provided with equal opportunities to contract with agencies of New York government. The hearing was well attended by trade groups, business organizations and minority and women business owners who shared their experiences and suggestions on how the legislature can assist minority & women-owned businesses receive additional State contracts.

### **The Reauthorization of Article 15-A of the Executive Law**

March 3, 2005

Joint Hearing with Assembly Standing Committee on Governmental Operations  
Assembly Standing Committee on Corporations, Authorities and Commissions  
The Black, Puerto Rican and Hispanic Legislative Caucus  
Assembly Task Force on Women's Issues  
The Puerto Rican/Hispanic Task Force

A hearing was held in New York City to examine the implementation of Article 15-A by State agencies and authorities. Those in attendance at the hearing shared their experiences and suggestions on what modifications could be made to 15-A to assist in attracting and retaining minority and women-owned businesses as State contractors for goods and services.

### **Access to Surety Bonding on State Contracts for Small, Minority and Women-Owned Businesses**

April 14, 2005

Joint Hearing with Assembly Standing Committee on Governmental Operations  
Assembly Standing Committee on Corporations, Authorities and Commissions  
The Black, Puerto Rican and Hispanic Legislative Caucus

Assembly Task Force on Women's Issues  
The Puerto Rican/Hispanic Task Force

A hearing was held in New York City to learn more about the extent to which statutory bonding requirements for State projects pose a barrier to small, minority and women-owned businesses seeking to obtain State contracts, and to examine the effectiveness of State bonding assistance and bond waiver programs.

**Examination of the Procurement Stewardship Act and Procurement Issues**

September 27, 2005

Joint Hearing with Assembly Standing Committee on Governmental Operations

Assembly Standing Committee on Local Government

Assembly Standing Committee on Environmental Conservation

Assembly Standing Committee on Oversight, Analysis and Investigation

Assembly Commission on Government Administration

Assembly Subcommittee on Oversight of the Department of Environmental Conservation

A Hearing was held in Albany, NY to review the effectiveness of the Procurement Stewardship Act. In 1995, the Procurement Stewardship Act (State Finance Law, Article 11) was enacted in order to consolidate, codify and update the procurement laws of New York State. Recognizing that the law would need to be periodically reevaluated, the Legislature enacted an original sunset date of 2000 for the law. At that time it was renewed for an additional five years. This year, a one-year extender was enacted in the budget, providing additional time for a reevaluation of New York State's procurement law. When the Stewardship Act was renewed in 2000, a number of significant changes were made to the State Finance Law. This hearing obtained information in order to review the impact of those changes.

**Efficiency and Effectiveness of Services Provided to Minority-and-Women Owned Businesses**

October 25, 2005

Joint Hearing with Assembly standing Committee on Governmental Operations

Subcommittee on the Oversight of Minority and Women Owned Businesses

Assembly Standing Committee on Corporations, Authorities and Commissions

The Black, Puerto Rican and Hispanic Legislative Caucus

The Puerto Rican/Hispanic Task Force

Assembly Legislative Commission on Government Administration

As part of an ongoing commitment to ensure Minority and Women Owned Businesses have the necessary tools to successfully compete for State contracts,

the Assembly has held statewide hearings starting in the spring of 2002. The purpose of this particular hearing held in Syracuse, NY was to examine and receive feedback on the numerous issues that were repeatedly raised in the previous hearings.

## V. OUTLOOK FOR 2007

The Small Business Committee is determined to address the future needs of small businesses, making New York a supportive environment for their growth. Issues of capital access, health insurance, small business taxation, export assistance, minority and women-owned business expansion and skilled workforce expansion, energy assistance, veteran's business assistance, regulatory reform and immigrant business assistance are priorities of the Committee. By understanding the needs of small businesses and how their interaction with State government may assist small business growth, we will be better able to make New York a place where small businesses will prosper.

Small businesses account for over 99% of businesses in New York State and employ 55% of the State's workforce. While small businesses are the backbone of the State's economy, the current administration allocates only 14% of its entire economic development budget to helping small businesses. Due to the impact on the workforce of New York, it is extremely important that small businesses and government work together to ensure that New York has a highly trained workforce. The Small Business Committee will continue to investigate ways to train skilled workers.

Finding new ways to provide money for small business expansion and providing access to capital for new business start-ups will again be a priority for the Committee. Providing small businesses with relief from unnecessary or burdensome regulations and fees will be addressed by the Committee in the upcoming Legislative Session.

The Committee will also work to strengthen the ability of local communities to attract and increase small businesses, particularly in older downtown areas, business districts, and minority and immigrant communities.

In addition, the Committee is determined to connect New York's academic environment with the small business community. By providing ways for small businesses to increase their research and development capabilities, New York's economy will become one of the world's finest and most productive economies.

The Small Business Committee is eagerly awaiting the upcoming year with new ideas and new ambition. We are well on our way to ensuring prosperity for New York's small business sector.

APPENDIX A

2004 SUMMARY SHEET

Summary of Action on All Bills  
Referred to the Committee on

SMALL BUSINESS

<u>Final Action</u>	<u>Assembly Bills</u>	<u>Senate Bills</u>	<u>Total</u>
<b><u>Bills Reported With or Without Amendment</u></b>			
To Floor: Not Returning to Committee			
To Floor: Recommitted and Died			
To Ways and Means	15	0	15
To Codes			
To Rules	1	0	1
To Judiciary			
Total	16	0	16
<b><u>Bills Defeated in Committee</u></b>			
<b><u>Bills Never Reported, Held in Committee</u></b>	7	0	7
<b><u>Bills Never Reported, Died in Committee</u></b>			
<b><u>Bills Having Enacting Clauses Stricken</u></b>			
<b><u>Motions to Discharge Lost</u></b>			
Total Bills in Committee	23		23
<b><u>Total number of committee meetings held</u></b>			6

**APPENDIX B**

**FINAL ACTION ON BILLS REFERRED TO THE SMALL BUSINESS COMMITTEE**

<b>Assembly Bill #</b>	<b>Senate Bill #</b>	<b>Final Action</b>	<b>Description</b>
A.262 Destito		Passed Assembly	Directs DED to assist small businesses through the Industrial Effectiveness Program in obtaining technical as well as financial assistance for pollution prevention and environmental compliance for any State or Federal environmental law, rule or regulation.
A.2657 Destito		Passed Assembly	Relates to financial assistance to small businesses for the purpose of environmental compliance and pollution prevention.
A.2806 Destito		Referred to Small Business Committee	Establishes the Small Business Environmental Compliance Fund for the purpose of assisting small businesses in complying with the Federal Clean Air Act, the State Clean Air Compliance Act of 1993, the Federal Clean Water Act & the State's Industrial Hazardous Waste Management statute.
A.3136 Crouch		Referred to Small Business Committee	Directs DED to study methods for keeping small retail businesses within the state and creates a pilot program to train and counsel small business owners and potential small business owners.
A.3209 Schimminger	S.445 Larkin	Ordered to 3 <sup>rd</sup> reading on calendar	Includes eligible businesses in certain areas designated under the Community Renewal Tax Relief Act of 2000 in the Excelsior Linked Deposit Program.

<b>Assembly Bill #</b>	<b>Senate Bill #</b>	<b>Final Action</b>	<b>Description</b>
A.3443 Schimminger		Passed Assembly	Recodifies the Small Business Innovation Research (SBIR) program within the New York State Office of Science, Technology and Academic Research (NYSTAR).
A.3717 Cook		Passed Assembly	Establishes a kitchen incubator/shared-use kitchen facility program within the Urban Development Corporation.
A.4169 Towns		Referred to Small Business Committee	Establishes the Office for Small Business under the Executive Law.
A.4970 Sweeney	S.2849 Marchi	Passed Assembly	Authorizes credit unions to participate in the Excelsior Linked Deposit Program and raises the limit on the amount permitted to be on deposit at any given time.
A.6279 Towns		Ordered 3 <sup>rd</sup> reading on calendar	Creates the niche market assistance project for small businesses to identify and develop niche markets for their products in competitive environments.
A.6332 Christensen		Passed Assembly	Provides for regional offices to offer information and assistance to small businesses in environmental compliance and pollution prevention.
A.6431 Magnarelli		Passed Assembly	Provides grants to small businesses and research institutions to translate discoveries and inventions into commercially viable products in New York State.

<b>Assembly Bill #</b>	<b>Senate Bill #</b>	<b>Final Action</b>	<b>Description</b>
A.6704 Weprin	S.4063 Padavan	Passed Assembly	Creates the Micro Business Outreach Center Assistance Program and Micro Business Outreach Center.
A.6758-A Cohen, A.		Passed Assembly	Provides small businesses with grants to commercialize energy and environmental technology innovations in-state.
A.6923 Rivera		Referred to Small Business Committee	Authorizes excelsior linked deposits and loans to be made to a series of eligible businesses.
A.7840 Lafayette		Referred to Small Business Committee	Would create a system of individual accounts with the Linked Deposit Program.
A.8352 Weprin		Passed Assembly	Provides zero and low interest loans or loan interest rate reduction for energy improvement projects to stimulate the growth and development of small businesses and jobs.
A.8429 Klein	S.3334 Spano	Passed Assembly	Requires deferred installment payment plan be offered to small businesses for telephone service installation, initiation and nonrecurring maintenance charges.
A.8506 Weprin	S.2829 Flanagan	Chapter 756	Relates to creating the "Come Home to New York" program to encourage the return of native New Yorkers to the state through a local assistance network.

<b>Assembly Bill #</b>	<b>Senate Bill #</b>	<b>Final Action</b>	<b>Description</b>
A.8633 Weprin	S.5633 Alesi	Chapter 283	This law relates to the duties of the Small Business Advisory Board; requires such board to report to the commission, the governor and the Legislature recommending cost-effective ways to simplify access to State Government for Small Business.
A.8634 Weprin	S.5632 Alesi	Chapter 637	This law requires the Governor's Office of Regulatory Reform to examine the impact of proposed regulations on small businesses.
A.9036 Weprin (Rules)		Referred to Small Business Committee	Relates to establishing the small business insurance pool to provide state-negotiated health insurance to qualified small businesses.
A.9070 Millman (Rules)		Referred to Small Business Committee	Expands the membership of small-business and minority and women-owned business advisory boards.