



ALBERT A. STIRPE, JR.
Assemblyman 127th

THE ASSEMBLY
STATE OF NEW YORK
ALBANY

CHAIR
Small Business

COMMITTEES
Agriculture
Alcoholism & Drug Abuse
Economic Development, Job Creation,
Commerce and Industry
Higher Education

December 15, 2020

Honorable Carl Heastie, Speaker
New York State Assembly
Legislative Office Building, Room 932
Albany, New York 12248

Dear Speaker Heastie:

I am pleased to submit the 2020 Annual Report of the Assembly Standing Committee on Small Business. Throughout the 2020 Legislative Session, the Committee remained dedicated to addressing the needs of small businesses by passing legislation designed to aid them in light of the current challenging marketplace.

This past session, while unique with the COVID-19 pandemic, the Small Business Committee continued to work on legislation designed to stimulate small and entrepreneurial business growth, help small businesses to prevent pollution, promote minority-and women-owned business development, and provide available resources for these entrepreneurs.

The Committee will continue to examine the full range of issues affecting the needs of small businesses, especially in light of the pandemic. I join my colleagues in commending you for your commitment to supporting small businesses during these troubling times. The Committee looks forward to a productive legislative session of persistent efforts so that we can continue to rebuild and create a healthy environment for small business prosperity across New York State.

Sincerely,

Al Stirpe, Chair.
Committee on Small Business

**2020
ANNUAL REPORT**

**NEW YORK STATE ASSEMBLY
STANDING COMMITTEE ON SMALL BUSINESS**

**Al Stirpe
Chairman**

Committee Members

Majority

José Rivera
Victor Pichardo
Carrie Woerner
Diana Richardson
Alicia Hyndman
Inez Dickens
Clyde Vanel
Billy Jones
Harvey Epstein
Taylor Darling
Catalina Cruz

Minority

David DiPietro
Kieran Michael Lalor
Marjorie Byrnes
Brian Manktelow

Staff

Giovanni Warren, *Assistant Secretary for Program and Policy*
Patrick Totaro, *Associate Counsel*
Matthew Richmond, *Analyst*
Nicole VanAuken, *Program and Counsel Secretary*
Justin Perkins, *Committee Clerk*

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I. INTRODUCTION, COMMITTEE JURISDICTION AND ACTIVITY

New York's small business sector continues to prove itself to be the cornerstone of the State's economy, which has been pushed to its limits through the COVID-19 pandemic that ravaged the State this year. Small businesses are defined in State law as those employing 100 or fewer people. According to the U.S. Department of Commerce, over 400,000 enterprises qualify as small businesses under New York State law, comprising 97 percent of the State's established firms. The small business sector in New York includes industries such as construction, retail, technology-related and health care services among many others, with a large share of owners from New York's minority and female communities.

Small businesses and entrepreneurs continue to report difficulties in accessing startup capital to grow and support their operations, a problem which has only been accelerated by the COVID-19 pandemic. One of the Committee's foremost priorities is to promote existing financial assistance programs and legislation to improve access to credit and technical services for small businesses and Minority- and Women-owned Business Enterprises. Historically, small businesses and start up enterprises have led the way in job creation, and the Committee remains committed to encouraging new growth, supporting established small businesses, and helping entrepreneurs develop and commercialize innovative ideas in New York.

The Committee works closely with a number of State agencies and entities to ensure they are serving the needs of the small business community, including the Department of Economic Development and the Empire State Development Corporation, which are the State's chief economic development entities. The Committee also provides oversight of the Small Business Development Centers Program.

During the 2020 Legislative Session, the Standing Committee on Small Business reported five bills favorably. In addition, a number of bills that were important to small businesses, but were referred to other committees, became law with the assistance and input of the Small Business Committee. Lastly, under the guidance of the Small Business Committee, the Assembly held six legislative hearings on the federal response to the COVID-19 pandemic in order to find shortfalls of their response, as well as looking into other means by which our members would be able to assist in the recovery and growth of New York State Small Businesses.

II. 2020-2021 SMALL BUSINESS BUDGET OUTCOME

The Committee on Small Business supported key initiatives to boost New York's economy, create jobs, and facilitate opportunities for small businesses and entrepreneurs. The following are budget highlights that affect small businesses in New York State:

- **University-Based Programs**
 - \$13.47 million for the 15 existing Centers for Advanced Technology (CATs), which collaborate with New York companies on the development of new technologies and products and create new businesses and high-quality jobs throughout the State; and
 - \$9.595 million for the 10 existing Centers of Excellence, with a legislative restoration of \$872 thousand to enable each Center to receive \$2.7 million each for their base operating funds. The Centers are collaborative public-private partnerships that commercialize scientific discoveries in fields such as nano-

electronics, bioinformatics, photonics, environmental systems, wireless applications and information technology.

- **Business Assistance**

- \$12 million for the Manufacturing Extension Partnership Program;
- \$6 million for the High Technology Matching Grants Program;
- \$5 million for the New York State Innovation Hot Spots/ New York State Incubators;
- \$5 million for the Entrepreneurial Assistance Program (EAP);
- \$3.006 million for SUNY Polytechnic Institute College of Nanoscale Science and Engineering and Rensselaer Polytechnic Institute focus centers;
- \$1.382 million for the Technology Development Organizations;
- \$1.5 million for the Community Development Financial Institutions (CDFI) Program;
- \$635,000 for the Minority- and Women-Owned Business Development and Lending Program and to recapitalize the Minority- and Women-Owned Business Investment Fund;
- \$921,000 for the Industrial Technology Extension Service Program; and
- \$500,000 for the Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) Technical Assistance Program.

- **Commerce, Regional Economic Development, Trade and Tourism**

- \$150 million for the Regional Economic Development Councils (REDCs);
- \$3 million for military base retention and research efforts;
- \$1 million for the Beginning Farmers NY fund;
- \$900,000 for the Bronx Overall Economic Development Corporation;
- \$600,000 for the Center State Corporation for Economic Opportunity (CEO) Program;
- \$575,000 for the Queens Chamber of Commerce;
- \$300,000 for the Brooklyn Chamber of Commerce;
- \$500,000 for Center State CEO Grants for Growth;
- \$400,000 for the Community Development Revolving Loan fund;
- \$300,000 for the North Country Chamber of Commerce;
- \$200,000 for Manufacturers Association of Central New York (MACNY);
- \$200,000 for Canisius College;
- \$100,000 for Adirondack North Country, Inc;
- \$100,000 for the New Bronx Chamber of Commerce;
- \$125,000 for the Chamber of Commerce of the Borough of Queens;
- \$125,000 for the New York Women's Chamber of Commerce;
- \$50,000 for the Buffalo Niagara International Trade Gateway Organization; and
- \$50,000 for the World Trade Center Buffalo Niagara.

- **ARTICLE VII PROPOSALS**

- The Legislature approved a proposal to extend the Urban Development Corporation's authority to administer the Economic Development Fund from July 1, 2020 until July 1, 2021.
- The Legislature approved a proposal to extend the Urban Development Corporation's general loan powers from July 1, 2020 until July 1, 2021.

- The Legislature modified a proposal to extend the economic transformation program on closed prison facilities to prisons closed after April 1, 2011 but no later than March 31, 2021.

III. ISSUES BROUGHT THROUGH COMMITTEE IN 2020

A. REGULATORY REFORM

Promoting Programs for Small Businesses and Minority- and Women-Owned Businesses

(A.4921, Blake; Chapter 338, Laws of 2020)

This bill would require the commissioner of Economic Development to publicize programs that provide assistance to small businesses or minority- and women-owned business enterprises (MWBES). The commissioner would also, in coordination with the urban development corporation, determine which programs offered by state, federal, and private organizations to include on their website. This website will allow individuals to easily search for featured MWBES and small business assistance programs; complete applications for assistance in obtaining bonding or bridge loans, as well as application to any other financial assistance the department deems feasible and; obtain census data from the most recent United States census.

Program List for Small Businesses

(A.10119, Stirpe; Chapter 339, Laws of 2020)

This bill would direct Empire State Development (ESD) to publish and maintain a list of available programs that assist small businesses. ESD would coordinate with State Agencies and State Authorities by annually organizing brief descriptions of programs offered in a clear and conspicuous location on the ESD website.

Annual Guide for Small Businesses

(A.10769, Stirpe; Veto 72)

This bill would require the Secretary of State to compile and publish a guide for small businesses that would outline the statutory and regulatory changes made in the prior year in plain and commonly understood terms; this guide would be posted annually on January 31 of each year on the Department of State's website.

B. BUSINESS ASSISTANCE

Small Business Environmental Fund

(A.5049, Thiele; Reported to Ways & Means)

This bill would create a Small Business Environmental Fund to assist small businesses in leveraging capital loans from financial institutions for the purpose of complying with environmental laws or preventing pollution. In addition, this bill also sets forth provisions relating to execution and terms of the loans, origination fees payable to the Environmental Facilities Corporation, administration and promotion of the fund, and annual reporting of the fund's performance by the Environmental Facilities Corporation.

Micro-Business Transfer of Ownership

(A.10156, Stirpe; Veto 65)

This bill would make worker cooperatives formed upon the transfer of ownership of an existing micro-business eligible to apply to receive assistance under the Economic Development Fund. This bill would allow for the existence of viable micro-businesses to be sustainable upon the sale or transfer of ownership and assist worker ownership of such business to support their communities.

IV. PUBLIC HEARINGS/ROUNDTABLES

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

Hearings on the Federal Response to COVID-19 Pandemic

Joint Assembly-Senate Hearing May 13th

In order to get a better idea of issues small businesses were dealing with from the federal response to COVID-19, the Assembly and Senate held a joint hearing to receive input from across the State. Through this joint hearing, various takeaways of issues facing small businesses came to our attention including: 1) the federal government’s Economic Injury Disaster Loan Program and Paycheck Protection Program in their current state were inadequate to meet the needs of businesses, 2) agriculture and tourism industries have struggled to claim funds from various federal programs, and 3) the pandemic has showcased long lasting issues that need to be addressed to prevent similar events from occurring after this pandemic.

The following committees participated in the joint hearing:

| <i>Assembly</i> | <i>Senate</i> |
|---|---|
| Small Business | Commerce, Economic Development and Small Business |
| Ways and Means | Finance |
| Agriculture | Agriculture |
| Banks | Banks |
| Insurance | Insurance |
| Office of State Federal Relations | |
| Task Force on Food, Farm and Nutrition Policy | |

Regional Assembly Hearings

- Upstate West/Hudson Valley West June 12th*
- Upstate East and North/Hudson Valley East June 15th*
- Long Island June 17th*
- New York City June 22nd*
- New York City June 24th*

Following up on the joint hearing, we held five regional hearings to make sure we received input from all across the state. While there were different focuses depending on the region, the takeaway from each hearing was the same: 1) the federal government needs to ramp up and improve its existing programs, such as the Paycheck Protection

Program and Economic Injury Disaster Loan program, 2) small businesses face long standing issues that were exacerbated by the pandemic but which the CARES Act did not address, such as skill development and access to childcare, and 3) every small business is different and the response needs to be as flexible as possible.

Public Hearing on Budget Oversight

On December 2, 2020, the Assembly Standing Committee on Agriculture, Assembly Standing Committee on Economic Development, Job Creation, Commerce and Industry, Assembly Standing Committee on Small Business and the Assembly Task Force on Food, Farm and Nutrition Policy held a joint hearing on the Impact and Implementation of the State Budget for Agriculture and the Food Industry. The Committees focused on the overall impact and implementation of the 2020-2021 State Budget, including the efficacy of current investments in agriculture and related businesses down the supply chain in a year when the Covid-19 pandemic has severely impacted them. The Committees and Task Force were interested in examining the best approach going forward to help the agricultural industry rebuild and recover in the changing national and international marketplace.

V.

OUTLOOK FOR 2021

Through the recovery from the COVID-19 pandemic, the Small Business Committee will continue to work to address the needs of small businesses, minority- and women-owned business enterprises (MWBs), and veteran-owned businesses, creating a supportive environment that encourages their growth, expansion, and stability right here in New York. Issues of access to capital, the expansion of MWBs, supporting the development and commercialization of innovative new technology, workforce development, contracting with State and local governments, energy assistance, veterans' business assistance, immigrant-owned business assistance and rebuilding our Small Businesses from the effects of the pandemic are the priorities of the Committee.

APPENDIX A

2020 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> |
|---|----------------------------------|--------------------------------|---------------------|
| Bills Reported With or Without Amendment | | | |
| To Floor: Not Returning to Committee (Favorable) | | | |
| To Ways and Means | 2 | | 2 |
| To Codes | | | |
| To Rules | 3 | | 3 |
| To Judiciary | | | |
| Total | 5 | | 5 |
| Bills having Committee Reference Changed | | | |
| To... | | | |
| To... | | | |
| To... | | | |
| To... | | | |
| Total | | | |
| Senate Bills Substituted or Recalled | | | |
| Substituted | | | |
| Recalled | | | |
| Total | | | |
| Bills Defeated in Committee | | | |
| Bills Held for Consideration, Roll-Call Vote | 2 | | 2 |

| | | | |
|--|----|---|----|
| Bills Never Reported, Died in Committee | | | |
| Bills Having Enacting Clauses Stricken | | | |
| Motions to Discharge Lost | | | |
| | | | |
| Total Bills in Committee | 15 | 3 | 18 |
| | | | |
| Total Number of Committee Meetings Held | 2 | | |

APPENDIX B

Chapters of 2020

| CHAPTER | ASSEMBLY BILL (SPONSOR) | SENATE BILL (SPONSOR) | DESCRIPTION |
|----------------|--------------------------------|------------------------------|--|
| 338 | A.4921 (Blake) | S.4429 (Parker) | This bill requires the commissioner of Economic Development to publicize programs that provide assistance to small businesses or minority- and women-owned business enterprises. |
| 339 | A.10119 (Stirpe) | S.7350 (Kaplan) | This bill directs Empire State Development to publish and maintain a list of available programs that assist small businesses. |

APPENDIX C

Bills Vetoed in 2020

| VETO MEMO | ASSEMBLY BILL (SPONSOR) | SENATE BILL (SPONSOR) | DESCRIPTION |
|------------------|--------------------------------|------------------------------|--|
| 65 | A.10156 (Stirpe) | S.2176 (Bailey) | This bill would have made worker cooperatives formed upon the transfer of ownership of an existing micro-business eligible to apply to receive assistance under the Economic Development Fund. |
| 72 | A.10769 (Stirpe) | S.6800A (Metzger) | This bill would have required the Secretary of State to compile and publish a guide for small businesses that would outline the statutory and regulatory changes made in the prior year in plain and commonly understood terms; this guide would be posted annually on January 31 of each year on the Department of State's website. |

APPENDIX D

Additional Bills Reported in 2020

| ASSEMBLY BILL (SPONSOR) | LAST ACTION | DESCRIPTION |
|------------------------------------|-------------------------------|---|
| A.5049 (Thiele) | Reported to Ways and Means | This bill would create a Small Business Environmental Fund to assist small businesses in leveraging capital from financial institutions for the purpose of complying with environmental laws or preventing pollution. |