A report on the CenterState Corporation for Economic Opportunity’s federal, state and regional/local priorities for 2011
## Summary - 2011 Legislative Priorities

### Federal

- **Empowerment Zone Extension & Reform**
- **Angel Investment Tax Credit**
- **High Speed Rail**
- **Immigration Reform**
- **Interstate 81**

### New York State

- **Syracuse Airport Authority**
- **Historic Preservation Tax Credit Restoration**
- **Creation of Land Banks**
- **Tax Increment Financing**
- **Energy Cost Savings Benefit Program**
- **Innovation Capitalization**
- **New York Energy Regional Innovation Cluster**
- **Say Yes to Education**
- **Regional Economic Development Councils**
- **Property Tax Cap/Mandate Relief**
- **Excelsior Program**
- **SUNY Empowerment**

### Regional/Local

- **Syracuse Airport Authority - Home Rule Request**
- **Room Occupancy Tax Funding**
- **Arts and Cultural Funding**
- **Regional Economic Development Fund**
EMPOWERMENT ZONE EXTENSION & REFORM

The Empowerment Zone Program provides targeted incentives in designated highly distressed urban communities through a combination of grants, tax credits for businesses, bonding authority and other benefits. Only 30 such Zones have been created nationally, including one in the Syracuse area, comprised of nineteen city census tracts and three subzones. In place since 2003, local businesses have taken advantage of the program--primarily in the form of employment tax credits.

Legislation is required to extend and enhance the performance of this important program through the removal of certain restrictions and new provisions that will:

- Allow HUD to expand the boundaries of a Zone to recognize that out-migration has occurred in some urban areas.

- Allow businesses to forego existing tax benefits in exchange for an amount of equal value being pledged to a lender extending credit to the Zone business.

- Modify the existing tax-exempt bonding authority to ensure the marketability of the bonds.

Contact: David Mankiewicz, Vice President, Infrastructure & Urban Initiatives
dmankiewicz@centerstateceo.com, 315.422.8284

ANGEL INVESTMENT TAX CREDIT

Federal tax policy can serve as a powerful incentive to encourage the investment of private funds in technology ventures as part of a comprehensive effort to grow the nation's innovation and entrepreneurial economy.

A critical component of such a strategy is the creation of a federal angel investment tax credit. Staff will work with the Upstate New York delegation to advance appropriate legislation. A starting point for this effort could be the proposed Innovation Technologies Investment Incentive Act which would provide a 25 percent credit for an equity investment in a company that has qualified for a federal Small Business Innovation Research (SBIR) grant. Pursuant to this proposal the credit's value would be limited to half the size of the SBIR award and would initially be capped at $500 million nationally.

Contact: Mitchell Patterson, Director, Business Retention & Expansion
mpatterson@centerstateceo.com, 315.579.2865
HIGH SPEED RAIL

CenterState CEO has taken a leadership role, working with elected officials, private businesses, regional economic development organizations and chambers of commerce, in advocating for the funding and planning of high speed passenger rail across the Empire Corridor, linking Upstate cities to New York City, the Northeast Corridor, the Toronto and Montreal metropolitan areas and to the Midwestern U.S. This effort to date has led to:

1. The commitment of $138 million in funding for immediate Empire Corridor projects that will address specific track, equipment and station improvements to reduce delays and improve service.

2. The initiation of environmental impact studies required to develop a comprehensive and fully functioning high speed rail corridor with trains traveling up to 150 mph.

In order to maintain this momentum, the following initiatives must be advanced:

- Maintain 2010 federal spending levels for High Speed Rail development ($1.25 billion).
- Include High Speed Rail funding within the next Transportation Reauthorization Bill.

Contact: Deb Warner, Vice President, Public Policy & Government Relations
dwarner@centerstateceo.com, 315.470.1845

IMMIGRATION REFORM

Tied directly to workforce and business competitiveness issues is the need for a new federal immigration policy that provides for the attraction and retention of international talent, especially those who are highly skilled and sought by U.S. employers to fill key positions.

At a minimum the following changes need to be made:

- Significantly increase the number of skilled worker visas (H1-B and L-1). Currently there is a cap of 65,000 on these visas, a number that falls dramatically short of the needs of the private sector and the U.S. economy.

- Allow foreign students who study and graduate at U.S. universities to stay beyond the current one-year limit (post graduation) that is allowed under the student visa program. This issue is of particular importance in the Upstate region where we have a high
concentration of colleges and universities, a significant number of foreign students, and many high-technology, advanced manufacturers and other employers that could benefit from having extended access to these individuals.

Contact: Deb Warner, Vice President, Public Policy & Government Relations
dw Warner@centerstateceo.com, 315.470.1845

INTERSTATE 81

The future of I-81 presents a unique challenge and opportunity for the region. Currently, consultants retained by the Syracuse Metropolitan Transportation Council (SMTC) and the NYS Department of Transportation (NYSDOT) are undertaking a number of studies that will ultimately lead to the identification of up to five preferred alternatives. These alternatives could involve rebuilding the elevated section of the highway through the city, removal of this section replacing it with an at-grade boulevard, or some other option.

Regardless of which option is ultimately recommended, accepted and constructed, all share one feature - the project will be expensive, costing an estimated $250-300 million or more, depending on timing, the results of environmental reviews and other unanticipated factors.

In 2011, CenterState CEO will continue to fully participate as a voting member of SMTC in the planning discussions and studies that are underway. In addition, CenterState CEO will engage with our congressional delegation and highlight both the economic development and catalytic opportunities that the I-81 project represents, and begin to develop an awareness and strategy to ensure that the significant federal support that will be ultimately be required for the I-81 project is in place and available in a timely manner through individual appropriations and inclusion within the Surface Transportation Reauthorization bill.

As a part of this effort, the organization will work cooperatively with the Central New York Regional Planning Board in seeking an appropriation in the 2012 federal budget to allow for a detailed engineering and environmental analysis of the design alternative that is identified through the current studies and "chosen by the community." In this regard, it should be noted that NYSDOT is funding the current I-81 studies with a $4.7 million earmark, but once their analysis is completed, the agency will have no money to complete the detailed engineering and environmental analysis. This lack of design money will seriously delay any final decision on I-81; thereby negatively impacting our community’s ability to successfully resolve the I-81 project in a comprehensive and timely manner.

Contact: David Mankiewicz, Vice President, Infrastructure & Urban Initiatives
dmankiewicz@centerstateceo.com, 315.422.8284
**SYRACUSE AIRPORT AUTHORITY**

CenterState CEO and its members strongly support creation of a new Syracuse Regional Airport Authority. Syracuse has the only major airport in the state that is not operated by an authority. An independent authority would bring Hancock Airport’s operating costs to a more competitive level, would develop new revenue streams for the airport, more easily attract new low-fare service, and deliver a better experience for residents and visitors.

In November 2010, the Syracuse Common Council unanimously approved home rule legislation and is scheduled to address the legislation again in late January 2011. Once approved by the Common Council, we urge our representatives in the Senate and Assembly to introduce and quickly pass legislation necessary to create this authority.

**Contact:** Kevin Schwab, Vice President, Air Service Development  
kschwab@centerstateceo.com, 315.422.8284

**HISTORIC PRESERVATION TAX CREDIT (HRTC) RESTORATION**

In the 2010 - 2011 Budget Revenue bill (passed in 2010) the HRTC was included - along with 33 other business tax credits - in a deferral package that effectively rendered the HRTC useless for the next three years. The HRTC must be restored immediately as there are dozens of projects across the state stalled by this action, including the Pike Block project in downtown Syracuse. This program can be one of the most effective economic development tools in the State - it is predictable, it supports investment only in the most distressed census tracts, it encourages urban density, and preserves the character of our cities.

**Contact:** Ben Sio, Director, Sustainable Infrastructure & Policy Development  
bsio@centerstateceo.com, 315.470.1838

**CREATION OF LAND BANKS**

Enactment of Land Bank legislation in New York would provide a flexible and optional tool to strengthen the state’s cities and towns by removing problem properties from an endless cycle of tax foreclosure and returning them to productive and income generating use. Legislation was previously introduced but not enacted in the 2010 Session. Key elements of the bill include the following:

- The Land Bank bill would be permissive. It would give local governments the ability to create land banks, but not require them to do so.
New York State, Cont.

- The Land Bank bill extends maximum control to local governments over the creation and operation of land banks within their communities.

- The Land Bank Bill is revenue neutral, would be self-funding and would not require appropriations from the creating government.

Contact: Dominic Robinson, Deputy Director, Urban Initiatives
drobinson@centerstateceo.com, 315.422.8284

TAX INCREMENT FINANCING (TIF)

TIF is a highly valuable public financing program available in 48 other states to fund infrastructure development and blight elimination projects without raising taxes or relying on state subsidies. It uses future gains in taxes to finance current improvements which, in turn, create the conditions for those future gains. New York’s law is outdated in that its fails to authorize school districts to participate in a TIF project and earmark incremental school property tax revenues toward repaying of TIF debt. TIF legislation (A.1278-A Schimminger) was introduced during the 2010 legislative session. We encourage it be reintroduced and enacted early in the session.

Contact: Ben Sio, Director, Sustainable Infrastructure & Policy Development
bsio@centerstateceo.com, 315.470.1838

ENERGY COST SAVINGS BENEFIT PROGRAM

NYS has lacked a long term or permanent legislative solution providing low cost economic development energy. The Power for Jobs program was renewed for less than a year during the 2010 legislative session. The Energize New York legislation as introduced provided a permanent solution, guaranteeing at least 300 megawatts dedicated to Upstate communities in the National Grid, Rochester Gas and Electric and New York State Electric and Gas service areas. This program is essential to the future of many manufacturers and energy-intensive industries that are mainstays of the NYS economy.

We urge Governor Cuomo, the leaders of the Assembly and Senate to move swiftly to reintroduce and enact comparable legislation to provide certainty, predictability and rate relief to sustain and grow critical jobs in Upstate New York.

Contact: Deb Warner, Vice President, Public Policy & Government Relations
dwarner@centerstateceo.com, 315.470.1845
INNOVATION CAPITALIZATION

A. Angel Investor Tax Credit

New York’s small businesses, especially those in technology fields, are at a constant disadvantage compared to other states due to a lack of public and private investment. Despite New York City’s status as a center of finance and investment, NYC-based investment funds only invest 9 percent of their portfolio’s in NYS companies. Other states have economic development programs as well as angel investment tax credits that support business development and business attraction efforts. In the past decade, more than 20 states have implemented programs to attract and retain investment capital using these tax credits. One of the more recent angel tax credit programs was implemented in Minnesota on July 17, 2010. By September, $1.5 million in tax credits were awarded, up from $573,000 in August. More importantly, 11 companies have raised $6 million since July 17 when the law when into effect.

Contact: Linda Dickerson Hartsock, Vice President, Innovation & Technology Initiatives linda@thetechgarden.com, 315.579.0028

Currently, NYS taxpayers can receive a larger tax deduction for investing their excess capital in a vacation home than they can for putting it to work in a qualified NYS business. It is time to fundamentally alter this dynamic and put the state’s capital to work in growing businesses.

It is proposed that NYS implement an angel tax credit program that includes the following elements:

1. A 25 percent individual income tax credit for qualified investors.
2. Allows a maximum credit of $125,000 per year per individual.
3. Allows a maximum credit of $250,000 for those married and filing jointly. The total credits available in the first year of the program should be $50 million.

B. Seed Capital Fund

Because technology innovation is happening outside of the traditional academic tech transfer model, NYS needs a bigger, broader model that is competitive with other states that are developing powerful regional innovation clusters, one that is professionally managed and not limited to only technologies coming out of NYS colleges and universities.

What is needed is creation of a $50 million New York State Emerging Business Investment Fund (NYSEBIF) in partnership with established regional Angel Investment Groups, regional
New York State, Cont.

offices of Empire State Development and NYSTAR Regional Technology Development Centers. The fund would make targeted co-investments to leverage investments by angel investor networks in early stage companies, and match those investments to regional priorities and sector strengths. The goals of this fund would be to:

1) Partner with early stage investors through a managed co-investment strategy.

2) Create a larger pipeline for angel investment deal flow.

3) Manage risk by partnering with established regional angel networks.

4) Track outcomes over time by adopting performance metrics.

Contact:  Linda Dickerson Hartsock, Vice President, Innovation & Technology Initiatives linda@thetechgarden.com, 315.579.0028

C. Research and Development Tax Credit

Continual investment in research and development is critical to promoting future economic growth. Unfortunately, the current state credit is insufficient and inadequate to fully leverage the intellectual capital of the state's workforce, private sector employers, and colleges and universities. At a minimum, it is proposed that legislation be approved that:

1) Defines "eligible expenses" to include all those covered under the federal R&D credit.

2) Includes enhancements to the state credit that go beyond the federal definition to include prototyping, patenting and process improvements.

3) Increases the credit based on factors such as R&D employment, wage rate, and total payroll.

Contact:  Linda Dickerson Hartsock, Vice President, Innovation & Technology Initiatives linda@thetechgarden.com, 315.579.0028

NEW YORK ENERGY REGIONAL INNOVATION CLUSTER (NYE-RIC)

The New York Energy Regional Innovation Cluster (NYE-RIC) is a statewide alliance led by Syracuse University, focused on transforming how energy-efficient building systems are invented, developed, demonstrated and deployed. NYE-RIC includes internationally
recognized research and development capabilities, connections to downstate interests through the Partnership for New York City, and engages more than 130 firms and institutions that have unmatched expertise to speed development and deployment of game-changing innovations by breaking down barriers in economics, policy, human behavior and technology integration. CenterState CEO supports moving forward with this powerful model such that the state provides:

1) An appropriate level of funding.
2) Identification of NYE-RIC as an important priority of the new Administration.
3) State agency support where appropriate.

Contact: Linda Dickerson Hartsock, Vice President, Innovation & Technology Initiatives
linda@thetechgarden.com, 315.579.0028

SAY YES TO EDUCATION (SYTE)

CenterState CEO will continue to work closely with the SYTE program and support its 2011 plan to create within each Syracuse City School District high school a college career center, established for the purpose of coordinating community-based college access programs and increasing the number of students who apply to two-and four-year colleges.

Contact: Rob Simpson, President & CEO
rsimpson@centerstateceo.com, 315.422.8284

REGIONAL ECONOMIC DEVELOPMENT COUNCILS

CenterState CEO supports Governor Cuomo’s plans to establish Regional Economic Development Councils to provide bottom up, regionally-based strategies, project prioritization and funding decision making. In order to be most effective, the councils need to be empowered to do more than planning and cluster identification. CenterState CEO recommends the following:

- The councils do not need to be new or separate organizations. Each region has an organizational infrastructure that is already in place (e.g. Central Upstate Regional Alliance). It is recommended that this existing infrastructure be used, adding members if necessary to ensure the councils are properly represented.
Each council should be required to develop a set of policy priorities - essentially principles of investment for their region. These principles should act as a de facto scorecard by which the state evaluates potential investments in each region.

The councils need to have discretion over dollars that can be invested in real projects to support the regional strategy and should be held accountable for the performance of their decisions.

Each region should have an appointed ombudsman in the Executive Branch who can interact with the regions, multiple state agencies and support and drive key projects that are the priority of both the councils and the governor.

**Contact:** Rob Simpson, President & CEO  
rsimpson@centerstateceo.com, 315.422.8284

**PROPERTY TAX CAP/MANDATE RELIEF**

Unfortunately, it is a well-known fact that Upstate’s urban counties have the highest proportionate property taxes in the nation - 79 percent above the national average. Enacting a two percent tax cap this year is an important step that will send a strong message.

CenterState CEO urges that any tax cap be accompanied by mandate relief for localities. Without this complementary step, localities and school districts will be forced to cut essential services and cost shifting will occur, adding pressure for increased state revenues to fill budget gaps created by the tax cap.

**Contact:** Deb Warner, Vice President, Public Policy & Government Relations  
dwarner@centerstateceo.com, 315.470.1845

**EXCELSIOR PROGRAM**

The state requires a flagship economic development assistance/attraction program. The Excelsior Program, which replaced the Empire Zones in 2010, is a good program with its sector-based focus and its investment-based eligibility criteria. However, changes to the program are necessary to provide the level of incentive necessary to encourage major new projects in the state:

- Change the basis of the property tax credit to allow for credits of up to 100 percent of the taxes imposed on the improved value.
New York State, Cont.

- Allow for credits of up to ten years.
- Encourage investments in center cities and/or distressed census tracts.
- Increase the annual cap to $100 million (from $50 million).
- Remove the requirement that an Excelsior applicant permanently decertify from the Empire Zone program if admitted into Excelsior.

Contact: Tom Blanchard, Senior Vice President & Chief Economic Development Officer
tblanchard@centerstateceo.com, 315.422.8284

SUNY EMPOWERMENT

The Strategic Plan developed by SUNY contains both an overall vision and specific actions necessary in order for SUNY to achieve its potential as a key driver of economic development throughout the state. At a minimum, SUNY campuses must be provided with the flexibility to:

1) Enter into public-private sector partnerships to leverage private capital for the public good.

2) Establish a rational tuition policy.

3) Align campus objectives with regional economic development goals.

4) Compel accountability to ensure the goals are being attained.

Contact: Deb Warner, Vice President, Public Policy & Government Relations
dwarner@centerstateceo.com, 315.470.1845
Syracuse Airport Authority - Home Rule Request

(see New York State Legislative Priorities for reference to Home Rule Request)

Room Occupancy Tax Funding

Onondaga County's room occupancy tax legislation was established to “increase convention, trade show, and tourist business.” The ambiguity of this intent allows the county to invest in a wide variety of areas that can be viewed as tourism promotion. In 2009 and 2010, the legislation’s vagueness allowed room tax coffers to become the destination of choice for many quality of life related facets of the community regardless of how extensively they touch visitors to our destination. With overall industry growth of nearly 8% in 2010, our community cannot afford to see this industry fall as it is one of the top performing private industries in Upstate New York. As the following chart demonstrates, room occupancy tax investment in the Syracuse Convention and Visitors Bureau (SCVB) has been dramatically surpassed by our competitors:

<table>
<thead>
<tr>
<th>City</th>
<th>Room Tax Funding</th>
<th>% of total Room Tax Collections</th>
<th>Number of Hotel Rooms</th>
<th>Funding per Hotel Room</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lake Placid</td>
<td>$1,620,212</td>
<td>95%</td>
<td>2,000</td>
<td>$810</td>
</tr>
<tr>
<td>Niagara Falls</td>
<td>$1,026,960</td>
<td>80%</td>
<td>5,000</td>
<td>$205</td>
</tr>
<tr>
<td>Ithaca</td>
<td>$917,000</td>
<td>54%</td>
<td>1,887</td>
<td>$486</td>
</tr>
<tr>
<td>Buffalo</td>
<td>$3,250,000</td>
<td>41%</td>
<td>9,320</td>
<td>$349</td>
</tr>
<tr>
<td>Rochester</td>
<td>$2,795,000</td>
<td>40%</td>
<td>7,140</td>
<td>$391</td>
</tr>
<tr>
<td>Saratoga Springs</td>
<td>$743,639</td>
<td>40%</td>
<td>2,539</td>
<td>$293</td>
</tr>
<tr>
<td>Syracuse</td>
<td>$1,572,500</td>
<td>29%</td>
<td>6,500</td>
<td>$242</td>
</tr>
<tr>
<td>Albany</td>
<td>$910,217</td>
<td>20%</td>
<td>7,000</td>
<td>$130</td>
</tr>
</tbody>
</table>

CenterState CEO will work with Onondaga County and SCVB to adopt a long range strategic funding plan that ties funding for the CVB’s destination marketing programs to industry performance.

Contact: David Holder, President, Syracuse Convention & Visitors Bureau
dholder@visitsyracuse.org, 315.470.1911

Arts and Cultural Funding

Economic development and tourism promotion programs both stress the importance and attractiveness of the abundant arts and cultural options found in the Syracuse area. CenterState CEO and SCVB will work with local and state elected officials, leaders from area arts institutions, and the business community to devise a more sustainable approach to
Regional/Local, cont.

subsidizing arts development in Upstate New York. The resulting work should provide the strategic direction and logistical structure to sustain and grow this vital aspect of what makes this a vibrant community.

Contact: David Holder, President, Syracuse Convention & Visitors Bureau
dholder@visitsyracuse.org, 315.470.1911

REGIONAL ECONOMIC DEVELOPMENT FUND

As part of the negotiations that took place in early 2010 between the city and county relative to the distribution of sales tax revenues, CenterState CEO took an active role and produced a white paper that contained recommendations on not only the specific division of revenues between the city, villages, school districts and county, but also suggested that the timing was right to expand the discussion to examine the potential of using tax revenues to create a dedicated, locally controlled fund for the support of key economic development projects and priorities in the region. The justification for such a fund is that the days of relying on Albany or Washington for major appropriations of capital dollars for projects - something that the region has come to depend on - are quickly coming to an end. Such a fund would recognize this new reality and allow the region to take control of its economic development future.

In 2011, CenterState CEO will work with Syracuse 20/20 to explore and recommend a rational source of funds, governance structure, eligibility requirements, public-private sector partnership opportunities and determine how best to proceed with developing such a fund.

Contact: Tom Blanchard, Senior Vice President & Chief Economic Development Officer
tblanchard@centerstateceo.com, 315.422.8284
Staff Contacts

Rob Simpson, President & CEO
rsimpson@centerstateceo.com, 315.422.8284

Tom Blanchard, Senior Vice President & Chief Economic Development Officer
tblanchard@centerstateceo.com, 315.422.8284

David Mankiewicz, Vice President, Infrastructure & Urban Initiatives
dmankiewicz@centerstateceo.com, 315.422.8284

Linda Dickerson Hartsock, Vice President, Innovation & Technology Initiatives
linda@thetechgarden.com, 315.579.0028

David Holder, President, Syracuse Convention & Visitors Bureau
dholder@visitsyracuse.org, 315.470.1911

Deb Warner, Vice President, Public Policy & Government Relations
dwarner@centerstateceo.com, 315.470.1845

Kevin Schwab, Vice President, Air Service Development
kschwab@centerstateceo.com, 315.422.8284

Ben Sio, Director, Sustainable Infrastructure & Policy Development
bsio@centerstateceo.com, 315.470.1838

Dominic Robinson, Deputy Director, Urban Initiatives
drobinson@centerstateceo.com, 315.422.8284