

**TESTIMONY OF**  
**CARL HUM, DIRECTOR,**  
**THE MAYOR'S OFFICE OF INDUSTRIAL AND MANUFACTURING**  
**BUSINESSES**  
**BEFORE**  
**THE COMMITTEES ON SMALL BUSINESS AND ECONOMIC**  
**DEVELOPMENT**  
**OF**  
**THE NEW YORK CITY COUNCIL**

**JUNE 28, 2007**

Good afternoon Chairman White, Chairman Yassky and members of the Committees on Economic Development and Small Businesses. My name is Carl Hum and I am the director of the Mayor's Office of Industrial and Manufacturing Businesses. I am pleased to testify before you today in regard to the Regionally Significant Project component of the New York State Empire Zone Program.

In recent weeks, there has been some attention focused on fine-tuning the New York State Empire Zone Program. While there is always room for improvement, the Empire Zone Program has thus far proved to be a valuable economic development tool for New York City. New York City businesses are collecting approximately \$55 million in New York State tax credits each year as a result of the program.

Since the Empire Zone program was reauthorized in November 2006 with the instrumental support of the City Council, we have certified 99 companies, which are projecting to invest over \$114 million and create 2,700 new jobs for New Yorkers over the next five years.

For the most part, our certified companies are local, home-grown small businesses – such as Twin Marquis in East Williamsburg Brooklyn, Fulton Fish market businesses in Hunts Point, Elite Airline Linen in Far Rockaway, Abco Maintenance Inc on the North Shore, and Rao's Specialty Foods in East Harlem. These businesses and many others have benefited from being located in one of our eleven Empire Zones throughout the five boroughs.

But what about those other small, local businesses who are equally positioned to grow their business?

Thanks to a provision in the Empire Zones Program as codified in General Municipal Law Section 957(d)(i), businesses outside the Empire Zones can tap into valuable State tax credits such as Wage Tax Credit, Real Property Tax Credits and Investment Tax credits to name but a few.

However, there is a catch.

The business must be either

- 1) A manufacturer creating 50 or more full-time jobs;
- 2) An agribusiness, high-tech or bio-tech company creating 20 jobs and making an investment of \$10 million;
- 3) A financial, insurance or distribution concern creating 300 or more jobs; or
- 4) A clean energy research and development enterprise.

I should note that there is an "other" category under General Municipal Law Section 957(d)(i) that has yet to be fully defined by the Empire State Development Corporation.

Over 90 Regionally Significant Projects have been designated throughout the State from the Town of Islip to Rochester. Some examples of these projects include food manufacturers like the Silver Lake Cookie Company to the Orange County Choppers.

However, to insure a balanced approach in designating a Regionally Significant Project, the State Legislature has created a multi-step process that involves the State, the local legislature and environmental impact reviews.

On a very broad level, once the applicant business has received the necessary support from the State and an environmental assessment has been completed, local legislation must be introduced to bring the applicant business into a certain adopting Empire Zone. The approved local law then becomes part of a designation application package that includes a project description and other supporting documents. Final determination is vested in the Empire State Development Corporation.

To date, New York City has not designated a Regionally Significant Project but we are well-positioned to do so. Since the reauthorization of the Empire Zone program, we have reconstituted and re-energized once-dormant local Zone boards and re-established a productive relationship with Empire State Development Corporation. We look forward to now working with the Council in identifying and designating growing businesses as Regionally Significant Projects throughout New York City.

Thank you again for the opportunity to appear before you today. I'd be happy to answer any questions you may have.