November 20, 2017

The Honorable Andrew M. Cuomo
Governor of the State of New York
Executive Chamber
State Capitol
Albany, NY 12224

Dear Governor Cuomo,

I am writing on behalf of the Citizens Budget Commission to recommend you veto three bills that would expand the State's economic development programs. A6110/S1120 has been delivered to your desk, while the other two bills have not.

- **A1260-a/S817-a** would create the New York State Innovation voucher program, which would provide matching funds to small firms to support research and development collaboration with colleges and universities, government laboratories, and public research institutes.
- **A6110/S1120** would authorize Empire State Development to provide grants of up to $100,000 to small businesses supporting commercialization of innovative energy and environmental technology.
- **A7270-c/S4999-d** would create a new refundable tax credit for companies that hire female and minority writers and directors, capped at $5 million per year.

As you have noted in previous veto memos, any new spending or tax programs should be considered in the context of an overall budget and financial plan. The State already spends $5 billion on economic development programs; no new programs should be approved until reforms are put in place to improve evaluation, procurement, and disclosure requirements and existing spending is effectively evaluated. Although applicable to all three bills referenced above, it is most important when considering A7270-c/S4999-d to recall that the Film Tax Credit Program was capped at only $25 million per year when it was originally adopted, but it has grown since to a $420 million behemoth. The bill specifically accounts for the likelihood demand will exceed the $5 million annual allocation by providing that applications in excess of $5 million shall be treated as having been applied for on the first day of the subsequent calendar year. Despite evidence that narrowly focused economic development incentives do not provide a return on investment and should be curtailed, there will be pressure to continue expanding these credits.

For these reasons, I encourage you to veto all three of these bills.

Sincerely,

Carol Kellermann
President