



New York State Business Incubator and Innovation Hot Spot Program

New York State Business Incubator and Innovation Hot Spot Program: The Budget includes creation of a program that will help to foster innovation and commercialization of research by offering inventors and entrepreneurs a low-cost, collaborative environment within which to work, and providing access to essential support and shared business services.

This new incubator program will enable New York State to provide financial and other support to incubators throughout the state that have a proven track record in assisting companies in their early stage of development. In order to receive state assistance, incubators will be required to meet certain criteria including having a strategic plan committing to implementing best practices of incubation and business development.

Through a competitive process, successful incubators will be designated by ESD as New York State Business Incubators and will be eligible to receive benefits, including operating support.

Additionally, ten of these incubators will be designated by ESD as Innovation Hot Spots. These Hot Spots will provide tax-free zones where start-ups and other businesses tied to the incubator will be exempt from business or sales taxes for a five-year period.

Program Specifics:

- An entity wishing to be designated either as an Business Incubator or an Innovation Hot Spot must currently be providing a business incubation program which has been in existence for three years; demonstrated a connection to regional sources of innovation and expertise; have in place a strategic plan committing to best practices and have agreed to maintain and operate the program for three years.
- Innovation Hot Spot designation will require an applicant's affiliation with one or more colleges, universities or independent research institutions, and alignment with regional economic development strategies.
- Only businesses affiliated with a designated Innovation Hot Spots will be eligible for the tax exempt status.
- An initial \$1.25 million will be available to provide operating support for Business Incubators and Innovation Hot Spots, growing to \$5 million as the program is fully implemented.
- Business Incubators and Innovation Hot Spots will be required to report annually to ESD on operations and performance including providing a list of business enterprises served by the incubator.



NYS Innovation Venture Capital Fund

The NYS Innovation Venture Capital Fund: A new \$50 million venture capital fund that will provide critical seed and early-stage funding to incentivize new business formation and growth in New York State and facilitate the transition from ideas and research to marketable products. The Fund will be administered through the Empire State Development (ESD) to help businesses develop to a stage where they can attract private sector financing.

- Funds can be used for direct investment in formative stage businesses or can be provided to intermediaries for investment in such businesses. Businesses receiving Innovation Venture Capital Funds must:
 - Be located or coming to New York State
 - Be in the seed, early or venture stages of development
 - Have the potential to grow and generate economic activity in New York State
- ESD is authorized to hire investment professionals with expertise in early-stage venture to assist in the development and administration of the Fund.
- ESD will produce an annual report that provides details on the Innovation Venture Capital Fund, including:
 - Total amount of investments made with the fund
 - The names of entities receiving funds through the program
 - The number of jobs and expected to be created or retained by companies receiving funds
- ESD is also required to put in place procedures for ensuring that companies receiving assistance through the Innovation Venture Capital Fund stay and grow in New York.