


ECONOMIC DEVELOPMENT



The FY 2026 Executive Budget will continue to invest in New York’s economic recovery, the promotion of job creation, job retention, workforce development, and the revitalization of every region of the State. The Executive Budget proposes investing in key capital projects, emerging and high-impact industries, and regionally-balanced economic development strategies.

Governor Hochul’s economic development vision will focus on industries where innovation is the key to success leading to the advancement of regional economic priorities through strategic investments in communities across the State.

Together, **Empire State Development (ESD)** and the **Department of Economic Development (DED)** finance key economic development projects and provide policy direction to strengthen New York businesses and industries, and overall economic growth throughout the state. This also includes the **Office of Workforce Development** which leads Governor Hochul’s comprehensive effort to strengthen the skills and talents of New York’s workforce. Other State agencies and public authorities also oversee programs and investments that support economic development throughout the State.

CREATING JOBS AND GROWING THE ECONOMY

A key component of the State’s strategy for investment and economic development has been the Regional Economic Development Council initiative, which is rooted in a bottom-up approach that partners with local leaders to utilize regional strengths to support community revitalization and business growth.

The State also utilizes performance-based programs, such as the Excelsior Jobs program, to attract businesses to New York State that require them to achieve specific employment and investment goals before they benefit from tax credits and other incentives.

PROPOSED FY 2026 ECONOMIC DEVELOPMENT BUDGET ACTIONS

Regional Economic Development Councils. The Regional Economic Development Councils (REDC) will continue to play a key role in a regionally-driven strategy to support economic recovery and growth. The Executive Budget includes a wide spectrum of funding that will be coordinated with and driven by strategic plans developed by the REDCs at the ground level to ensure that available funding is matched with the unique sector-driven needs and priorities of each region. The Budget includes core REDC funding through \$150 million in new capital grants and \$75 million in new Excelsior tax credits through ESDC to fund high value regional priority projects, which is anticipated to be made available throughout the year to ensure that projects that are shovel-ready can be advanced in a timely fashion. The Executive Budget also includes downtown and community revitalization initiatives that will be coordinated with REDC-driven economic development strategies where appropriate. The Regional Economic Development Councils (REDCs) have driven significant progress across New York, but their current funding limits make it difficult to support large-scale, game-changing projects. To address this, Governor Hochul will establish a new funding tier for the REDC initiative that will prioritize and support transformative projects that serve as high-impact economic anchors, driving growth and revitalization in communities statewide.

Downtown Revitalization Initiative. Governor Hochul is committed to supporting New York State’s downtowns, large and small, and recognizes that the strength of the State lies in its partnerships with local governments. By working together to create economically, socially, and environmentally healthy community centers through downtown revitalization, we can make life better for New Yorkers and help secure the long-term well-being of the state. To further revitalize our communities, the Executive Budget provides \$100 million for another round of the Downtown Revitalization Initiative (DRI), which has been transforming downtown neighborhoods into vibrant communities where the next generation of New Yorkers will want to live, work, and raise families. Participating communities are nominated

by the State's 10 REDCs based on the downtown's potential for transformation. Each winning community is awarded funding to develop a downtown strategic investment plan and implement key projects that advance the community's vision for revitalization.

New York Forward. To support New York's rural communities, the State will continue its investment in the NY Forward program, designed to advance the renaissance of our smaller downtowns. New York's hamlets and villages serve as commercial and social centers, and support our agricultural, recreational, and tourism economies. Recognizing the distinct needs of smaller communities and their niche historical and cultural assets, the Executive Budget includes another round of \$100 million in funding for rural and smaller communities. Like the DRI program, NY Forward communities are selected in partnership with the REDCs, and the Department of State (DOS) will lead the community through an abbreviated planning process to develop a slate of readily implementable projects. The State's investment in projects that demonstrate their ability to accelerate revitalization will strengthen the competitiveness and improve the future trajectory of New York State's small communities and larger urban centers.

Continued Investment in Tourism. Tourism is New York's third largest employment sector. To support this important industry, the Budget continues to make significant investments by providing \$58.5 million for the State's robust tourism and advertising campaigns, which attract visitors from around the world. These investments include an additional round of \$15 million in competitive funding through the Market NY Program to support tourism marketing plans and other projects that best demonstrate regional collaboration among counties to promote regional attractions, as well as matching grants to assist counties and municipalities in local tourism efforts, the I Love NY marketing campaign, and other targeted investments.

Renew Commitment to our State's Capital - Championing Albany's Potential Initiative. The FY 2026 Executive Budget includes \$400M to revitalize the downtown of Albany in partnership with local stakeholders and backed by significant State resources to catalyze change. As a part of this investment, Governor Hochul will devote significant

resources toward the New York State Museum, with a goal of updating and modernizing its core facilities.

Promote Opportunity with Electric Readiness for Underdeveloped Properties (POWER UP) Fund.

The FY 2026 budget includes funding to launch the POWER UP program, to fund the proactive development of electric capacity to create power-ready sites and attract new businesses to the State. Governor Hochul is seeding the fund with \$300M, spread over three years, which will facilitate the proactive development of dozens of sites.

Empire Artificial Intelligence (AI) Partnership. The State will invest an additional \$90 million in capital grants for the Empire AI initiative. This investment will accelerate pioneering developments in AI, positioning New York at the forefront of national efforts of research, innovation and economic development in AI. The \$90 million is in addition to the \$275M State investment provided in the FY25 Enacted Budget.

Grow the Semiconductor Industry and Build the Semiconductor Supply Chain. New York State continues to bring semiconductor manufacturing home to our state. As multiple states compete to attract related supply-chain companies, Governor Hochul is proposing a 10-year extension of the Excelsior Jobs Tax Credit Program, to allow our foremost job creation tool to continue its track record of success. To bolster the State's competitive advantage, this year's Executive Budget creates a new tier for semiconductor supply chain companies within the proven Excelsior Jobs Tax Credit Program. The new Semiconductor Supply Chain Tax Credit will offer up to a 7% jobs tax credit, and a 3% investment tax credit.

FAST NY Shovel-Ready Grant Program. Empire State Development will provide up to \$100 million for another round of grants to prepare and develop sites statewide to increase its attractiveness to large employers, including high-tech manufacturing, particularly semiconductor manufacturing, interstate distribution, and logistics. The program will help diversify New York State's economy while propelling new investments in communities and job creation.

Support Small Businesses with Low Interest Capital (LINC). High interest rates can incapacitate small businesses – which often pay higher borrowing rates due to their reduced collateral and higher risk profiles as compared to larger firms – preventing them from investing in expansion and creating new jobs. The successful Linked Deposit Program, which helps small businesses borrow at more affordable rates, has lowered the interest rate for nearly 6,000 businesses, resulting in \$2 billion in bank lending, and leveraging over \$4 billion in new capital investments by State businesses. In response to demand that far exceeds supply, Governor Hochul will launch the Low Interest Capital program or LINC, an expansion of the Linked Deposit program, to support hundreds of additional small businesses across the state.

Companies Attracting Talent to Advance Leading Innovations and Scale Technologies in New York (CATALIST NY). ESD will launch the CATALIST NY tax incentive program to provide early-stage innovation businesses that have completed a NYS incubator program with Personal Income Tax (PIT) benefits to reduce the cost of hiring. By lowering the tax burden to hire new employees, startups can hire more seamlessly during a critical phase of their expansion.

Redevelopment of Underutilized Sites for Housing. The FY 2026 Executive Budget includes \$250 million in capital funding for the Redevelopment of Underutilized Sites for Housing Initiative (NY RUSH). In its second year of implementation, the NY RUSH program will continue to assist State agencies in the repurposing of existing State sites and properties for use as housing.

Long Island Infrastructure. The Executive Budget provides \$50 million to support intermodal infrastructure investments in Suffolk County, Long Island.

Olympic Regional Development Authority (ORDA) Capital Improvements. The Budget includes \$110 million in new capital funding for ORDA to support continued maintenance and enhancements to Olympic and other ORDA-owned facilities. Additional investments in these assets located in the North Country, Mid-Hudson, and Capital Region will continue to make New York State

a competitive destination for winter recreation and travel, attracting large sporting events and International Championships, ultimately driving year-round business and economic sustainability to the surrounding areas.