



## **Governor Hochul Doubling Down on Totally Discredited Corporate Welfare**

*State of the State Proposes 15 New or Expanded Business Subsidy Programs*

Governor Hochul mentioned business subsidies 18 times in her [2023 State of the State](#) address, and proposed 15 new or expanded programs – without citing a price tag for most of them. Policy and budget experts from left, right, and center overwhelmingly agree that business subsidies are [a waste of taxpayer funds](#).

Last year, the State Senate held a much-talked-about [public hearing](#) on business subsidies. At the hearing, national and NY State experts detailed the abundance of evidence that corporate welfare is an incredibly expensive way for government to encourage the creation of good jobs.

Among the Governor’s worst ideas are reanimating the failed Start-Up NY subsidy, expanding the highly dubious “Green” CHIPS subsidy, doling out taxpayer funds to video game makers, and creating a 421-a successor. (Chart of all SOTS subsidies below.)

Amidst these dubious boondoggles, Governor Hochul did mention something shown to be a [good public investment](#): workforce development, which we will report on soon.

### **Four Biggest Boondoggles**

#### **1. Reanimating Start-Up NY: An EPIC-ly Dumb Idea**

Governor Hochul wants to restart Start-Up NY, New York’s discredited and [failed program](#) to hand out taxpayer dollars to businesses located near public and private colleges and universities across the state. The Governor’s proposed Extended Prosperity and Innovation Campuses initiative, or EPIC, will allow participating businesses to operate tax-free for 10 years on or near eligible university or college campuses. Unfortunately, Hochul didn’t actually acknowledge what was wrong with Start-Up NY in the first place: it was a wasteful subsidy that created an uneven playing field for existing businesses, had an opaque selection process that risked favoritism and corruption, and was costly and inherently inefficient for the Empire State Development (ESD) to manage.

Start-Up NY should Rest in Peace, not be reanimated as a still irrational and wasteful subsidy zombie.

## **2. Expanding “Green” CHIPS Subsidies? Wasn’t \$10B Enough?**

Over 20 years, New York’s “Green CHIPS” law will give semiconductor manufacturers \$10 billion in tax breaks. The [Green CHIPS bill](#) passed during the 11th hour of the 2022 legislative session with zero public discussion or debate. Why? Because the program cannot withstand public scrutiny. Evidence overwhelmingly suggests state subsidies for computer chip fabs will never pay off. There is nothing “green” about manufacturing computer chips – making them uses significant amounts of [energy and water](#). Highly automated chip fabs also do not employ many people given how much they cost to create and maintain. The global chip industry exists in a boom or bust cycle of supply and demand that makes building new fabs extremely risky. Micron, which is theoretically going to invest \$100B in New York State, has instead been cutting jobs, as has heavily-subsidized GlobalFoundries.

Despite this, Governor Hochul proposes expanding the Green CHIPS subsidy program “to support additional critical priorities for the state, such as assisting disadvantaged communities and populations, as well as advancing the green economy.”

## **3. \$25M Subsidy to Digital Gaming: Can We Simulate Paying State Taxes?**

In 2022, the Hochul administration [launched](#) a subsidy for digital game development, which will hand out \$5 million a year for 5 years to companies who make digital games. A [Capital-region company](#) was among the program’s first recipients and is set to receive an incredible \$1.2 million for the creation of 30 jobs and another \$200,000 to cover construction costs for its headquarters. Why are tax dollars going to people making video games?

## **4. 421-a Successor: Albany’s Favorite Thing – Messing with NYC Taxes**

421-a, the state law that abated [\\$1.77 billion](#) a year in NYC property taxes on real estate developers, expired in 2022, and Hochul is now proposing a successor to the program. Any replacement program that [mimics 421-a is likely to be ineffective](#) when it comes to creating affordable housing and will instead provide wasteful subsidies to real estate developers.

As Reinvent Albany has [previously documented](#), business subsidies do not work to create jobs and economic growth. The Legislature should put a moratorium on

creating new ones by rejecting all new subsidies proposed by Hochul, and freeze or shrink existing corporate handouts.

**2023 State of the State: Proposed Subsidies to Businesses  
Reinvent Albany Summary**

<b>Status</b>	<b>Subsidy</b>	<b>SOTS Page</b>
New	Launch the Extended Prosperity and Innovation Campuses (EPIC) initiative as a replacement to the START-UP NY program. Participating businesses will operate tax-free for 10 years on or near eligible university or college campuses.	page 175
Expanded	Expand/update Green CHIPS credit "to support additional critical priorities for the state, such as assisting disadvantaged communities and populations, as well as advancing the green economy."	page 174
Existing	Mention of existing Digital Game Development tax credit, established in 2022	page 162
New	Create a successor to 421-a	page 44
Existing	Mention of existing shovel-ready site investments	page 162
New	Establish a new subsidy that gives tax breaks to businesses that provide supplies to New York manufacturers.	page 177
New	Create the Technology Innovation Matching Program, which will provide millions in matching grants for NY companies applying for Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) funds from the federal government	page 169
New	Capital grant to fund tech upgrades for medical providers	page 98
New	Make \$5 million in State Low Income Housing Tax Credits (SLHIC) available to mixed-income projects	page 43
New	Create a new property tax exemption in New York City to incentivize the inclusion of affordable housing in commercial buildings that are converted to residential use.	page 43
New	Create a new property tax subsidy that localities can opt into to encourage mixed income housing development near train stations.	page 44
New	Create a new subsidy managed by Homes and Community Renewal (HCR) for housing developments that include dedicated child care space.	page 49
New	Provide subsidies for projects that are at least LEED Silver Certified or located in disadvantaged communities.	page 174
New	Establish a grant program for farm markets, supermarkets, food cooperatives, and similar retail food stores	page 187
Expanded	Expand the size of an existing property tax subsidy that localities	page 43

	can opt into that explicitly covers Accessory Dwelling Units (ADUs)	
Expanded	Update an existing subsidy for property owners who undertake major capital repairs	page 44
Expanded	Expand existing subsidies for employers that create or expand child care access for employees.	page 214
Existing	Mention of previously-established business accelerator competitions (there are 8)	page 162
Existing	Mention of existing venture competition in Long Island focused on life sciences	page 162

You can see our full list of the subsidies mentioned and proposed [here](#).