

APPENDIX B-21: NEW YORK



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Overview

Viewed as a whole, New York's economy has staggered for over three decades. While New York City continues to prosper, the plight of upstate communities is becoming increasingly dire. Older, higher-paying private sector jobs have been increasingly replaced by lower-paying positions many of which depend on public funding. In his first State of the State address, New York Governor Eliot Spitzer called for a revolution in how New York approaches business attraction, retention, and growth.

The New York State coincident economic indicator index constructed by the NYS Assembly Ways and Means Committee staff indicates that the state economy is still expanding.¹ However, the recent softening in the state leading economic indicator index hints at a possible decline in the state's economic performance in the near future. The New York state economy continues to lag behind the United States in employment growth. However, the state should continue to benefit from expansions in the national economy.

According to the state's rankings by *Forbes*, New York came in with an overall ranking of 33rd (on a scale of 1-50, with one being the best).² This was up from 35th in 2006. The worst category for New York was the cost of doing business. Health care costs accounted for a large part of this in the state. The Labor ranking was also fairly poor at 33rd. Most other rankings were above average, in the 20s.

¹ New York State Assembly Ways and Means Committee, 2007 Coincident Economic Indicator Index.
<http://nysl.nysed.gov/uhtbin/cgisirs>

² Kurt Badenhausen. "Special Report: The Best States for Business." *Forbes Magazine*. July 2007.
http://www.forbes.com/business/2007/07/10/washington-virginia-utah-bizez_kb_0711bizstates.html

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Public Policy

The "State Competitiveness Report (SCR) 2007",³ a study by the Beacon Hill Institute ranks a state's ability to produce high income, and generally a better quality of life for its citizens. The rankings compare all the states and rank them 1-50 (with a ranking of one being the best). In this study, New York ranked 38th overall. Although New York was praised in the report for its access to the international market, the state received extremely low rankings in other sectors. In particular New York received the worst rating for government and fiscal policy.

State Taxes

Governor Spitzer (D) has been sending mixed signals about the prospect of a heavier tax burden for the state in 2008. While the governor has stated that he does not intend to raise taxes, he has indicated that he plans to close corporate loopholes. The governor's budget director, Paul Francis, stated in October of 2007, "What I don't believe is the case that our taxes are a big disincentive for New York Cities Financial services sector. Our taxes and our costs of living are very competitive." In reviewing the governor's priorities for the 2008-2009 budget process, Francis put forth the following:⁴

- The governor is committed to increasing spending and expanding eligibility for the State Children's Health Insurance Program (SCHIP)
- The governor will continue emphasizing more accountability measures accompanying state aid to schools and more progressive property-tax relief measures
- The governor will use growth in personal income, as opposed to the more traditional measurement of inflation, as a benchmark for increasing spending in the state budget. The rate of growth in personal income in New York State is approximately 5.3%

³ David Tureck, Jonathan Haughton, Frank Conte, Christopher Doyon. State Competitiveness Report 2007. Boston: Beacon Hill Institute for Public Policy Research at Suffolk University, 2007. 47. <http://www.beaconhill.org/Compete07/Compete2007State.pdf>.

⁴ Elliot Spitzer. "Division of the Budget Completes Early Budget Hearings." New York State Office of the Governor. 26 Oct. 2007. <http://www.ny.gov/governor/press/1026071.html>

Medicaid Spending

One of the major policy issues for the state of New York is Medicaid spending. The state's Medicaid spending increased 3% in the past year, despite an average decrease in total Medicaid spending nationwide.⁵ Much of this information was gathered from the Kaiser Family Foundation.⁶ This data found that New York's per capita Medicaid spending in 2006 was \$2,316, 128% above the national average of \$1,105 and 46% above Rhode Island, the state with the second-highest per capita Medicaid spending in the nation.

Twenty-two states decreased total Medicaid spending in the last year, leading to a national decrease in spending of 0.2%. A February 2007 report by the National Health Statistics group at the Center for Medicaid Statistics attributed decreased spending to a new Medicare prescription drug program, as well as efforts by many states to reduce overall Medicaid costs.⁷

Regulatory Affairs

New York State's regulatory environment came in 20th in the recent ranking by *Forbes*.⁸ This is much improved from where the state was viewed to be in the 1990s. In the early 90s, New York struggled economically, even as the rest of the country came out of a recession. From 1991 to 1995, the state lost more than 340,000 private sector jobs. The state had a reputation as a tough place to do business and investment had fled due to high taxes and excessive regulation.

Within a year of taking office in 1995, former Governor Pataki issued Executive Order No. 20 (EO20) and established the Governor's Office of Regulatory Reform (GORR). At first glance, GORR represented the continuation of a long line of regulatory efforts in New York, beginning with the Office of Business Permits, established by the legislature in 1978. In 1984, the agency became the Office of Business Permits and Regulatory Assistance, with increased responsibility for regulatory review. The agency changed again in 1993, becoming the Office of Regulatory and Management Assistance. The predecessor agencies had been authorized by statute; GORR came by way of executive order, bypassing the legislative process.

The New York State Administrative Procedures Act (NYSAPA) set out the requirements for regulatory analysis. NYSAPA had long required clarity, consideration of regulatory impacts on small business, and consistency with legislative intent, among other stipulations. It evolved over the years as lawmakers attempted to control regulatory processes.

⁵ "New York Continues To Be First In Nation In Per Capita Medicaid Spending." Business Council Public Policy Institute of New York. 2.Nov. 2007.

<http://www.bcnys.org/whatsnew/2007/1101medicaidspndng.htm>

⁶ "Medicaid Facts: State Fiscal Conditions and Medicaid." Kaiser Family Foundation. November 2007.

<http://www.kff.org/medicaid/upload/7580-02.pdf>

⁷ "New York Still Tops In Medicaid Spending." *Business First of Buffalo*. 5 Nov. 2007.

<http://www.bizjournals.com/buffalo/stories/2007/11/05/daily4.html>

⁸ Badenhausen.

With GORR the tide turned for the state, and decades of regulatory accretion began to recede. In an interview published in *Site Selection* magazine in 1996, Charles Gargano, chairman of the Empire State Development Corporation, stated “There’s been a major change in the way New York state does business...We have instituted much-needed fundamental economic reforms. We are...changing and eliminating burdensome regulations and reforming our workers’ compensation system.”⁹

Washington State recently turned to the New York state model to reform its regulatory environment. This has helped Washington State become noted as one of the turnaround states in this larger report.

Tax Policy

New York has some of the highest tax rates in the country. The State Business Tax Climate (SBTC) is a tool for lawmakers and the media to compare the state’s tax policies (with a ranking of one being the best). In this index New York placed 48th out of 50, with only New Jersey and Rhode Island receiving a worse ranking.¹⁰ The index particularly criticized the state income tax which was ranked 41st in the nation and New York’s sales taxes which placed next to last among all states.¹¹ Meanwhile, the 2007 Small Business Survival (SBS) index rates a state’s public policies according to how friendly a state is toward entrepreneurial activity. In that study the state also placed 46th out of all states and the District of Columbia.¹² The SBS study particularly gave New York exceptionally low marks in corporate 41st, property tax 45th and gas tax 49th.¹³

New York’s income tax is imposed on the entire income of New York residents, and on the New York-source income of nonresidents. The computation of tax starts from federal adjusted gross income (FAGI).¹⁴ Certain items of income not subject to federal tax are taxed by New York, while other items of income subject to federal tax are not taxed by New York. These are addition and subtraction modifications to FAGI.

New York imposes a graduated income tax with rates ranging between 4% and 6.85% of taxable income, which equals NYAGI less the deductions and exemptions.

⁹ “2003 Regulatory Reform Case Study: New York—A Model for Regulatory Reform in Washington State: The New York Approach, Lessons in Regulatory Reform.” Association of Washington Businesses. 10 Jan. 2008

<http://www.awb.org/otherissues/competitiveness/2003reportregreformB.asp>

¹⁰ Chris Atkins and Curtis S. Dubay. Background Paper: 2008 State Business Tax Climate Index. October 2007, Number 52. The Tax Foundation. 10. <http://www.taxfoundation.org/files/bp57.pdf>

¹¹ Atkins.

¹² Raymond J. Keating. Small Business Survival Index 2007: Ranking the Policy Environment for Entrepreneurship Across the Nation 12th Annual Edition. Small Business & Entrepreneurial Council, Washington, DC, November, 2007. 2. http://sbecouncil.org/Media/pdf/SBSI_2007.pdf?CFID=514256&CFTOKEN=91743709

¹³ Keating, 40.

¹⁴ Barbara G Billet and Robert D. Plattner. Handbook of New York State and Local Taxes. New York State Department of Taxation and Finance. September, 2007. 3. http://www.tax.state.ny.us/pdf/stats/policy_special/handbook_of_new_york_state_and_local_taxes_september_2007.pdf

A supplemental income tax for the purpose of recapturing the benefits conferred to taxpayers through tax brackets with rates lower than the maximum rate applies to all taxpayers with NYAGI over \$100,000. Once taxpayers' NYAGI exceeds \$150,000, all of their taxable income becomes effectively subject to a flat 6.85% tax rate.

Business Taxpayers

The personal income tax also applies, at the individual level, to persons receiving income from business entities in which they perform services or hold an interest. For example, while sole proprietorships do not pay an entity-level tax, they pay tax on their businesses' net earnings.¹⁵ Furthermore, partnerships do not pay an entity-level tax; rather individual partners pay tax on their distributive share of the partnership's income. New York State allows for the formation of limited liability companies (LLCs) and limited liability partnerships (LLPs). Based on existing New York law and practice, the LLC/LLP statute borrows heavily from provisions of the New York Partnership Law and Business Corporation Law. LLCs are classified as partnerships for New York state purposes. LLCs and LLPs, whether foreign or domestic, with New York source income must pay an annual filing fee determined by multiplying the number of members (partners) of the LLC/LLP by \$50. The LLC/LLP cannot pay less than the annual minimum payment of \$325 or more than the annual maximum payment of \$10,000.¹⁶

Business Taxes

Typically, general business corporations pay taxes computed under the corporation franchise tax. Separate taxes apply to banks and insurance companies, including anyone who buys insurance from an insurance company that is not authorized to write insurance in New York State. The utility corporations' tax applies to certain transportation and transmission corporations (except airlines), utility companies, telecommunications services, and agricultural cooperatives. In addition, as under federal law, there is a tax on the unrelated business income of non-stock not-for-profit corporations. Finally, a gross receipts tax applies to petroleum businesses. The Metropolitan Transportation Authority (MTA) surcharge applies, at a rate of 17%, to business taxes otherwise due (except the petroleum business tax), after deduction of credits and allocable to the 12-county Metropolitan Commuter Transportation District. This region includes the City of New York, Long Island, and the mid-to-lower Hudson River Valley. The MTA surcharge remains in effect through tax years ending before December 31, 2009.¹⁷

Corporation, Franchise Tax

This tax is imposed on corporations for the privilege of exercising their corporate franchise in New York. It applies to general business corporations not taxed under another article of the Tax Law.¹⁸ Corporations compute tax under four bases, and pay tax on the base yielding the highest liability. An additional tax applies based on the

¹⁵ Billet and Plattner, 9.

¹⁶ Ballet, 11.

¹⁷ Billet and Plattner.

¹⁸ Billet and Plattner, 12.

corporation's subsidiary capital allocated to New York, at a rate of 0.09%. The four bases include:

- A tax on allocated entire net income (ENI) with rates that vary.
- A tax of 0.178% on business and investment capital allocated to New York after deduction for short- and long-term liabilities (the maximum tax on this alternative equals \$350,000 for manufacturers and \$1 million for all others).
- A 1.5% tax on the alternative minimum taxable base.
- A separate minimum tax at fixed dollar amounts.¹⁹

The entire net income base equals federal taxable income modified for income and deduction items that New York treats differently. For example, New York's tax base excludes subsidiary income items and does not allow deductions directly and indirectly attributable to subsidiary capital.

Tax Incentives

New York provides tax incentives in the form of tax credits, deductions, and allocation formula adjustments. These incentives are intended to encourage business investment and economic development within the state.²⁰ Major provisions include:

- An investment tax credit (ITC) of 5% of the first \$350 million of investments, plus 4% for investments over that amount, for certain eligible property including equipment or buildings used in broker/dealer and associated activity and national security exchanges, and certain property used in film production. The ITC is refundable for certain new businesses.
- An ITC on research and development property at an optional rate of 9%.²¹
- An ITC for rehabilitation of historic barns based on 25% of qualified rehabilitation expenditures.
- An employment incentive credit (EIC) available to employers who are eligible for the ITC and add jobs. A sliding scale links larger EIC amounts with larger employment increases.
- An Empire Zones (EZs) credit program in designated areas throughout the state. Certified businesses located within an EZ are eligible to receive a wage tax credit and an investment tax credit. Taxpayers investing in zone businesses and certain zone projects can receive a capital credit. Taxpayers who meet an annual employment test can become certified as Qualified Empire Zone Enterprises and receive a credit for real property taxes and a tax reduction credit.
- A school property tax credit for eligible farmers. The credit is based on the amount of school district real property taxes paid on qualified farmland and buildings, subject to certain acreage and income limitations.
- A credit of up to \$2,100 per qualified employee to employers who employ disabled individuals.

¹⁹ Ballet.

²⁰ Billet and Plattner, 13-15.

²¹ Ballet, 14.

- Alternative energy credits for the purchase and installation of qualified fuel cell electric generating equipment and alternative fuel vehicle refueling property placed in service in New York state.
- Credits for construction of green buildings, the clean-up and redevelopment of brownfields, and the production of biofuel.
- A credit for 20% of amounts paid by employers for long-term care insurance for their employees.
- Three credits designed to encourage the growth of qualified emerging technology companies (QETCs) investing in research and development in New York state. The employment tax credit equals \$1,000 for each employee hired over a base year figure. The capital tax credit equals 10% or 20% of the investment in a QETC, depending upon how long the investment is held. The QETC facilities, operations, and training credit has three components: an 18% ITC on research and development property; a 9% credit on qualified research expenses; and a credit for high-technology training expenses, up to \$4,000 per employee per year.
- A refundable credit for qualified film production companies. The credit equals 10% of qualified production costs, allowable in the year the film is completed. Fifty percent of excess credit that is not applied to reduce tax liability is refundable.²²
- Various special methods for allocating receipts from certain types of services, such as advertising, publishing and printing, broadcasting and motion pictures, and financial services.
- The exclusion from entire net income of interest income and gains from subsidiary capital.

Sales and Use Tax

New York State imposes a 4% sales and compensating use tax (sales tax). Cities and counties are authorized by the Tax Law to impose a local sales tax in 0.5% increments, up to a maximum of 3%.²³ All counties and 24 cities impose some form of local sales tax. In addition, six cities (including New York City) and 51 counties have sought and received legislative authority to impose tax at additional rates, ranging from 0.125% to 2%. Towns and villages may not impose a sales tax, although they often share in the distribution of county sales tax proceeds.

Cigarette and Tobacco Taxes

New York collects the cigarette excise tax through the sale of tax stamps to licensed agents. Agents must affix the tax stamps to each package of cigarettes before sale can occur in New York State. The tax rate is \$1.50 per pack of 20 cigarettes. New York City also imposes a separate excise tax of \$1.50 per pack, which brings the combined per pack tax rate in the city to \$3.00. In addition to the excise tax, a prepaid sales tax is paid by the agent at the time the cigarette tax stamp is purchased.

²² Ballet, 15.

²³ Billet and Plattner, 22.

Motor Fuel Tax

New York State imposes eight cents per gallon tax on diesel motor fuel at the point of first taxable sale or use in New York. An eight cents per gallon tax also applies to other motor fuel, including gasoline, upon first import into or production within New York.²⁴

Local Taxes

Local governments in New York levy taxes on real property, which is defined as land and any permanent structures attached to it.²⁵ No taxes apply to other types of property, and no property tax is levied. In addition, the state constitution prohibits the imposition of taxes on intangible property. In general, separate property taxes apply for school districts and for county/municipal governments.

Sales Taxes

Local governments are authorized to impose sales and compensating use taxes. These taxes are generally levied by counties and are largely linked to the state sales tax base and administered by the Department of Taxation and Finance, which distributes the local portion to local governments.²⁶ Cities and counties may choose to impose a selective sales tax on certain items instead of conforming to the overall state sales tax base. These include utility services, “restaurant” food and drink, hotel room occupancy, and certain amusement charges.

Innovation

The New Economy Index²⁷ (NE) rates the states according to advancements in innovation (with a rating of one being the best) and the ability to compete in a new market that relies on the digital age. In this study, New York ranked exceptionally well at 10th in the nation. The state was particularly praised for the number of high wage traded services 3rd, patents 7th and e-government services 8th. In addition, the SCR ranks New York relatively high for technological innovation at 15^h out of all 50 states.²⁸

New York State has rapidly become a world class technology center that fosters innovative ideas and pioneers programs focused on bringing the most advanced cutting edge technological products to market.

This fact was reinforced by the recent announcement that International SEMATECH North, a global consortium of 12 major computer chip manufacturers, will locate its next generation computer chip research and development center at the Center of Excellence in Nanoelectronics in Albany. In securing this prized facility over other sites in the US, Europe and Asia, New York cemented its image as a leader in chip research and

²⁴ Billet and Plattner, 26.

²⁵ Billet and Plattner, 31.

²⁶ Billet and Plattner, 32.

²⁷ Robert Atkinson and Daniel K. Correa. The 2007 State New Economy Index: Benchmarking Economic Transformation in the States. Innovation Technology and Innovation Foundation. February, 2007. 13. http://www.kauffman.org/pdf/2007_State_Index.pdf

²⁸ Tureck et al, 47.

development and elevated its status around the world as a forerunner in the technologies of tomorrow.

As a commitment to broadening its status as a leader in the high technology and biotechnology industries, New York has invested more than \$1 billion in the state's technology business sector, world-class research laboratories, and academic centers over the past seven years. New York's financial incentive programs have boosted investments in laboratory and clean room space, incubator space for high-technology company spin-offs, and state-of-the-art workforce development programs.

New York State has pursued the following innovative initiatives to foster technology growth:

- Invested \$117 million in the development and commercialization of high-technology and biotechnology innovations.
- Allocated \$280 million to increase the availability of venture capital for emerging businesses.
- Assigned \$1.7 million to the newly created Empire State Technology Employment Incentive Program to help employers attract highly-trained technical workers.
- Created financial incentives for businesses, such as the Qualified Emerging Technology Employment Credit and Qualified Emerging Technology Company Capital Tax Credit.

New York's National Industry Segment Rankings

- First in photonics manufacturing employment with 9,643 jobs.
- Second in defense electronics manufacturing employment with 10,700 jobs.
- Third in the nation in total high tech manufacturing employment with 83,813 jobs.

New York State is currently home to over 50 incubator facilities, including the oldest incubator in the US, Batavia Industrial Center in the Finger Lakes region, considered one of the most important in the nation.

Business incubators are important because they encourage the development of new businesses and foster local economic development. Reflecting some of New York's major goals, incubators create new jobs and new wealth by conceiving and developing innovative technologies.

New York State has ranked second nationally in the number of new businesses incorporated since 1993, and holds between 9% and 10% of new businesses in the US. Two main factors have contributed to this high level of new business activity in the state.²⁹

²⁹ "Tech/Business Incubators." New York Loves Business.

http://www.nylovesbiz.com/High_Tech_Research_and_Development/technology_incubators.asp

- University-based research and development -- New York State is ranked 2nd in total university research and development expenditures with \$2.76 billion
- Entrepreneurial activity supported by technology and business incubators -- New York is ranked 5th nationally with the most fastest-growing new entrepreneurial businesses

Biomedical Industry

As home to pharmaceutical and biomedical leaders such as Pfizer, Wyeth-Ayerst, and Forest Laboratories, New York State has realized considerable biomedical industry growth. This is due, in part, to the significant commitment made by New York State to expand businesses and create new high technology and biotechnology opportunities — reaching \$1.2 billion in 2005. This includes \$225 million under the “Gen*NY*sis” Program (Generating Employment through New York State Science)--a program focused on all stages of the life sciences research and development process, from basic research to applied research to final product, encouraging collaboration between public and private research institutions with emerging as well as established companies.

Nanotechnology Industry

New York State's high technology sector is distinguished by mixed industry-academia partnerships, access to venture capital, a highly educated work force, and training resources that nurture and develop industry leaders. Confirming New York's role as a center for future technologies, *Small Times Magazine*, a leading business publication for small-tech companies, reported that, in 2005 New York State ranked 2nd in the nation in nanotechnology research and fourth in overall development of nanotechnology.³⁰ In addition, the magazine found that New York was gaining more nanotech companies and venture capital dollars to support them.

The Center of Excellence in Nanoelectronics at the University of Albany has conducted the state's most important academic nanotechnology development efforts. In addition, New York boasts a host of other world-class nanotechnology research centers, including Cornell University's National Nanotechnology Infrastructure Network and its Nanobiotechnology Center and Nanoscale Facility, the Center for Directed Assembly of Nanostructures at Rensselaer Polytechnic Institute, and the Center for Electronic Transport in Molecular Nanostructures at Columbia University.

Centers of Excellence

One of New York State's most innovative and ambitious high technology initiatives is the establishment of "Centers of Excellence" at leading universities. The Centers support high technology ventures through a collaborative approach among the state, academia, private venture capital companies, and other private and public sector parties. Established to encourage rapid commercialization of scientific breakthroughs, the

³⁰“New York Named Among Top States For Nanotech.” *Nanotechnology News*. Anozano.com. 17 Mar. 2005. <http://www.azonano.com/news.asp?newsID=637>

Centers specialize in nanoelectronics, bioinformatics, photonics, environmental systems, wireless applications, and information technology.

Environmental Research and Development

Empire State Development (ESD) offers financial assistance for research, development, and demonstration (RD&D) projects that lead to measurable pollution prevention and economic development outcomes. Through the Environmental Investment Program, funds are available on a competitive basis to test, evaluate and/or demonstrate the technical and/or economic feasibility of technologies or practices that prevent, reuse, remanufacture or recycle waste. RD&D contracts are limited to small and medium-sized New York State businesses and non-profit organizations that either employ fewer than 500 workers or earn less than \$10 million in gross annual sales.

RD&D applications with the highest promise for leading directly to the commercialization or use of the technology or process are preferred. ESD does not support basic research or research that leaves unanswered a significant number of questions key to the successful commercialization or use of the technology or process. ESD only supports RD&D projects in which New York State firms demonstrate a commitment and ability to directly implement the project results.

Workforce

New York receives a relatively mediocre ranking when it comes to its workforce. The SCR ranks the quality of its workforce in its “Human Resources” category. In this category, New York ranks 23rd in the country.³¹ A large factor influencing New York’s average workforce ranking is that the state ranked as 33rd in terms of unemployment and also received a relatively low ranking in the number of adults in the labor force, 35th, and the number of adults with a high school degree 34th.

Despite the ranking in the SCR, New York State’s workforce is recognized by national employers as a key asset. More than 27% of the state’s resident population over the age of 25 has received at least a bachelor’s degree. This is 5% more than some of New York’s key competitor states, including Texas, North Carolina, and Florida.³²

According to the *New York State Assembly Ways and Means Committee 2007 Report*, the state’s employment is expected to grow 0.7% compared to 0.9% in 2006.³³ The steady rate of employment growth reflects both business expansion and growing consumer spending. However, the rate of New York State employment growth is expected to remain lower than that of the national average. This reflects a lower long-term rate of employment growth. The largest employment gains in the state have been in the areas of education, health, professional services, and securities. Since 1996, the largest average annual regional job gains have been in New York City, but there have

³¹ Tureck et al, 47.

³² “New York Quick Facts.” The U.S. Census Bureau. 2 Jan. 2008.
<http://quickfacts.census.gov/qfd/states/36000.html>

³³ New York State Assembly Ways and Means Committee, 2007 Coincident Economic Indicator Index.

also been notable job gains in NYC suburbs. Manufacturing employment in the state has declined at a faster rate than the national average.

The New York Assembly expects wage growth to be 5.9% in 2007 following an estimated 7.9% in 2006. In 2008, total wages are expected to grow 5.4%.

Education

According to the US Chamber of Commerce's "*Leaders and Laggards: A State by State Report Card on Educational Effectiveness*" study, New York has a mediocre record on providing secondary education to its residents. In this study, New York was one of only eleven states to receive an overall rating of a "C" for the quality of its education system.³⁴ In particular, the state won high marks for the subject matter proficiency of their teachers, rigor of academic standards, and performance of low income students. However, the state received average to low marks for its administrative flexibility, data quality and return on tax payer investment.

New York State is home to a number of leading universities and research institutions that produce a significant number of patents and publications. In 2005, New York was ranked 2nd in the nation in terms of educational resources and degrees conferred.³⁵ The state's 271 colleges and universities conferred more than 250,000 degrees. Six New York universities are ranked in the top 50 nationwide for quality of undergraduate education.³⁶ According to a Milken Institute report, three of New York's universities are ranked in the top 30 for Biotech patents and Publications worldwide. Finally, four New York graduate engineering programs are ranked among the nation's top 50. Columbia and Cornell University are on all of these lists.

Beyond academia, New York State boasts a number of top research syndicates, including International SEMATCH North (the global consortium of top semiconductor companies) and the Center of Excellence at the University at Albany's College of Nanoscale Science and Engineering, which is home to scientists from 250 companies.

Furthermore, Memorial Sloan-Kettering Cancer Center has devoted more than a century to research for the treatment of cancer patients. Buffalo-based Roswell Park Cancer Institute (RPCI), founded in 1898, was America's first cancer center. RPCI was ranked 13th among the nation's 118 independent academic hospitals for NIH funding in 2005.

Cost of Market Entry

The overall cost of doing business in New York is second-highest in the nation, after Hawaii's, according to a national study by the nonprofit Milken Institute.³⁷ This includes costs for wages, taxes, electricity, and industrial and office rents.

³⁴ The Institute for a Competitive Workforce. *Leaders and Laggards: A State by State Report Card on Educational Effectiveness*. US Chamber of Commerce, 2007.

<http://www.uschamber.com/icw/reportcard/default>

³⁵ New York State Department of Education. <http://www.nysed.gov/>

³⁶ "America's Best Colleges 2008" US News and World Report 2007.

http://colleges.usnews.rankingsandreviews.com/usnews/edu/college/rankings/rankindex_brief.php

³⁷ Milken Institute "2007 Cost of Doing Business Index." December, 2006.

The average costs of a workers' compensation case in New York (\$16,114) are second-highest in the country and almost double the national median. Other employee benefits, such as health insurance and unemployment insurance, also cost more in New York than in most other states. The Empire State's minimum wage is sixth-highest in the country. It is 31% above the level in most states.

Unionization is also a concern for many companies looking to relocate to New York. The proportion of workers represented by unions is higher in New York, at 27.5%, than in any other state.

Average electricity prices in New York are 63% above the national average, according to the Milken institute. National gas costs are also higher than in most other locations, particularly for industrial customers. Auto-insurance rates in New York are second-highest in the country, while the liability portion of the coverage is the highest.

<http://www.milkeninstitute.org/pdf/2007CostofDoingBusiness.pdf>