Cuomo announces 8 firms as part of Start-Up effort near UB campuses

New York Gov. Andrew Cuomo keeps speaking after losing electric power on stage during an event at Roswell Park Cancer Institute, Wednesday, June 4, 2014. (Derek Gee/Buffalo News)
Eight biotechnology and information-technology companies promise to hire up to 200 workers as they move into tax-free zones tied to the University at Buffalo in the first wave of the state’s Start-Up NY economic-development plan, Gov. Andrew M. Cuomo announced Wednesday in Buffalo.

Cuomo said Wednesday that Start-Up NY is meant to help entrepreneurs and their young companies succeed in New York and to boost the once-dismal economic prospects of Buffalo and Upstate New York.

“This is a different day, and this is a different Buffalo,” the governor said in a crowded Roswell Park Cancer Institute meeting room.

Cuomo announced the Start-Up NY plan a year ago to eliminate sales taxes and property, business and corporate taxes -- for a decade -- for companies that open on or near State University of New York campuses. Further, their employees would not pay state income taxes for up to 10 years.

Participating businesses must have a connection to the SUNY campuses’ academic missions, cannot move from one part of the state to another, cannot compete with an existing business and cannot displace a campus program.

UB, with 13 zones, and SUNY Buffalo State, with one, are the only schools in the Buffalo area that have received permission to take part in Start-Up NY, though several other colleges are interested in the program. UB is the first local school to reach agreements with company partners.

The Buffalo News reported last month that seven companies promising more than 100 jobs were ready to move into UB’s Start-Up NY zones. Cuomo’s announcement provided new details on their plans and revealed the participation of an eighth company.

Five of the eight are locally based, startup IT companies with just a handful of employees, while the other three are existing, out-of-state biotech companies. Buffalo Niagara Enterprise helped recruit two of them to the region.

Vijay Kumar, a UB faculty member and Aesku Diagnostics vice president, said it’s reasonable to ask why a German medical diagnostics company would consider opening offices in Buffalo.

“The answer is Start-Up NY,” Kumar said at Roswell Park.

Seven companies are locating on and around the Buffalo Niagara Medical Campus, and the eighth is going into Baird Research Park, across from the UB North Campus in Amherst. They are expected to build close ties with UB faculty and students.

“The tax benefits are a major benefit both for the companies as well as the employees – that’s really true. But I think the more critical part here also is the relationship with the research university and the universities in general,” UB President Satish K. Tripathi told reporters Wednesday.

While Wednesday’s event offered only positive views about Start-Up, the Republican candidate for governor argued later in the day that the program is an ineffective attempt to address the state’s crushing tax burden.

Westchester County Executive Rob Astorino also blasted Empire State Development for spending $150 million to market the state to businesses in return for just 400 jobs.

“It is one of the grossest examples of misused tax dollars in modern history,” Astorino said in a statement. Ed Cox, the state Republican Party chairman, called it a “pathetic return” in his own statement.
Critics have said Start-Up NY rewards a handful of new companies with tax breaks at the expense of existing companies.

Speaking earlier Wednesday in Rochester, Cuomo said, “Well, look, obviously somebody has to pay taxes, right?” But, he said, if the Start-Up NY program succeeds existing companies will benefit from an improved economy.

As for whether Start-Up NY creates unfair competition in a market, Cuomo said at the Rochester event that “We won’t invite in a company that is competing with an existing company in that area.”

The sponsoring colleges were required to take steps to ensure that a new Start-Up NY company didn’t directly compete in the same industry as another local company.

The governor’s Budget Office last year estimated that Start-Up NY would cost the state $323 million through 2017. Cuomo aides, however, argue the Start-Up NY jobs and companies wouldn’t be here without the program, so the state can’t lose tax revenue that it wouldn’t otherwise have had.

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