

## **Talk CNY- Transcript for S1E9**

Andrew Fish 0:06

Welcome to CenterState CEO's semi monthly podcast, Talk CNY presented by NBT Bank. CenterState CEO is Central New York's leading business leadership and economic development organization committed to creating a region where businesses thrive, and all people prosper.

Kate Hammer 0:20

On Talk CNY we share the latest news and information from CenterState CEO on topics ranging from community and workforce development to policy and innovation. You'll get an inside look at the people, projects and planning moving Central New York forward. Take a moment right now to subscribe in your listening app for new episode reminders every other Wednesday.

Kevin Schwab 0:43

The CLCPA is going to affect every resident in New York, every business in New York. It all depends on how we do it. It could be really good or it could be really challenging. It's got to be rolled out right.

Andrew Fish 0:55

The state's Climate Leadership and Community Protection Act, or CLCPA is among the most progressive in the nation. On this episode, we explore this important policy initiative with our guest Kevin Schwab, Vice President of Public Policy and Government Relations at CenterState CEO, who joins us to talk through what businesses need to know and do to meet these ambitious goals. I'm Andrew Fish, Senior Vice President of Member and Business Experience at CenterState CEO.

Kate Hammer 1:22

I'm Kate Hammer, business coach and member at CenterState CEO. We are your hosts for Talk CNY. Kevin, thank you so much for joining us today.

Kevin Schwab 1:32

Thanks for having me.

Kate Hammer 1:33

All right. Well, before we jump into this very important topic, let's just first level set. Could you please tell us what is the CLCPA?

Kevin Schwab 1:41

Well, the CLCPA is the Climate Leadership and Community Protection Act. It was passed by the state legislature and signed into law in 2019. It is the most really aggressive climate law passed by any state in the country. It is set up with a number of milestones along the way between now and 2050 to get us to where we're going to cut our overall emissions in the state by about 85%.

Kate Hammer 2:08

Wow, that's incredible.

Andrew Fish 2:10

So you know, we we recently have a new state budget, and we know that a lot of elements of the CLCPA are really being executed through that budget process. What did we see this time around? What are some of the things that jumped out at you.

Kevin Schwab 2:23

So it was a mixed bag of what came through in the budget as it relates to the climate law, there were some elements that were in the executive budget, and in some of the one house budgets from the legislature that didn't make it into the final things like what to do about cap and invest pricing system for carbon and potentially rebates for residents. They couldn't agree on that. So it didn't make it there were some other elements in there, too. That didn't make it that would have applied new building standards, for example, to existing structures that did not make no existing structures are affected. There was a very notable piece, though, that did make the cut into the final budget, which really impacts new construction in New York State. What we really saw come out of this was any new buildings below seven storeys starting in 2026, in New York, are going to be electric, they're not going to have gas hookups, you're not going to be able to use natural gas in those buildings. But there are significant exceptions in there. And we can kind of get into that if you'd like.

Andrew Fish 3:23

Yeah, sure.

Kevin Schwab 3:24

Okay, let's do that.

Kate Hammer 3:25

Let's.

Kevin Schwab 3:25

So that if you're a manufacturer, you're pretty much exempt from this. Not only your processes, but your building heat, etcetera. The offices within those buildings are also

exempt. If you're a medical facility, you're exempt. If you're a building more than 100,000 square feet, new building, you're going to be exempt. So there are a number of outs that are in there. It's a whole long list. If you're a carwash because we love keeping clean cars, you're going to be exempt. So there are lots of exemptions there. What it really comes down to though is new residences, new office buildings, you're pretty much going to have to abide by this. They're going to be electric in New York, if they were below seven storeys starting in 2026. And taller buildings starting in 2029.

Andrew Fish 4:10

It's fascinating. I mean, it's a it's a lot of change coming for sure.

Kate Hammer 4:14

Yeah. Now, for these organizations that are not exempt. Obviously, they're going to be having to make quite a few adaptations in order to meet their goals. Can you speak to that a bit?

Kevin Schwab 4:24

Sure. Well, again, if you are existing buildings, you're fine, you're not going to be impacted by this. And again, there's that whole category really of energy intensive usages that are not going to be impacted, but those who are going to be impacted? Certainly anybody building new homes, and that's going to be a big deal. It's going to change the way we keep those homes, it's going to change the way we you know, have appliances in those homes, etc. It is likely to raise costs in the near term as well, because new heat pumps are more expensive. There are those who argued that you save money over time with heat pumps. There are those who push back on that, but that's an issue. They're also in shorter supply right now. So they're harder to get, it could very well impact the pace of new home building, which is something that we do want to see, particularly in this region, but around the state in terms of, let's accelerate the pace of new home buildings. So you've got that. Frankly, I think there are going to be some winners in this though, too. And some of those are certainly right. In our region. If you make HVAC s, if you make control systems for buildings, these are going to be areas that are going to be in higher demand. So think companies like Carrier, which still has its global R&D headquarters here and 1,300, employees, they're going to be a winner from this. Companies like ICM Controls, which make the control systems for these very, very advanced heating, cooling and building operating systems. Companies like that are going to be winners. And we've got 1000s of people who work in that sector in this region. So we could really see some innovation winds that come back to Central New York from this, as well as those who are going to face some challenges.

Kate Hammer 5:58

You said there are going to be costs associated with this. But are there going to be any ways that the state can help?

Kevin Schwab 6:03

Yeah, there are some long standing programs for businesses through and individuals through NYSERDA. Those are going to continue, I think we're actually going to see more robust NYSERDA programming and opportunities come out of this. Empire State Development may also have some more focused assistance that could come out of this. I know, they are engaged in the conversation right now with NYSERDA. And with the Department of Environmental Conservation, I think the biggest relief that we will see come from the state will likely end up being for individuals, they are talking about a capital invest program that could result in rebates for individual New York residents to help address some of the higher costs that could come from the clcp.

Kate Hammer 6:43

Could you give us an example of one of those potential rebates?

Kevin Schwab 6:46

Sure. I mean, we're looking at conversations right now in Albany about how to deal with some of the higher costs that could come from the CLCPA. So for example, if we put a fee on carbon, one of the things that could go up in New York would be the price of gas, and it could take, you know, a real jump, maybe 50 cents a gallon. If that happens, there'll be a real impact on every New York resident. So one of the things being discussed right now is rebates that could either come in the form of an additional tax rebate for residents in tax season, or some other direct check from the state to help offset some of those higher costs.

Andrew Fish 7:23

We're seeing some impacts of the state leading on CLCPA. And things like our economic development pipeline, right? And I think it's also important to understand what the risk is of not doing this, right? And so I think we've had some really great experiences, recently, some really great announcements, but folks may not realize that some of that actually is tied to the CLCPA.

Kevin Schwab 7:41

Look, we all point to the impact that Micron is having on this region. And one of the things that they have come out and publicly said, has attracted them to this region, to Syracuse into Central New York in particular, is that we already have some of the cleanest energy production in the country, and that those standards are going to make it even cleaner. Here's the other thing to keep in mind. And companies are looking at that because they know what's coming. While New York is leading on this right now and other states are

starting to make moves. We think we're going to see this all across the country in the coming years. There are not going to be too many places that are not going to have new climate regulations in place. New York has set out a playing field, it's an understandable playing field, there still regulations that are coming into place, we're going to advocate on what we think will be the most workable among those regulations over the course of the next year. But there may be a first mover advantage for our region, as we see other states try to figure this out along the way.

Andrew Fish 8:42

Yeah. And certainly it feels that way with the Micron announcement in terms of that first mover advantage. You know, you talked about the clean energy a little bit. And I just want to give a little bit of a plug. We had Constellation on earlier this month talking about the great ways in which nuclear are a part of the solution for CLCPA and, and how they're doing some really innovative things with clean energy generation. And it's really those types of opportunities. It's the it's not just energy generation. But the other activities that are happening. You mentioned carrier, you mentioned the HVAC. Are there other companies that you see that have opportunities, both with this legislation or with ways in which they can really capture this new market?

Kevin Schwab 9:14

Sure. I mean, we've got really some, I think, fantastic employers here in this region that are part of the solution on a number of fronts, transportation being one of them. So if you look into the Oswego area, you think of a company like Novelis, which has made hundreds of millions of dollars in investment to come up with incredibly strong and lightweight aluminum alloys that are now being used across the automotive industry, notably by Ford, but Mercedes and others who are taking lightweight materials, strong materials, using them in their cars, to make them more fuel efficient, and frankly, critical to the advancement of for example, the electric vehicle market.

Andrew Fish 9:56

Absolutely.

Kate Hammer 9:56

Yeah. Now what about businesses that we are seeing in our economic development pipeline?

Kevin Schwab 10:01

We have an incredible, I think, pipeline right now businesses that we have seen expressing interest in coming to the area. For those who were at our annual meeting recently, you saw where Rob in his presentation really highlighted the level of interest in companies either

looking to expand in Central New York are looking to come to Central New York. And right now we've got about \$1.7 billion worth of potential projects that are looking to either come to the region or expand their footprint that's already in the region. That's triple what we saw going into the pandemic.

Andrew Fish 10:35

That's amazing.

Kate Hammer 10:36

Yeah, we love to hear it.

Andrew Fish 10:38

You know, we've talked about this on a number of our episodes. But you know, and last month with Rob, not just the annual meeting, but the podcast that he did, he talked about, you know, the inevitable growth that we're going to be seeing here. And I think it's really fascinating to think about how the CLCPA really plays into that.

Kevin Schwab 10:53

It's loaded with opportunity. But there are also challenges, right, and I don't want to downplay those, because they are real, climate change is real, we've got to do something about it. But frankly, if we don't do it, right, we could end up not only harming our economy, but if we're pushing businesses away, if we're pushing opportunities away to states that are not as far along in addressing this issue as New York, we actually end up harming the goals.

Andrew Fish 11:18

Right.

Kevin Schwab 11:19

And that's a really important thing, I think, for folks who are looking at this issue to understand, right,? It's not just a function of, you know, how far can we push to hit the goals? It's how can we do it in a way that doesn't put us at such a competitive disadvantage, that we're watching businesses choose other states when they could come here and have a cleaner operation and ultimately get ahead of the curve with a better long term outcome.

Andrew Fish 11:46

So that's really interesting to think about the push and pull this right? Like the need to do something, the challenges that doing not the right thing can create. What can businesses do if they really want to support policy initiatives like this because of the greater good, but

you know, they're also worried about how those policies might conflict with their business model? What, what can we tell them to do? What can they do as a part of this process?

Kevin Schwab 12:06

Well, certainly engage in advocacy efforts on this. Nobody knows your business better than you do, right? I mean, we say this over and over and over again. And you have to communicate that, right? Well it's easy to complain about people who are making regulations to try to deal with an issue like climate change. But you got to get in there, right? Let us know, work with us in our efficacy. And there are times where we've connected members directly with with agencies that are working on this. So they can hear directly what is going to have to be addressed for a business to operate successfully in an environment where we're trying to reduce emissions.

Andrew Fish 12:47

I guess the question I would ask is, those voices are being heard? And clearly, some of the things that we saw in the recent budget that we talked about earlier are reflection maybe of some of those conversations?

Kevin Schwab 12:57

Absolutely.

Andrew Fish 12:58

Still a lot more to figure out, though, right?

Kevin Schwab 12:59

There is, there is. We are talking about a whole suite of frankly, regulations that will affect different sectors. Think transportation, think buildings, think solid waste, right? These are all really significant issues that affect different industries in different ways. It is important that we are able, collectively with our membership, to deliver the message of, "Here are the ways we think, particularly that are market driven, that we can have the best chance to reach the goals and to do so in an innovative market driven way that will not only sustain our economy, but strengthen our economy and help it grow". And can be done.

Andrew Fish 13:41

Yeah. Well, we'll be right back. To continue this important conversation. Specifically, we're going to talk about how businesses engage with us on these important policy initiatives. But first, here's a note from Talk CNY's presenting sponsor, NBT Bank.

NBT Bank Sponsor 13:54

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Kate Hammer 14:23

This is Talk CNY and we are continuing our conversation with Kevin Schwab. Beyond CLCPA, what are some of the other big policy initiatives that we're tracking?

Kevin Schwab 14:26

Well, you know, a lot of the initiatives that we're really zeroing in on right now are related to growth across the region. And it is a different issue or a different set of issues than we've had to deal with in Central New York, frankly, for two or three generations. So we're looking at a lot of issues around transportation and transportation infrastructure to meet the needs of a growing community. We're looking at workforce issues, frankly because we've got to have people to fill the jobs that are already here, but also the jobs that are coming. Housing is going to be huge for us, it could be all too easy to meet housing demand with a whole lot of new sprawl, and all the cost and environmental impacts that come with that, when we really need smarter housing policy, and, frankly, support for the infrastructure we will need to have appropriate infill, redevelopment of existing housing, things of those natures. So frankly, as we're looking at issues like that, those are near the top of our list. We're also looking at things like that have proven very successful for us. So historic redevelopment tax credits, we want to expand the application of those. It's worked well for the building we're in right now at the Pike Block. But things like the redevelopment of the Hotel Syracuse. We want to see that kind of smart redevelopment that maintains the character of our communities continue. And so we want to push, frankly, for more application of that. And there are also issues that are constant with us. We want to make sure that we've got better tax policy. We want to make sure that we look at issues like our unemployment insurance fund, which has challenges that we are letting the state know that the state needs to come up with a solution because New York stands out right now, among all the other states, it's not solving that problem yet. So we've got a list. We stay in constant contact with our elected representatives in Albany and in Washington to discuss these and other issues as well.

Kate Hammer 16:28

Excellent.

Andrew Fish 16:29



Kevin, I really liked what you said earlier about no one knows their business better than them, right? And, you know, we want to hear the voice of our members when it comes to these issues. It shouldn't just be the opinion of us here at CenterState, right,? So how can our members engage with us when it comes to public policy?

Kevin Schwab 16:45

Well, first and foremost, I want to encourage everyone who's listening to this, if you're a member of CenterState CEO, either you or someone on your staff, we invite to really engage with us on our Government Relations Committee. We meet every month. We meet directly with elected representatives in almost every meeting we do. We ask those members to weigh in on our important priority issues. But also, frankly, from time to time on one off issues when they become urgent. And more than anything, we want to hear directly from our members on the issues that they are most concerned about, and can either help them grow their opportunities here, or that they're concerned could represent a threat.

Andrew Fish 17:26

Sure.

Kevin Schwab 17:27

In any case, it is one of the, we think, the greatest values we can provide for our members, which is to represent their collective voices on key issues affecting their businesses and more broadly, our economy.

Andrew Fish 17:39

Yeah, I know that there's a lot of folks that engage with that Government Relations, Government Affairs Committee, see a tremendous amount of value in it. And frankly, it helps us like you said, shape our public policy. And if folks are interested in that, have them reach out to you and get more information on the committee in the meeting times?

Kevin Schwab 17:54

Absolutely. Yeah, folks can reach out to me directly. [KSchwab@CenterStateCEO.com](mailto:KSchwab@CenterStateCEO.com). Happy to make sure that we sign folks up for the committee. You'll get notices on when our meetings are. We do a lunch meeting for those who come in person, hey, it's a free lunch, and frankly, great discussion. I can't remember a meeting where we really didn't dive into an issue and learn more about something that was impacting all of us. So we'd love to have more folks join us.

Andrew Fish 18:18

And for those that are on Click, there's a group for the Government Advocacy Committee Group Affairs Committee, and they have that information and recaps of the meetings and sometimes key videos or other things that have happened that are uploaded there too, so people can engage in that way.

Kevin Schwab 18:31

Yeah, we have a fairly active group on click, I think we've got 40 or 50 members who engage that way and we're thrilled to have them do it.

Andrew Fish 18:37

Kevin, thank you so much for joining us today. Really informative stuff about the CLCPA a lot of work still yet to be done, but sounds like least we're on the right track.

Kevin Schwab 18:45

It was my pleasure. Happy to talk about this anytime you guys want.

Andrew Fish 18:48

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Kate Hammer 19:17

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