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MEMORANDUM OF OPPOSITION

BILL: A.6708 (Bronson) / S.6378 (Ramos)

SUBJECT: Private Construction – Public Subsidy Board

DATE: March 21, 2025

The Associated General Contractors of New York State, (AGC NYS) the leading statewide trade association representing union and open shop construction companies strongly opposes A.6708 (Bronson) / S.6378 (Ramos). This bill would repeal the duly appointed Public Subsidy Board (Board), transfer private construction project determinations solely to the New York State Department of Labor (NYSDOL), lower the public funds calculation from thirty percent to twenty percent, and establish a threshold of \$3 million in direct public funds or \$5 million of public funds aggregated to be deemed public work. At a time when affordability is of paramount concern in New York, this bill would impose an unaffordable and incalculable prevailing wage mandate on private construction resulting in canceled economic development projects across the Empire State.

The current law established in 2020 sets a public funds threshold for when a private construction project becomes a public work and therefore subject to prevailing wage requirements. The Board is Chaired by NYSDOL Commissioner Roberta Reardon with thirteen members appointed by Governor Kathy Hochul, Temporary President of the Senate, and Speaker of the Assembly. All Board meetings are public with binding project determinations posted on the NYSDOL website. AGC NYS Vice President of Building Services, Joseph Hogan is a member of the Public Subsidy Board. Mr. Hogan has more than thirty-five years of experience in the construction industry.

The economic impact on state and local governments of this bill is purposefully misleading in the sponsors memorandum...to be determined. This is a fiscally reckless statement that presents a clear danger to taxpayers, developers, general contractors, small businesses, workers, financial institutions, and others because this bill would make many economic development projects unaffordable. The economic risks of construction projects are clouded by the federal tariffs on construction materials and supplies, drastic funding cuts initiated by the Department of Government Efficiency, and aggressive immigration enforcement. The bill does not have a fiscal impact statement on the private economy to include job losses and other pertinent economic information. Thus, special interests backing this bill are asking lawmakers to take an uneducated vote on legislation without any public or private economic data.

High inflation and tariffs continue to be a drag on construction projects. The price of materials and services used in nonresidential construction rose 0.5 percent in February, following an increase of 0.7 percent in January, according to an [analysis](#) by the Associated General Contractors of America of government data. Association officials noted that materials prices began increasing even before most of the threatened new tariffs were put in place. "It's a bad sign that construction costs have been rising significantly even before most of the Trump administration's tariffs have taken effect," said Ken Simonson, the association's chief economist. "Now that many tariffs that hit construction materials are in effect, with more measures pending, construction costs are likely to rise much more."

New York has consistently led the nation as the biggest loser of construction jobs and remains far from recovering to pre-COVID construction employment levels. The Bureau for Labor Statistics preliminary total for December 2024 was 377,400, seasonally adjusted, a 2% decrease from December 2023 and 8% below the state's all-time high of 409,800 in January 2019. In contrast, U.S. construction employment has increased nearly every month since April 2020 and totaled 8,289,000, seasonally adjusted, in December 2024.

The 2020 law establishing the Board and its' responsibilities is successful because projects are publicly discussed, evaluated, and determined by the thirteen appointed members. Of the thirty private projects reviewed by the Board, six were determined to be public work. The twenty-four private projects not determined to be public work by the Board are a mix of environmental, cultural, educational, and affordable housing infrastructure.

Inflation, tariffs, federal funding cuts, construction job losses, and New York's excessive costs for commercial general liability and workers' compensation insurance, already pose a significant threat to New York's construction industry. Simply put, this bill is bad public policy, fiscally irresponsible, and will make New York's construction costs soar even higher.

AGC NYS strongly opposes A.6708 (Bronson) / S.6378 (Ramos) and urges the state Senate and Assembly to reject this bill.