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MEMORANDUM OF OPPOSITION

BILL: S.2975 (Murphy) / A.5498 (Bronson)

SUBJECT: Mandates All Construction Projects Financed, In Whole or Part, to Pay Prevailing Rates for Hours, Wages, and Supplements

DATE: April 28, 2017

The Associated General Contractors of New York State, (AGC NYS) the leading statewide trade association representing union and non-union construction companies strongly opposes S.2975 (Murphy) / S.5498 (Bronson) which subjects all construction projects financed, in whole or in part, through certain public entities to pay prevailing rates for hours, wages, and supplements.

This bill would establish an expansive definition of the term "public work" to include any future construction project that is partially financed with any amount of public funding. Therefore, all private work that is partially financed with public funding could be subject to the strictures of the competitive bidding laws, the onerous and costly Wick's Law, and the NYS prevailing wage law and its enforcement mechanisms. This legislation would establish an economically destructive precedent for New York and contribute to the outmigration of people and businesses to other taxpayer friendly states.

Specifically, this bill defines "paid for in whole or in part of public funds" to include the payment of money, issuance of bonds and grants by a public entity or third party, public asset transfers, loans, tax credits, and other forms of public subsidy. This bill would apply to, affordable housing projects, senior citizen housing, industrial development agencies in depressed areas, commissions, and an unknown number of entities. Thus, with one nickel of public funding all construction projects in New York State would be deemed public work.

The sponsors of this legislation make a fiscally reckless claim that the bill does not have a fiscal impact on taxpayers. There is no evidence available to confirm the sponsor's fiscal impact claim. This legislation would clearly result in significant cost increases for all affected construction projects and would have a chilling effect on economic development in NYS resulting in fewer jobs. By creating an overly expansive definition of public work to include all construction that is partially financed with any amount of state funding will result in fewer affordable housing units.

Therefore, AGC NYS **strongly opposes S.2975 (Murphy) / A.5498 (Bronson)** and urges the Legislature to reject this proposal.