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Construction industry fears prevailing-wage bill still in play

Governor's budget proposal includes expansion, which would raise labor costs

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By [Kathryn Brenzel](#)



The deadline to pass NY's budget is in less than two weeks. Is prevailing wage still in play? (Credit: iStock; wadester16 via Flickr)

With less than two weeks until the deadline to pass New York's state budget, concern is growing in construction and business circles that a bill requiring union-level wages will be included.

In his proposed budget, Gov. Andrew Cuomo tucked in legislation that would require owners to pay construction workers prevailing wages on projects where public funds cover at least 30 percent of construction costs and such costs exceed \$5 million.

The bill includes carve-outs for the 421a tax break and also exempts a larger swath of affordable housing projects than previous [iterations of the legislation](#).

The spread of coronavirus in the state and country, however, has cast a pall of uncertainty over policies that were poised to be resolved through the budget, including the legalization of marijuana and tweaks to last year's bail reform. Legislators may be consumed with balancing the budget, given plunging revenue forecasts.

Earlier this week, State Comptroller Thomas DiNapoli noted the likelihood of a deep recession and said in the best-case scenario, state tax revenue would be \$4 billion less than the originally projected \$87.9 billion. The shortfall could swell to more than \$7 billion, he said in an [open letter](#) to the governor.

Lou Coletti, president of the Building Trades Employers Association, which represents more than 1,000 contractors in the city, said the prevailing-wage bill could be dealt with after the budget is resolved.

“There are a lot of issues that would require a lot of discussion and meetings that may not be addressed in this budget,” he said. “They are going to want to do this budget and move on.”

But some opponents are concerned that prevailing wage is still very much in play.

“Everything is so fluid right now,” said John Ravitz, CEO of the Business Council of Westchester, which is part of a broader coalition that opposes the expansion of prevailing wage requirements.

The group estimates that prevailing wage adds 30 to 40 percent to construction costs. “Now, as the state and this country is in such a crisis, it makes our points even more significant as to why prevailing wage cannot work and should not be adopted.”

Keeping the measure out of the budget — which is virtually guaranteed to pass, and probably before the state's fiscal year begins April 1 — would significantly reduce the bill's chance of passing before the scheduled end of the legislative session in early June.

Much of the opposition to the measure comes from outside New York City, fueled by arguments that demand for development would plummet if construction costs were significantly increased.

“Considering the frailty of our current economy, not just in the state but across our country, passing any public policy that hinders or halts economic development would be unwise,” said Kyle Strober, executive director of Association for a Better Long Island.

Sen. George Borello, Republican who represents the upstate counties of Allegany, Cattaraugus and Chautauqua, said the measure would jeopardize projects’ getting off the ground and crush local contractors.

“Prevailing wage tends to knock those out and make the big out-of-town contractors eligible,” he said. “I believe it’s [intended] to keep competition out, and to ensure only certain companies are allowed to work.”

He is also opposed to a board that would be created under the budget bill. The legislation calls for the formation of an 11-member public subsidy board, all appointed by the governor, to study the impact of proposed prevailing wage requirements and recommend any adjustments to what projects qualify and the cost thresholds. He said it essentially gives the board legislative power.

In an interview earlier this month, Sen. Jessica Ramos, a Democrat who represents neighborhoods in Queens, said she is also “wary” of the board. Last year Ramos sponsored a more sweeping expansion of prevailing wage that ultimately didn’t pass.

“The board would be able to essentially decide what projects are prevailing wage and what are not,” she said.

She called the provision a “poison pill.”

Write to Kathryn Brenzel at kathryn@therealdeal.com