MEMORANDUM
March 24, 2016

TO: New York State Legislators

FROM: Brian T. McMahon

RE: A.9006-B Part U requiring prevailing wage and other public work mandates on URI and other economic development and infrastructure projects.

This provision would require any lease, agreement, or contract for construction, excavation, demolition, rehabilitation, repair, renovation, alteration or improvement on a capital project financed with Upstate Revitalization Initiative or several other state-level economic development, transportation and infrastructure funds shall be deemed public work and shall be subject to and performed in accordance with the provisions of article 8 of the labor law.

If enacted, this provision would establish the precedent of applying prevailing wage and other public work requirements to private projects. Prevailing wages are the wage paid to union workers in a labor market region. Prevailing wages add between 23 percent to 30 percent to the cost of construction projects, and would eliminate any financial benefit gained from the subsidy provided by a URI grant or other specified infrastructure, economic development, or transportation program.

The URI and other economic development programs exist to incentivize investment by a private project owner. These requirements would discourage investment and job creation thereby diminishing the value of these programs.

This provision would be precedent-setting, drive-up costs to build economic development projects, and make New York less competitive. It should be rejected.