The Business Council

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

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BILL
S.6378 (Ramos)/A.6708 (Bronson)
SUBJECT
Expanding the scope of prevailing wage mandates on private construction projects through the elimination of the Public Subsidy Board
DATE
March 28, 2025
OPPOSE

The Business Council of New York State adamantly opposes S.6378 (Ramos)/A.6708 (Bronson), legislation that would dramatically expand the scope of prevailing wage mandates on private construction projects through sweeping changes to New York's Labor Law. By lowering the threshold for public funding, expanding the definition of what constitutes "public funds," and eliminating the independent Public Subsidy Board, this bill will directly undermine economic development, raise construction costs, stifle job creation, and make housing and infrastructure projects more expensive and less attainable at a time when affordability is already in crisis.

The bill proposes to reduce the public subsidy threshold from 30 percent to 20 percent of total project cost and introduces an alternate trigger if a project receives $3 million in direct subsidies or $5 million in aggregated public support. These changes would subject a vast number of privately financed construction projects to prevailing wage requirements regardless of whether the project is truly public in character or intent. This redefinition blurs the longstanding legal and practical distinction between public and private construction, setting a dangerous precedent that will ripple through local development efforts statewide.

Moreover, the bill expands the definition of "public funds" to include a wide array of tax credits, abatements, PILOT agreements, below-market loans, and other financial tools that are not direct cash subsidies. These incentives are crucial to advancing affordable housing, revitalizing distressed areas, and encouraging job-creating investments. Labeling these benefits as "public funds" for the purpose of imposing prevailing wage mandates is a fundamental mischaracterization of their role and one that will disincentivize private-sector participation in public-private partnerships.

Most concerning is the repeal of Section 224-c of the Labor Law, which eliminates the Public Subsidy Board, a balanced, transparent, and deliberative body charged with determining whether prevailing wage should apply to private projects receiving public assistance. Since its creation in 2020, the board has reviewed thirty private development proposals. Only six were deemed subject to prevailing wage, while the remaining 24 projects spanning cultural, environmental, educational, and affordable housing infrastructure were preserved from unsustainable cost burdens. Eliminating the board strips stakeholders of a public, predictable process and centralizes all decision-making power within the Department of Labor, removing transparency and inviting subjectivity.

Equally alarming is the absence of any fiscal impact statement or economic analysis of the bill's implications. New York's construction industry continues to face significant challenges, including high materials costs, regulatory burdens, and workforce constraints that have slowed job growth and delayed recovery across many regions. Unlike other states where construction activity has rebounded, New York continues to struggle with attracting and retaining building activity at the pace needed for sustained growth. This bill would only make matters worse.

This legislation undermines the very economic development tools New York communities rely on to grow. It discourages investment, increases the cost of building homes, schools, clean energy infrastructure, and community facilities, and erodes the viability of public-private partnerships. While prevailing wage laws have a place in public works, this bill reaches far beyond that intent.

The Business Council of New York State strongly urges the Legislature to reject S.6378/A.6708 and instead pursue policies that promote growth, investment, and affordability across New York State.