



May 9, 2012

RE: AN ACT to amend the labor law,  
in relation to prevailing wages for  
service workers

A.9375 (Camara)

**MEMORANDUM IN OPPOSITION**

Unshackle Upstate, a non-partisan, pro-taxpayer, pro-economic growth, education and advocacy coalition made up of business and trade organizations from all parts of Upstate New York, opposes A.7472.

This legislation amends Labor Law Article 9 to expand its prevailing wage mandate, which currently applies only to public agencies, to also include investor-owned utility companies. The bill also expands the prevailing wage mandate to include additional service workers, specifically janitorial and security workers. Finally, the bill substantially increases civil and criminal penalties for Article 9 violations, including the failure to file payroll records for employees covered by prevailing wage mandates.

This bill will extend the burdensome prevailing wage mandate to apply to investor-owned utility companies. State-imposed wage mandates such as this one result in higher energy costs for all consumers throughout the state, including businesses, the elderly, schools, day care facilities, local governments and hospitals.

One of the major principles at the core of Unshackle Upstate's existence is the opposition to any new tax and/or fee increase. In effect, this legislation represents a new and hidden "energy tax" that will be passed on to all New Yorkers.

Under the Public Service Law, the additional labor costs that this bill imposes will be passed on to ratepayers. As a result, this legislation will force all New Yorkers – including households, small businesses, local governments and schools – to subsidize state-mandated wage rates that apply to just one class of workers.

New York's energy costs are already far above the norm. According to the March 2010 report *Short Circuiting New York's Recovery* by the Public Policy Institute of New York State:

*New York's electric power industry is far and above the highest taxed in the United States. State and local gross receipt taxes, sales taxes, fees to develop the "green economy", income taxes, taxes on capital, various other "assessments" and, above all, property taxes help make New York's electricity prices the third highest in the nation... (@ page 3)*

When this bill was debated in the Legislature in 2010, the bill's sponsors argued that this wage mandate would add just pennies per month to the average utility bill. While this additional burden may seem minor, we object to any measure that will result in even a small increase to already high utility bills.

For New York's energy-intensive industries, such as manufacturing firms, wage mandates that drive up energy costs will result in even greater monthly energy bills. This means that incumbent companies looking to invest and grow are less likely to do so within New York State.

For innovation-economy firms that are looking to site new facilities, cost-driving mandates such as this one will ensure that they look outside of New York to states that do not impose such wage mandates.

During his 2010 campaign for Governor, then-candidate Andrew Cuomo correctly recognized that "New York's high business costs thwart job growth" (Andrew Cuomo for Governor, *The New NY Agenda: A Plan for Action* @ 98).

Enacting a new wage mandate that will drive up energy costs is simply bad public policy that will undermine efforts to improve the state's economic climate.

For these reasons, Unshackle Upstate urges the Legislature to reject this job-killing wage mandate.