



**Testimony of Staten Island Chamber of Commerce President & CEO Linda Baran
NYC Council Committee on Contracts
Intro 251-A, May 12, 2011, 1:00 p.m.**

Good afternoon, my name is Linda Baran, President of the Staten Island Chamber of Commerce. On behalf of the Staten Island Chamber of Commerce and our 800 members who employ over 20,000 people, I would like to thank you for the opportunity to address the New York City Council's Committee on Contracts regarding Intro 251-A, the so-called living wage bill.

New York State, and New York City in particular, are already among the most costly and regulated environments in the country in which to operate a business – heavy taxes, burdensome government regulations and a high cost of doing business are a given here. Intro 251-A will only make our burdensome business environment much more challenging. In many instances, it will be the nail in the coffin for new development or needed urban renewal.

The wage mandates and onerous compliance requirements of Intro 251-A will saddle businesses with unprecedented costs and weighty obligations. A recent study suggested that this legislation will halt one out of every three new development projects on Staten Island.

The purpose of City subsidies for “the improvement or development of real property, economic development, job retention and growth” is to create jobs and spur economic growth. Usually, these incentives are offered in depressed areas to jumpstart recovery, however, this bill would have the opposite effect and hinder revitalization efforts in these communities. Further, to tie an economic disincentive, such as the living wage, to financial assistance makes no sense whatsoever. It's like a store offering 50% off and then marking up the products by 50% - the disincentive effectively zeros-out the incentive.

These financial incentives are designed to reap long term benefits like creating jobs and earning tax revenue for the City. Forcing employers to pay a 38% premium makes it harder for developers to attract tenants, which discourages development and ultimately leads to fewer jobs. If the City Council is serious about New York City's economic recovery, it should focus on legislation that will make it easier to create new employment opportunities, not laws that will hamper development, close businesses and put people out of work.

If this bill passes, our already distressed construction industry will be harmed even further and retail on Staten Island will all but disappear. Since 2009, development on Staten Island has been at a standstill. We have lost more than 600 construction jobs; how many more will we lose because of this bill? One of the few sectors that has seen growth in the last two years, our retail industry, would be devastated by this law. Nearly half of the retail employees who work at sites receiving financial assistance earn less than \$10 per hour. Mandating employers to give these workers a raise will result in layoffs and push even more retailers into New Jersey.

While proponents of this legislation argue that this bill will reduce poverty, the reverse is true. The unintended consequences of this proposal will be increased unemployment, particularly among those most in need of job opportunities – low-skill workers or workers seeking to enter the job market for the first time – as well as stalled development and continued urban decay. But ultimately the pain will trickle down to the small business owner, who must bear the brunt of this bill. The building service subcontractors, the ground floor retailers, and other small employers will be required to pay their employees higher wages, but won't receive the benefit of the subsidy.

Thank you for allowing me to testify on this important issue.