



The Honorable David A. Paterson
State Capitol
Albany, NY 12224

December 3, 2010

Dear Governor Paterson:

I am writing on behalf of the Staten Island Chamber of Commerce, our 900 members and their 20,000 employees to urge you to veto A.10257-D/S.8379-A & A.11672/S.8454. These bills would extend prevailing wage requirements to private businesses by including in the definition of "public agency" shareholder-owned electric and gas companies. The proposal would require that these companies pay the prevailing wage rate to both service worker-employees and non-employee workers contracted to perform specific services. Creating an additional financial burden on utility companies, which will likely be passed on to businesses and consumers, is not the right step to take amidst this difficult economic climate.

The cost of doing business in New York is already the second highest in the nation. This legislation may very well make us the most expensive state in which to conduct business. The New York State Economic Development Council has estimated that the proposal will cause utility rates to grow by more than \$50 million statewide. According to National Grid, labor costs on Staten Island will increase to more than twice their current level. This is all the more objectionable when one realizes that despite utility bills doubling, customers will not see any improvement in service, reliability or infrastructure.

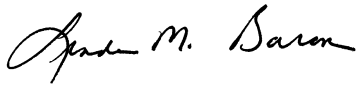
Further, mandating that utility companies pay service workers the prevailing wage will continue to drive away potential employers who would otherwise bring new jobs (and tax revenue) not only to Staten Island, but to all of New York State. We cannot grow out of this sluggish economy by continuing to burden the very businesses we need to create new jobs. Expansion of the prevailing wage to service workers in the private sector is ill-advised and will only compound the economic problems faced by local businesses as their utility rates increase.

Grouping together companies that are shareholder owned, and do not rely on taxpayer funds to operate, with organizations such as municipalities, public authorities and public benefit corporations, which are publicly funded, sets a dangerous precedent. Utility companies are already strictly regulated by true public agencies, such as the New York State Public Service Commission. To lump together these privately owned companies with public agencies simply to force them to pay a prevailing wage to their service workers with absolutely no benefit to the company is both unprecedented and unfair.

Finally, the recently passed chapter amendment (A.11672/S.8454) significantly broadens the scope of the original bill. By reducing the prevailing wage contract threshold from \$10,000 to \$2,000, many more businesses will be subject to this law – especially small businesses that cannot afford to pay these higher wages. Additionally, the amendment inexplicably removes the exception for Business Improvement Districts, further extending the sweep of the law beyond its original intent and dramatically increasing costs for these businesses.

I strongly urge you to veto this additional burden on businesses throughout New York State.

Sincerely,

A handwritten signature in cursive script that reads "Linda M. Baran".

Linda M. Baran
President & CEO

CC:

Senator Diane J. Savino
Senator Andrew Lanza
Assemblymember Michael Cusick
Assemblymember Janele Hyer-Spencer
Assemblymember Matthew Titone
Assemblymember Lou Tobacco