

Broad-based Opposition Rising on Staten Island to Legislation Requiring Employers to Pay ‘Living Wage’

Broad-based opposition is coalescing on Staten Island to stop legislation introduced in the New York City Council that would require employers receiving government financial assistance to pay employees a “living wage.”

Opponents say the measure, if enacted, would stifle job growth, discourage employers from expanding or moving into the city, and damage the city’s fragile manufacturing sector and affordable housing industry. It would also impose significant administrative burdens on both large and small businesses throughout the city.

“This proposal would harm existing businesses and discourage new business development all across our borough,” said Linda M. Baran, President and CEO of the Staten Island Chamber of Commerce. “The bill’s job-killing wage mandates would discourage smaller business owners and retail shops from hiring new employees and put burdensome restrictions on our businesses of all sizes. Simply put, this bill is bad for the Staten Island economy.”

The proposal would affect most recipients of government financial assistance for job creation and economic development, as well as their tenants, sub-tenants, fee holders or condo owners, contractors or subcontractors on the property. This includes building service workers, landscapers, doormen, and window washers. These employers would be required to pay at least \$11.50 per hour to its employees or \$10 per hour plus health benefits. The legislation would not only pertain to full-time employees of all these entities, but also to their part-time, temporary or seasonal employees, independent contractors and contingent or contracted workers. Employers affected by this legislation would even have to pay high school students looking for their first summer job the mandated wage despite their lack of experience and skills.

The required wage level would be indexed to inflation. The measure defines financial assistance to include grants, bond financing, tax abatements and exemptions, tax increment financing, filing fee waivers, energy cost reductions and environmental remediation costs. The measure would also require affected employers to keep records of their employees and contractors for at least 30 years and create a large and costly new city bureaucracy to administer compliance.

Opponents say the legislation would lead to higher unemployment by creating a costly disincentive for employers to create jobs in the city. They note that the breathtaking scope of the bill would affect small as well as large employers.

“This bill will prevent, or at the least delay, development projects on Staten Island and New York City as a whole,” said R. Randy Lee, Chairman, Building Industry Association of New York City. “Who would apply for a city subsidy when the subsidy will actually increase the cost of the project?”

One of the most anticipated developments on Staten Island, the conversion of the Navy Homeport on the Stapleton Waterfront to mixed-use commercial and residential community, has taken already 15 years. And they have not even broken ground yet. This bill will cause projects like the Stapleton Homeport to be delayed or, worse, never to come to fruition. Staten Island has the most vacant, development-ready land in the City, but the costs associated with this legislation would effectively prevent one out of every three development projects here.

The proposal would also considerably limit the attractiveness of Staten Island for manufacturers, who depends heavily on tax abatements and incentives. Although most employees in the manufacturing sector earn wages well above those set in the legislation, manufacturers would still be required to comply with the provisions of 251-A. These would include an annual certification that all employees are complying with the bill's wage requirements that any independent contractors on the employers' property are also paying a "living wage," that all employees were informed of their rights under the legislation and that this information be posted in multiple languages.

Some business owners have stated that they would have to hire an attorney and an accountant just to determine whether the wage mandates would apply to them. When asked about the consequences if the legislation passed, they noted that they would either have to start refusing subsidies, or reduce staff. Further, employers stated that this bill would prevent them from hiring any new employees in the near future.

While the legislation seeks to exempt affordable housing, many affordable housing developments would still be affected by the bill. Retail space in affordable projects would have to comply with the living wage requirements. In addition, developers of 80-20 projects—where 20 percent of the units are reserved for low-income tenants—a major source of affordable housing in the city—would be covered by this legislation. In addition, affordable developments that are exempt would have to apply annually to maintain their exemption.

On Staten Island, opponents represent a wide range of economic sectors, including large employers, nonprofit and cultural institutions, small business owners, developers, retail stores and restaurant owners. While the bill seeks to exempt nonprofit and cultural organizations, these entities would still be required to apply for exemptions on an annual basis, a costly and burdensome requirement. While the bill would exempt employees of these institutions, it would apply to outside contractors hired by the organizations. That would make it more costly to hire contractors and discourage institutions from making investments that could improve and expand their physical plants.

For example, Snug Harbor Cultural Center & Botanical Garden one of Staten Island's premier tourist attractions and a cultural icon, would be severely impacted. In addition to significantly increasing the cost of running basic operations on the campus, the bill would alter the relationship with many of the vendors with whom they contract and require them to keep track of the wages paid by these vendors.

The measure would also be burden on small businesses. The bill includes an exemption for businesses with less than \$1 million in annual gross revenues, but the exemption is limited. It does not take into account whether a business is profitable or the other fees, taxes and mandates required by the city, state and federal governments on small businesses.

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