



Memo in Opposition S.1252A/A2057B

The Empire State Chapter of Associated Builders and Contractors (ABC), which represents hundreds of merit-shop contractors and subcontractors, employing hundreds of thousands of workers throughout the State of New York, opposes this legislation.

If passed, this bill will create the "Roadway Excavation Quality Assurance Act". Which would require utility companies or their contractors to enter into Project Labor Agreements (PLAs). The bill will also mandate that the utility companies and their contractors pay the prevailing wage on projects for which a permit to use or open a street is required.

This bill must not pass as written because if PLAs are mandated, most of the construction workforce in New York would be sidelined from working on these projects. A typical PLA forces open shop contractors to replace 3 out of every 4 of their workers with unknown workers from the union hall. As a result, open shop contractors refuse to bid these projects out of loyalty to their workers.

We want to be clear; this is not a union versus non-union debate. The concern with mandating union hires is that more than 70 percent of the construction industry workforce in New York is not affiliated with a union. These are the same individuals who perform more than 90% of this type of construction work and continue to do so safely and successfully. The goal of this legislation should be to employ local contractors and local workers. A mandated PLA will make that virtually impossible.

The other issue created by a dramatically decreased bid pool, is that it will directly result in higher bid prices, as evidenced in a study by former Cornell University Professor Paul Carr (attached). His study proves that when bidder participation is stifled by PLAs, bid amounts are higher, thus increasing the burden on taxpayers.

In addition, while we understand the bill intends to push utility companies to pay their workers more, it fails to mention that these added costs will be paid by the consumer, not the utility companies. Studies show that by mandating the payment of prevailing wages, construction costs are increased by upwards of 30%. Again, it will not be the utility companies paying the 30% increase, it will be the consumers who will have to pay.

This 30% increase in construction costs coupled with the added costs brought on by the use of PLAs will make this type of construction too expensive and unworkable in New York State. As we recover from the pandemic, New York State cannot kneecap our recovery by wasting taxpayers' money by passing legislation like this that will significantly increase construction costs. Moreover, the state should not be using PLAs to take these jobs out of the capable hands of those who have historically completed these projects.

For these reasons, we oppose S.1252A.

If you have questions, please reach out to our Public Affairs Manager, Tanner Schmidt, at (585) 730-1814 or tschmidt@abcnys.org