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|  | | **The Council of the City of New York**  **Finance Division**  **Preston Niblack, Director**  **Fiscal Impact Statement**  **Proposed Intro. No: 251-A**  **Committee:** **Contracts** |
| **Title:** A Local Law to amend the administrative code of the city of New York, in relation to requiring the payment of a living wage to employees employed on property developed by recipients of financial assistance for economic development. | **Sponsor** By Council Members Koppell, Palma, Brewer, Arroyo, Cabrera, Chin, Dromm, Ferreras, James, Lander, Mendez, Sanders Jr., Mark-Viverito, Foster, Seabrook, Barron, Gonzalez, Rivera, Rodriguez, Van Bramer, Vann, Williams, Rose, Jackson, Eugene, Levin, Mealy, Garodnick, Gentile, and Crowley (by the request of the Bronx Borough President) |
| **Summary of Legislation:** Intro 251-A would add a new section (§ 6-134) to Chapter 1 of Title 6 of the City’s Administrative Code, relating to Contracts and Purchases. The legislation mandates that covered employers provide an hourly compensation package of no less that the living wage rate plus a health benefit supplement. The living wage would initially be $10 per hour, and if a healthcare benefit is not provided, the health benefit supplement would be $1.50 per hour. The two rates will increase annually starting in 2013 based upon the Consumer Price Index and its medical care component.  Covered employers are those receiving direct financial assistance of over $1 million from a New York City economic development entity, as well as concessionaires and certain contractors and subcontractors of the financial assistance recipients. Tenants of projects receiving financial assistance that are majority owned by financial assistance recipients are also covered.  Financial assistance includes only discretionary assistance negotiated or awarded by the city or a city economic development entity.  Covered employers are required to maintain payroll records, and to certify annually that all covered employees are paid at least the living wage.  The city will annually submit to the council a report on the extent to which projects that receive financial assistance pay the living wage. The city and its economic development entities will encourage living wage jobs and will strive to have 75 percent or more of hourly jobs in economic development projects pay a living wage or better.  Manufacturers, small business with gross incomes of less than $5 million, not for profits, and certain projects with affordable housing are exempt from provisions of the bill other than the reporting requirements. Supermarkets in the city’s FRESH program, projects in a part of the Hudson Yard and construction and building service contractors are also exempt. | |
| **Effective Date:** This legislation would take effect 90 days after enactment. | |
| **Fiscal Year In Which Full Fiscal Impact Anticipated: Fiscal 2014** | |
| **Fiscal Impact Statement:**   |  |  |  |  | | --- | --- | --- | --- | |  | **Effective FY13** | **FY Succeeding**  **Effective FY14** | **Full Fiscal** Impact FY14 | | **Revenues (+)** | **$0** | **$0** | **$0** | | **Expenditures (-)** | **$0** | **$0** | **$0** | | **Net** | **$0** | **$0** | **$0** | | |
| **Impact on Revenues:** There will be no direct impact on revenue. | |
| **Impact on Expenditures**  The fiscal impact is expected to be minimal. Since the living wage requirement is limited to negotiated benefits, the fiscal impact will be a function of the mix of projects, partners chosen for those projects, and the specific terms of the negotiated deals as determined by City’s economic development entities primarily the Economic Development Corporation (EDC). Therefore, it is expected that the bill’s impact will mostly fall on that mix of projects, partners and terms, rather than on the City’s budget. | |
| **Source of Funds To Cover Estimated Costs:** City Treasury | |
| **Source of Information:** New York City Council Finance Division  New York City Economic Development Corporation | |
| **Estimate Prepared By**: Raymond Majewski, Deputy Director/Chief Economist  Paul Sturm, Supervising Analyst | |
| **History:** Introduced by City Council and referred to the Committee on Contracts on May 25, 2010. The Committee on Contracts held hearings on proposed amended versions of the legislation on May 12, 2011 and November 22, 2011. | |
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