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## 421-a Property Tax Exemption Program

The New York State Pipe Trades Association, representing 30,000 members who perform plumbing, steam-fitting, HVAC and fire protection installation throughout the sixty-two counties of our state, from Niagara Falls to Montauk, Strongly Supports S.3213/A.3515-A, sponsored by Senator Savino and Assemblyman Wright.

This legislation will apply prevailing wage provisions, under Article 8 of the State Labor Law, to the construction of larger, primarily market rate or upper-income residential projects with more than 50 units that receive public funds or financial assistance, such as the 421A subsidy. This legislation will not apply to any affordable housing projects where half or more of the units are reserved for occupants earning up to 125% of the area median income (AMI), nor will it apply to any residential projects with 50 or fewer units.

The 421A subsidy arose in the 1970's as a result of the increased movement from New York City to surrounding suburbs. The program was put into place to encourage development of housing within the City, provided a percentage of units constructed were available to low-income individuals and households.

This has not been the case, as past reports have stated that only 7% of subsidized units have been affordable to low-income families.

Aside from failing to fulfill its initial purpose, the 421A subsidy continues to cost New York \$1.1 billion annually in tax breaks. There is no requirement that the firms receiving these subsidies utilize skilled and highly trained workers, or provide their employees with a fair wage.

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The historic intent of prevailing wage laws is to assure that, when government intervenes in the construction market, it promotes local economic standards rather than undermining them. This legislation will uphold that intent by requiring that construction workers be paid wages and supplements that prevail in their area on larger residential projects that are publically subsidized and primarily serve more affluent interests.

As New York State considers the renewal of tax subsidies like the 421A program, the New York State Pipe Trades Association strongly advocates this legislation be passed. It will ensure that larger residential developments, subsidized by the public, will serve a larger local economy and community, rather than the affluent constituency it currently favors. This legislation will also discourage irresponsible businesses from taking advantage of taxpayer assistance, particularly in mistreatment of their employees and a reliance on unskilled workers.

The NYS Pipe Trades Association, comprised of 14 local unions and representing 30,000 members in the pipefitting industry throughout the State of New York, calls for the immediate passage of S.3213/A.3513-A.

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