



NEW YORK STATE SENATOR

William T. Stachowski

## Stachowski Cosponsors Measure to Weed Out Unscrupulous Contractors

WILLIAM T. STACHOWSKI January 11, 2010

| ISSUE: **LABOR, BUDGET, TAXES, PAYROLL TAX**

### *Legislation Will Create More Level Playing Field for Law-Abiding Bidders on Public Works Contracts*

Senator William T. Stachowski (D-C, Lake View), today announced he is cosponsoring legislation (S.5847) designed to ensure that contractors and subcontractors who compete for and win public works contracts in New York State meet specific responsibility standards.

The bill sets specific criteria that bidders must meet to be awarded state and local public works contracts such as properly classifying their workers; paying prevailing wages, workers' compensation, and payroll taxes, and would help to address New York's budget crisis by stemming the loss of state tax and other revenues.

"This legislation adds another layer of checks and balances to the Labor and Tax Law to further ensure that state funding is being spent in the most cautious, accurate and efficient way possible," said Senator Stachowski, Chairman of the Senate Committee on Commerce, Economic Development and Small Business. "It closes a loophole in current law that can put law-abiding contractors and subcontractors at a disadvantage when competing for state contracts. Any contractor who wins a public works contract and doesn't then pay for the required coverage for his or her employees isn't scamming the 'system.' Ultimately, it's the

taxpayers who are being cheated. This change in the law will better enable the state to retain the proper tax revenue we are oftentimes losing on the investments we are making.”

Also a member of the Senate Labor Committee, Senator Stachowski said the legislation was developed after a public hearing held in April, 2009 where law-abiding contractors brought this issue to the Committee’s attention. Under existing law, state and local public works contracts above certain dollar amounts must be awarded to the “lowest responsible bidder.” However, the law lacks specific standards to define this term, which has allowed unscrupulous contractors to win contracts based solely on their low bids, regardless of whether they knowingly fail to pay prevailing wages, avoid payroll or unemployment taxes, or take other actions to skirt the law.

Under the legislation, all contractors and subcontractors intending to bid on state and local public works contracts would be required to fill out responsibility questionnaires, which would be maintained by the State Comptroller’s office. The questionnaires would determine whether potential bidders comply with prevailing wage and other labor laws; maintain unemployment and workers’ compensation coverage; use apprenticeship training programs; have not been involved in business-related criminal activity; possess adequate expertise and financial resources, and meet other responsibility standards. State and local contracting officials must review the questionnaires of bidders before awarding contracts. In addition, failure to meet certain responsibility standards would result in the bidder’s disqualification from being awarded contracts.

“While we don’t want to create burdensome additional paperwork for honest contractors, the fact is that New York State has been losing untold amounts of money in taxes, unreported wages, and other revenues to the underground economy,” said Senator Stachowski. “With the budget crisis we are again facing, it is critical that we act swiftly to recover this tax revenue and create good, secure jobs at the same time.”