

June 22, 2017

Re: Coalition Opposition to S-1162; Imposes Prevailing Wages on Projects that Receive Tax Abatements

Dear Senate Members:

On behalf of the undersigned coalition, we respectfully oppose **S-1162/A-3435**, which would impose prevailing wage requirements on private projects that receive tax abatements or tax exemptions. Collectively, we believe that this legislation would remove a critical tool for municipalities to incentivize development and more broadly, would have a detrimental effect on economic development throughout our state.

Tax abatements are an important vehicle for encouraging both development and redevelopment. Imposing prevailing wage requirements on properties receiving tax abatements across the board would drive up construction costs, which would undermine the effectiveness of this important economic development tool. Accordingly, this would stifle the reinvestment that is transforming distressed areas into economically viable and desirable places within our State's communities.

Many developments that are breathing new life into communities today would not have been possible without incentives, such as tax abatements, that help offset the high cost of redevelopment. These developments have created job opportunities, enhanced the municipal ratable base, and brought vacant, contaminated, or underutilized land into productive use.

Additionally, from an affordable housing perspective, the New Jersey Housing and Mortgage Finance Agency (HMFA) compels affordable housing projects receiving permanent HMFA financing to enter into a Payment in Lieu of Taxes (PILOT) Agreement. If these properties were subject to the prevailing wage requirement, the increased costs would exceed the value of the tax abatement and would reduce the number of units of affordable housing that can be produced with New Jersey's federal Low Income Housing Tax Credit (LIHTC) allocation.

Finally, mixed use development – retail or commercial development coupled with a residential component – is critical for the revitalization of both urban and suburban areas of the state. However, in many cases, it is the PILOT or tax abatement that makes these projects feasible and also leverages the financing needed for necessary infrastructure improvements that enhance neighborhood quality of life. In short, adding a prevailing wage requirement all but eliminates the benefits of a PILOT.

Unfortunately, the imposition of legislative mandates, surcharges and fees that add to the cost of construction ultimately reduce New Jersey's competitiveness in a 21st Century economy. Therefore, we oppose **S-1162/A-3435** and we respectfully request that you vote "**NO**" when this bill comes before you on Thursday, June 22, 2017.

Sincerely,

Chamber of Commerce Southern New Jersey
Commerce and Industry Association of New Jersey
Garden State Heating Cooling Contractors Association
Greater Atlantic City Chamber
International Council of Shopping Centers
NAIOP New Jersey
New Jersey Apartment Association
New Jersey Builders Association
New Jersey Business and Industry Association
New Jersey Independent Electrical Contractors Association
New Jersey State Chamber of Commerce
New Jersey State League of Municipalities