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February 9, 2021

The Honorable Craig J. Coughlin  
Assembly Speaker  
New Jersey General Assembly  
569 Rahway Ave.  
Woodbridge, NJ 07095

**RE: A-1571 / A-1576 (Houghtaling (D11); Egan (D17); Murphy (D7); DeAngelo (D14); Downey (D11), Imposes prevailing wage for public work on properties receiving tax abatements or exemptions.**

Dear Assembly Speaker Coughlin,

On behalf of our member companies that provide 1 million jobs in the state and make the New Jersey Business & Industry Association the largest statewide business association in the country, we write to urge your opposition to A-1571 / A-1576 (**Houghtaling (D11); Egan (D17); Murphy (D7); DeAngelo (D14); Downey (D11)**), which would impose the prevailing wage on public works contracts that receive tax abatements or exemptions. While we acknowledge the intent of this bill, its efforts are misguided and the unintended consequences would damage economic development throughout the state.

Tax abatements and exemptions are key tools that municipalities use to drive development in their areas. On the residential front, affordable housing projects that receive permanent financing from the New Jersey Housing and Mortgage Finance Agency (HMFA) are compelled to enter into Payment in Lieu of Taxes (PILOT) Agreements. Moreover, incentives and abatements spur development and redevelopment in areas or properties that might otherwise be overlooked. This development is beneficial for the businesses and residents who eventually occupy it, but also drives job opportunities and commercial activity in these areas.

Imposing the prevailing wage on private projects that receive tax abatements and exemptions would undermine the attractiveness of those incentives and, thus, the projects themselves. Developers will only make investments in communities where they obtain a sufficient return on investment. Driving up the cost of private projects by mandating prevailing wages will no doubt lead to many projects not being built, with capital flowing to more competitive states. The resulting strain will be felt throughout New Jersey and particularly in the communities that depend on productive redevelopment to improve quality of life and expand economic opportunities.

We urge you to oppose this bill. As we come out of this pandemic, the last thing we need is to undermine development and investment in our communities.

Sincerely,

Chrissy Buteas  
Chief Government Affairs Officer

cc:

Assemblyman Houghtaling

Assemblyman Egan

Assemblywoman Murphy

Assemblyman DeAngelo

Assemblywoman Downey

Assemblywoman Swain

Assemblyman Tully

Assemblyman Daniels

Assemblyman Verrelli