



## State of the State Address Fact Sheet: **Wicks Law Reform**

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*“We need to start getting real about our property tax crisis...There are items from the past year that we have not finished. We did not complete our work on...reforming the Wicks Law...Let us come together and pass these bills.”*

-Governor Eliot Spitzer (January 9, 2008)

### **The Challenge**

- High property taxes are caused, in part, by State mandates such as the Wicks Law, which drives up the cost of construction for localities
- The current Wicks Law threshold of \$50,000 is too low and has not been updated since 1964.
- Reform will reduce the costs of construction, and thereby help create jobs and keep property taxes under control.

### **Our Approach**

- The Governor will once again submit legislation to reform the Wicks Law. The legislation will reflect the legislative negotiations from last year. Features include:
- Increase Threshold: A three-tiered threshold system to take into consideration the geographic differences in the cost of construction. Currently, there is only one tier of \$50,000.
  - Increase the current \$50,000 threshold to: \$3 million for NYC; \$1.5 million for Westchester, Nassau and Suffolk counties; and \$500,000 for Upstate.
  - This will mean a 60-fold increase in the current threshold in NYC, a 30-fold increase in NYC suburbs, and 10-fold increase for Upstate.
- Increase Protections: Further subcontractor protections to ensure that the original intent of the Wicks Law – to protect subcontractors from bidding fraud – remains intact:
  - A “stop-bid” process to cover circumstances where an employer is failing to issue separate bid specifications on Wicks projects
  - Strengthened bid protections by requiring approval by the public owner for subcontractor substitutions
  - These protections are in addition to the prompt payment provision and the sealed sub-contractor bid list provision that were in my original proposal.

- Wicks Law reform is part of the Governor's overall mandate relief package that will be advanced in his upcoming Executive Budget, which will help school districts and local governments control costs. Proposals include:
  - Wicks Law Reform (see separate fact sheet);
  - Local government procurement reforms to lower contracting and purchasing costs for local government;
  - Initiatives to help local governments provide more affordable employee health care including purchasing consortiums and lower cost public employee health options;
  - Improvements to the State's \$25 million local shared services program, which provides grants to encourage local governments to pursue cost-saving mergers and shared services;
  - Reforms to promote coordination of highway services; and,
  - Local financial data improvements.