

# How Changes to Home Improvement Licensing Laws in Westchester County Could Help Protect Workers

*Low-wage employers around the country and in Westchester County often violate basic minimum wage and overtime laws. The Alianza Laboral de Westchester/Westchester Labor Alliance has identified the home improvement industry as a particularly dangerous one for workers in Westchester County when it comes to wage theft. The Alianza urges the County to use its regulatory power over the industry to better protect workers and residents. In particular, the Alianza urges the County to amend the home improvement business licensing laws to prevent unscrupulous home improvement businesses who engage in wage theft from operating in the County.*

## High Rates of Wage Theft Harm Westchester County Workers, Particularly Those in the Home Improvement Sector

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- A recent study by the Economic Policy Institute found that in the ten most populous states, 2.4 million workers lose \$8 billion annually as a result of minimum wage violations.<sup>1</sup>
- A 2009 study by NELP and our partners surveyed over 4,000 workers and found that more than two-thirds had experienced a pay-related violation in the previous workweek.<sup>2</sup>
- Don Bosco Workers, Inc. of Port Chester analyzed New York State Department of Labor (“NYSDOL”) data on wage complaints from Westchester County between 2012 and 2015. It found that claims from the construction industry, including the home improvement business sector, accounted for almost one-fifth (18 percent) of the total claims.<sup>3</sup> The worker center’s analysis also showed that even when workers file complaints with the NYSDOL and obtain a judgment in their favor, employers often nevertheless fail to pay the owed wages.<sup>4</sup> In more than one-quarter of the cases reviewed, the NYSDOL classified the payment of owed wages as “Uncollectible” or “Payment Pending.”<sup>5</sup>
- A high-profile case brought by the New York State Attorney General’s office resulted in the arrest of two Westchester County painting contractors in 2017, after finding that their company owed over \$20,000 in wages to its workers.<sup>6</sup>
- Wage theft hurts workers and the communities where they live in myriad ways. Workers often lose thousands of dollars that they have earned and need to pay for everything from housing to health care. Local businesses can lose revenue from consumer spending. Businesses that comply with the law find it harder to compete with low-road competitors. State and local governments may see lower payroll and income taxes. In the home

improvement industry, a homeowner may also see workers place a lien on the homeowner's property to try and recover their owed wages.

## **Home Improvement Businesses That Engage in Wage Theft Should Not Be Licensed to Operate in Westchester County**

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- Under current local law, Westchester County may deny, revoke, or suspend a home improvement business license when a business is not financially responsible or has outstanding judgments against it.<sup>7</sup>
- Westchester County should amend its laws to clarify that the County must consider whether a home improvement business has a history of failing to pay its workers the amount owed under federal and state law.
- County law should also require that the licensing office accepts and considers complaints from any person who can show that a particular home improvement business has failed to pay its workers as required by law.
- In addition, County law should make it a violation to operate a home improvement business without the required license, something that current law fails to expressly state.

## **Cities Around the Country Have Passed Laws to Deny, Suspend, or Revoke Business Licenses When Businesses Fail to Pay Workers' Wages**

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- A growing number of cities have passed local laws that expressly allow the city to deny, suspend, or revoke a business license when an employer has failed to obey basic wage payment laws, such as the minimum wage. These cities include Seattle, Washington;<sup>8</sup> Chicago, Illinois;<sup>9</sup> Somerville, Massachusetts;<sup>10</sup> New Brunswick, NJ;<sup>11</sup> and Princeton, NJ.<sup>12</sup>
- Local licensing laws therefore offer one way in which local governments can better prevent unscrupulous businesses with a history of wage theft and who pose a risk to workers and consumers from doing business in that jurisdiction. Businesses will also see an additional, important incentive to comply with the law.

For more information, please contact NELP Staff Attorney Laura Huizar at [luhizar@nelp.org](mailto:luhizar@nelp.org).

## **Endnotes**

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<sup>1</sup> David Cooper & Teresa Kroeger, Economic Policy Institute, Employers steal billions from workers' paychecks each year (May 10, 2017), <https://tinyurl.com/ydexs7b2>.

<sup>2</sup> Annette Bernhardt et al, Broken Laws, Unprotected Workers: Violations of Employment and Labor Laws in America's Cities (Sept. 21, 2009), <https://tinyurl.com/y8s7cber>.

<sup>3</sup> Analysis by Don Bosco Workers, Inc. of NYSDOL data obtained through a Freedom of Information Law request covering the period from 2012–2015 (on file with author).

<sup>4</sup> *Id.*

<sup>5</sup> *Id.* (11 percent of wage claims arising out of Westchester County between 2012–2015 were deemed "Uncollectible," and 17 percent of the same set of wage claims were classified as "Payment Pending").

<sup>6</sup> New York State Office of the Attorney General, A.G. Schneiderman Announces Arrest of Westchester Painting Contractors For Stealing Thousands In Workers' Wages (Sept. 18, 2017), <https://tinyurl.com/y99uq5df>.

<sup>7</sup> Westchester County, NY, Code part VII, ch. 863, art. XVI.

<sup>8</sup> Seattle, WA, Ordinance 123596 (Apr. 25, 2011).

<sup>9</sup> Chicago, IL, Ordinance 2012-8533 (Jan. 17, 2013).

<sup>10</sup> Somerville, MA, Ordinance 2013-04 (June 26, 2013).

<sup>11</sup> New Brunswick, NJ, Ordinance 121303 (Dec. 18, 2013).

<sup>12</sup> Princeton, NJ, Ordinance 2014-21 (July 14, 2014).