Proskauer

No Escape Clause: NY's Highest Court Rules Prevailing Wage Obligations Apply Whether Contracts Say So or Not

Labor Relations Update on **June 25, 2026**

On June 23, 2026, the New York Court of Appeals issued a significant decision in *Walton v. Comfort Systems USA (Syracuse), Inc.*, answering previously unsettled certified questions from the Second Circuit with important implications for employers performing work on public projects in New York. The Court held that under Labor Law § 220, the statutory requirement to pay prevailing wages is incorporated into every covered public works contract by operation of law—even when the written contract is silent on the issue or expressly disclaims a prevailing wage obligation.

Legal Background

New York's prevailing wage requirement for public work projects has deep roots. Article I, § 17 of the New York Constitution, first adopted in 1905, declares that "[l]abor of human beings is not a commodity nor an article of commerce" and mandates that workers on public projects receive "not less than the rate of wages prevailing in the same trade or occupation in the locality." Labor Law § 220 codifies and expands on this constitutional protection, which courts have long recognized.

The Court of Appeals' Decision

The case arose from claims brought by technicians who installed, maintained, inspected, tested, repaired, and replaced fire alarms, fire sprinklers, and security system equipment for defendant Comfort Systems USA (Syracuse), Inc. The plaintiffs alleged—under a third-party beneficiary theory of liability—that the company did not pay them prevailing wages for fire alarm testing and inspection work performed on public works projects. While no one disputed the projects were public works, the underlying contracts varied: some expressly disclaimed prevailing wage obligations, others were silent on the issue, and only two acknowledged that prevailing wages applied.

Comfort Systems moved for partial summary judgment, arguing that the plaintiffs' third-party beneficiary breach of contract claims failed because certain contracts did not expressly promise to pay prevailing wages. The company also contended that the claims were time-barred by a one-year contractual limitations period included in the contracts.

The District Court granted the defendant's motion, holding that the plaintiffs' claims were time-barred and that the plaintiffs could not enforce the prevailing wage requirement as third-party beneficiaries because the contracts did not contain express promises to pay them prevailing wages. On appeal, the Second Circuit held that Labor Law § 220 covered the fire alarm testing and inspection work at issue, relying on the Court of Appeals' prior decision in *Ramos v. SimplexGrinnell LP*.

However, because New York law had not yet settled (i) whether every covered public works contract impliedly includes the prevailing wage promise and (ii) whether a shortened contractual limitations period could bar such claims, the Second Circuit certified those questions to the Court of Appeals.

- On the first certified question, the Court of Appeals held that the statutory prevailing wage obligation is incorporated into every covered public works contract by operation of law—regardless of what the parties chose to include in their written agreement—and as a result, such workers are third-party beneficiaries of the contracts. The Court reasoned that a contrary rule "would enable contracting parties to cut off an avenue for the recovery of the prevailing wages required by statute, contrary to our case law and the statute's purpose."
- On the second certified question, the Court held that a contractual provision shortening the limitations period for prevailing wage claims to one year was unenforceable. While acknowledging that shortened limitations periods generally apply to third-party beneficiary claims, the Court emphasized that prevailing wage claims arise in a "unique context" where "the contractual benefit flows from a statutory command." Allowing contracting parties to limit workers' ability to recover prevailing wages "without the workers' input or agreement would be plainly inconsistent with the statute's purpose."

Why This Decision Matters

Walton is a significant decision for contractors and subcontractors performing work on public projects in New York. The Court made clear that employers cannot avoid prevailing wage liability by simply omitting—or even expressly disclaiming—prevailing wage language in their contracts. If Labor Law § 220 applies to the work, the prevailing wage obligation becomes part of the contract by operation of law, and workers can enforce that obligation through third-party beneficiary breach of contract claims.

The decision also underscores that employers cannot rely on shortened contractual limitations periods to defeat prevailing wage claims. Given the constitutional and statutory protection afforded to prevailing wages, courts will not enforce contractual provisions that purport to shorten the time for workers to bring claims.

In light of this decision, employers should evaluate their public work project classifications and compliance protocols, including whether service, maintenance, or inspection work may fall within the scope of Labor Law § 220. A review of subcontracts and related agreements for prevailing wage considerations is also advisable.

Related Professionals

- **Joshua S. Fox**
  Partner
- **Reyzel Farkish**
  Associate