



September 23, 2025

Governor Gavin Newsom  
1021 O Street, Suite 9000  
Sacramento, CA 95814

**RE: AB 1280 (Garcia) – Request for Veto**

Dear Governor Newsom:

Associated Builders and Contractors of California (ABC CA) is a statewide organization representing working Californians in carpentry, construction, construction craft laborer, electrical, low voltage, painting, plumbing, pipefitting, and sheet metal who are building commercial, industrial and affordable housing projects, and we write to respectfully request your veto on AB 1280, which qualifies thermal energy storage for multiple financial incentive programs administered by the California Infrastructure and Economic Development Bank (IBank) and the California Energy Commission (CEC). Unfortunately, it requires these important industrial decarbonization projects funded by the I-Bank to include a project labor agreement and a community benefits fund or agreement.

ABC of CA believes PLAs are discriminatory and increase the cost of construction.

The apprentices, journeymen, and contractor members of ABC of CA believe PLAs are discriminatory because they include employment restrictions that only apply to **non-signatory contractors**. PLAs:

- Prohibit the use of qualified non-union apprentices because they are indentured in state-approved unilateral apprenticeship programs,
- Restrict the use of non-union journeymen, potentially causing their unemployment and requiring contractors to employ a workforce with whom they have no prior experience,
- Require the payment into union trust funds the benefit payments for the handful of core workers they are permitted to employ, which can result in healthcare disruption and loss of pension contributions,

- Require any core workers to become de facto union members for the duration of the construction, even though they may never have chosen to be represented by that union.

The apprentices, journeyworker, and contractor members of ABC of CA are convinced that PLAs increase the cost of construction. And substantial evidence agrees.

[A study published in August 2021](#) by the Rand Corporation found that a bond measure passed by LA-area voters in 2016 failed to deliver its intended results, **primarily due to a project labor agreement**. Significant conclusions in the study include:

- After accounting for a variety of important characteristics of individual projects, I estimate that per-unit construction costs were approximately \$43,000 higher for projects covered by the PLA. **This amounts to a 14.5-percent increase in construction costs.**
- In a simulation exercise I estimate that, in the absence of the HHH PLA, a combination of developers building larger projects and lower costs facilitating the funding of more **projects would have resulted in approximately 800 more units of housing, or an amount representing around 11 percent of the total of 7,305 housing units in the actual HHH pipeline today.**

The Senate Appropriations Committee recently made several important observations about existing State construction under PLAs.

- The Department of Toxic Substances Control (DTSC) recently anticipated unknown, likely significant **increases in project costs, ranging in the millions of dollars per project**, if a bill mandating PLAs applied to them. DTSC anticipated total increased cleanup project costs in the tens of millions of dollars throughout three projects. **DTSC has previously entered into a PLA for the Exide residential cleanup in 2017 and found that utilizing a PLA for this project increased the cost of the cleanup by approximately 25 percent.**
- The Department of General Services (DGS) noted that PLAs are market—and project-based, and the cost impacts of entering into a PLA vary significantly. This admission by DGS, along with comments from DTSC, is conclusive evidence that PLAs increase construction costs.

ABC of CA staunchly opposes project labor agreements (PLAs), considering them wasteful and discriminatory.

ABC of CA, as a Merit Shop Employer Association, is committed to a fair and equal approach to contracting. Our members believe in rewarding employees based on performance and encouraging them to reach their highest level of achievement. Contracts should be awarded based on safety, quality, and value, regardless of labor affiliation. This approach fosters a healthy and competitive business environment.

For these reasons, Associated Builders and Contractors of California must respectfully request your veto on AB 1280.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Gutierrez", with a long, sweeping horizontal line extending from the end of the signature.

Greg Gutierrez  
Chair of the Board