



September 23, 2025

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

**RE: AB 889 (Hadwick) – 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 request your veto on AB 889 (Hadwick), which would remove the Department of Industrial Relations (DIR) Director's longstanding authority to interpret prevailing wage laws as well as revoke all exemption letters issued prior to January 1, 2026.

While we share the Legislature's commitment to robust labor law enforcement, this bill overreaches by undermining executive discretion, destabilizing employer compliance frameworks, and injecting unnecessary rigidity into a system that demands expert judgment and flexibility.

Here are our Key Concerns:

- **Undermines Executive Oversight:** The DIR Director is appointed by the Governor to ensure consistency and accountability across the state's labor enforcement systems. Stripping this role of interpretative authority diminishes the Governor's ability to manage statewide labor policy effectively.
- **Legal and Constitutional Risk:** Retroactively invalidating exemption letters issued in good faith raises serious due process concerns and exposes the state to litigation based on violations of the separation of powers doctrine.

- **Disruption for Employers and Workers:** Employers who have operated in compliance with DIR-issued exemptions face potential liability without a clear transition plan. This uncertainty jeopardizes workforce stability, especially in the construction industry which is governed by complex fringe benefit structures.
- **Loss of Flexibility in Enforcement:** Prevailing wage and fringe credit calculations often require nuanced application. Mandating uniform use of the U.S. DOL Handbook removes the DIR's ability to issue practical, California-specific interpretations that account for local realities.
- **Undermines Public Trust in Agency Expertise:** AB 889 effectively nullifies the professional judgment of the DIR Chief and their staff. If interpretative authority can be overturned retroactively by statute, it erodes confidence in California's administrative governance.

For these reasons, we must respectfully request your veto on AB 889.

Thank you for your consideration and continued leadership on behalf of California's workers and employers. Please do not hesitate to contact me should you wish to discuss this matter further.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Gutierrez", with a stylized flourish extending from the end.

Greg Gutierrez,  
Chair of the board