



June 11, 2025

Senator Smallwood-Cuevas, Chair
Senate Labor, Public Employment and Retirement Committee
1021 O Street, Room 6740 Sacramento, CA 95814

RE: AB 889 (Hadwick) – Oppose Unless Amended (As Introduced 02/19/2025)

Dear Senator Smallwood-Cuevas:

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 express our oppose unless amended position on AB 889 (Hadwick), a bill that would remove the Department of Industrial Relations (DIR) Director's longstanding authority to interpret prevailing wage laws and 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.

Our key concerns are found below:

- **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.

We respectfully urge you to oppose AB 889 as currently drafted. At a minimum, we ask for amendments that preserve the DIR Director's interpretative role and provide a structured transition process that includes stakeholder consultation.

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,



Greg Gutierrez, Chairman

cc: Assembly Member Hadwick
Senate Labor, Public and Retirement Committee
Senator Brian Jones, Senate Minority Leader