

# California State Senate

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September 18, 2019

The Honorable Gavin Newsom  
Governor, State of California  
State Capitol, First Floor  
Sacramento, CA 95814

RE: Recommended Veto of AB 520 (Kalra)

Dear Governor Newsom:

I respectfully write to request your veto of AB 520, which would lower the amount of the public contribution necessary to trigger a prevailing wage mandate to both less than 2% of the cost of the project and less than \$500,000.

By lowering the de minimis (or small enough to not matter) amount of a public contribution that will trigger the prevailing wage requirement, this measure unnecessarily expands the prevailing wage law beyond what was intended.

When Labor Code §1720 was amended in 2001, the de minimis, exception was widely debated and although never codified, was generally agreed to be 2% of the project. While some question that wisdom, this agreement and subsequent DIR determinations have held that it requires a substantial public subsidy to trigger California's Public Works Law.

Current law does specify that the determination whether a public contribution is de minimis shall be "in the context of the project." Common sense would suggest that a five hundred thousand dollar (\$500,000) subsidy is certainly de minimis in the context of a multi-million dollar project.

In my view, current law does a good job of balancing competing interests and using consideration of proportionality. Further, I agree with your predecessor who said in a veto statement of a similar bill in 2015, that, "there has been no showing that the current practice is unreasonable." Accordingly, I believe this bill is unnecessary.

For these reasons, I respectfully request your veto.

Sincerely,

A handwritten signature in cursive script, appearing to read "Shannon Grove".

Shannon Grove  
Senate Republican Leader