September 2, 2026

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

RE: Assembly Bill 1198 (Haney) – REQUEST FOR VETO

Dear Governor Newsom:

On behalf of the Rural County Representatives of California (RCRC), California State Association of Counties (CSAC), Urban Counties of California (UCC), the League of California Cities (Cal Cities), California Transit Association (CTA) California Association of School Business Officials (CASBO), and the California Special Districts Association (CSDA), we respectfully request your veto of Assembly Bill 1198 (Haney) regarding wages in public works contracting.

AB 1198 would require certain new prevailing wage determinations issued after a public works contract is awarded to apply during the life of the contract, creating new and potentially unpredictable costs into public works contracts after projects have already been bid, budgeted, and awarded.

Our concern is not with prevailing wage requirements, but with changing project costs after a contract has been awarded. Under current law, prevailing wage rates and scheduled increases are available when a project is advertised for bid. Contractors incorporate those known costs into their proposals, allowing public agencies to establish budgets, secure financing, evaluate bids, and award contracts with reasonable cost certainty. AB 1198 would undermine that certainty by requiring certain new prevailing wage determinations issued after contract award to apply during the life of the project.

We appreciate the recent amendment limiting AB 1198 to projects of $35 million or more. However, that change addresses only one component of the targeted approach proposed by local agencies. We sought to limit the bill to projects exceeding $35 million, lasting more than 24 months, and utilizing alternative project delivery methods. Without those additional safeguards, the bill continues to apply to shorter-duration and traditionally delivered projects and

does not adequately resolve the fiscal and project-delivery concerns raised by local public agencies.

This is particularly concerning because public agencies rely on fixed appropriations, grants, bond proceeds, voter-approved revenues, and adopted budgets, limiting their ability to absorb unexpected costs after a contract has been awarded. These challenges were recognized in your veto message on AB 2182 (Haney, 2024), that such provisions that are also in AB 1198 would "likely lead to uncertainty in the cost of public works projects". Put simply, the bill does not adequately address the fiscal and project-delivery concerns raised by local public agencies, and those costs will be borne by taxpayers or come at the expense of other public priorities.

For the above reasons, we respectfully request your veto of Assembly Bill 1198. If you should have any questions, please do not hesitate to contact us.

Sincerely,

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cc: The Honorable Matt Haney, Member of the California State Assembly
Luke Reidenbach, Deputy Legislative Secretary, Office of Governor Gavin Newsom