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CHAMBER OF
COMMERCE

September 12, 2017

The Honorable Edmund G. Brown Jr.
Governor, State of California
c/o State Capitol, Suite 1173
Sacramento, CA 95814

RE: AB 1701 (Thurmond), as amended on August 28: Labor-Related Liabilities – OPPOSE UNLESS AMENDED

Dear Governor Brown,

Protecting workers and keeping housing affordable for all Californians are not at odds. As written, AB 1701 is flawed and will drive up the cost of housing for everyone across the state. AB 1701 makes contractors liable for another's actions, of which they have no control. Home builders will be on the hook for wages, benefits, penalties, and even attorneys' fees if a subcontractor fails to pay its employees, even if they had already paid that subcontractor.

Three simple amendments make AB 1701 better and protect housing affordability:

1. Penalties: The bill leaves good-acting general contractors at risk of being assessed penalties and damages for the actions of unscrupulous subcontractors. That language should be removed.
2. Exhaust Remedies: The labor commissioner should be required to exhaust reasonable remedies against the subcontractor before going after the general contractor.
3. Statute of Limitations: The bill needs a one-year deadline to file a claim. Now it allows claims to be filed more than 20 years after the subcontractor has been paid and off the job. Workers know when they have not been paid, and it is in their best interest to immediately file notice and get it corrected with the help of the builder.

Workers absolutely should be paid. No one disputes that – but from the outset the sponsors of AB 1701 have opposed reasonable amendments that could protect workers and keep housing affordable. Make no mistake, **AB 1701 will needlessly make housing more expensive in California unless it is amended.**

Respectfully,

Jim Lazarus
Senior Vice President of Public Policy

cc: Assemblymember David Chiu, Assemblymember Phil Ting