**SAMPLE LETTER – *PLEASE FILL-IN BLANKS***

September 8, 2016

Honorable Edmund G. Brown, Jr.

Governor, State of California

State Capitol, First Floor

Sacramento, CA 95814

**RE**: **AB 626** (Chiu) - Public contracts: prompt payment to contractors – **Request for Signature**

Dear Governor Brown:

On behalf of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, I respectfully request your signature upon AB 626 related to prompt payment to contractors on public works projects.

Under current law, public project owners can order their contractors to perform additional work not covered by the original contract under threat of termination. Because this new work is outside the original contract our state’s prompt pay laws do not apply and the public agency can delay payments indefinitely.

Public agencies can and do put off approving and paying for months or even years. In the meantime, the contractors and subcontractors who performed the extra work are left without payment to reimburse them for labor and materials. These delays are often calculated and used in a strategic and predatory manner by public project managers to leverage unfair concessions from their contractors.

The delay of payment to contractors on public works has serious negative financial consequences on the employer and their employees. Delayed employer trust fund contributions can cause the loss of health insurance for workers and significant fines for the signatory employer. In addition, the lack of prompt payment for extra work by public agencies denies contractors the necessary liquidity to bid the next project and continue providing jobs.

AB 626 is an important industry bill that simply ensures that public project owners act in a fair and reasonable manner when dealing with the businesses that are performing on their vital public works projects.

For these reasons **we request your signature on AB 626**. Should you have any questions regarding our position, please do not hesitate to contact our office.

Sincerely,

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

cc: Ms. Melinda McLean, Deputy Secretary for Legislation, Office of Governor Brown

Assemblymember David Chiu