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Office of the Governor

May 25, 2017

The Honorable Jason Frierson
Speaker of the Nevada State Assembly
The Nevada Legislature
401 South Carson Street
Carson City, NV 89701

RE: Assembly Bill 154 of the 79th Legislative Session

Dear Speaker Frierson:

I am herewith forwarding to you, for filing within the constitutional time limit and without my approval, Assembly Bill 154 ("AB 154"), which is entitled:

AN ACT relating to prevailing wages; revising provisions governing the payment of prevailing wages; and providing other matters properly relating thereto.

During the 2015 Legislative Session, the Legislature passed both Senate Bill 207 ("SB 207") and Assembly Bill 172 ("AB 172") with overwhelming bipartisan support. The Legislature also passed Senate Bill 119 ("SB 119") on a straight-line partisan vote. All three bills became law.

Given pressing construction needs, SB 119 and SB 207 were passed early in the Session. SB 207 authorized a "bond rollover," which allowed for billions of dollars in new school construction and repairs. SB 119 removed all school construction from the requirements to pay a prevailing wage. The goal was to stretch these scarce, school-construction dollars as far as possible, while making sure that taxpayers were protected from above-market construction costs.

With SB 119's reforms in place, the Legislature then entered into broader discussions regarding prevailing wage requirements on all public projects. AB 172 was the result of those negotiations. And in exchange for reasonable, bipartisan changes to the law as a whole, school construction was again made subject to prevailing wage – though at 90% of that wage.

Simply put, stakeholders and lawmakers compromised in 2015 to propose moderate, but necessary reforms that I supported. There is no superseding change today that justifies the rollback of this compromise.

Since the implementation of the bi-partisan reforms of 2015, the justifications for preserving the 90% cap on prevailing wage have only become stronger. Not only have taxpayers seen the benefits of this law, but voters in Nevada's second largest county, Washoe, also approved in 2016 a sales tax increase for school repairs and construction. I supported that effort. To add costs to Washoe school construction *after* the voters approved the tax is not appropriate.

For these reasons, I veto Assembly Bill 154.

Sincere regards,



BRIAN SANDOVAL
Governor

Enclosure

cc: *The Honorable Mark Hutchison, President of the Senate (without enclosure)*
 The Honorable Aaron Ford, Senate Majority Leader (without enclosure)
 The Honorable Barbara Cegavske, Nevada Secretary of State (without enclosure)
 Claire J. Clift, Secretary of the Senate (without enclosure)
 Susan Furlong, Chief Clerk of the Assembly (without enclosure)
 Brenda Erdoes, Esq., Legislative Counsel (without enclosure)