OFFICE OF THE GOVERNOR

OCT 05 2021

To the Members of the California State Assembly:

I am returning Assembly Bill 1036 without my signature.

This bill would create two new programs to be administered by the California Infrastructure and Economic Development Bank: the California Manufacturing Disaster Loan Program to address manufacturing needs during and after the declaration of a state of emergency, and the California Manufacturing Competitiveness Loan Program for the purpose of attracting, retaining, and expanding manufacturing facilities and companies in the state.

California's manufacturers stepped up to retool and utilize their facilities during the COVID-19 pandemic to help meet the state's needs. I am strongly supportive of California's manufacturing economy, a majority of which is fueled by small businesses. Together with the Legislature, in 2020 and 2021, we made unprecedented investments to support small businesses' access to capital and ongoing economic recovery.

However, this bill does not provide sufficient detail to operationalize the loan programs, risking significant costs, delays, administrative challenges, and program design inefficiencies. Additionally, California has existing programs to support manufacturers. As this proposal would result in millions of dollars in ongoing costs and establish two new financing programs, it should be considered through the annual state budget process.

Sincerely,

Gavin Newsom