



OFFICE OF THE GOVERNOR

SEP 30 2023

To the Members of the California State Senate:

I am returning Senate Bill 799 without my signature.

This bill allows individuals who left work due to a trade dispute to become eligible for Unemployment Insurance (UI) benefits. The bill also codifies case law that employees who left work due to a lockout by their employer, even if it was in anticipation of a trade dispute, are eligible for UI benefits.


California employers fund UI benefits through contributions to the state's UI Trust Fund on behalf of each employee. The UI financing structure has not been updated since 1984, which has made the UI Trust Fund vulnerable to insolvency. Any expansion of eligibility for UI benefits could increase California's outstanding federal UI debt projected to be nearly \$20 billion by the end of the year and could jeopardize California's Benefit Cost Ratio add-on waiver application, significantly increasing taxes on employers. Furthermore, the state is responsible for the interest payments on the federal UI loan and to date has paid \$362.7 million in interest with another \$302 million due this month. Now is not the time to increase costs or incur this sizable debt.

I have deep appreciation and respect for workers who fight for their rights and come together in collective action. I look forward to building on the progress we have made over the past five years to improve conditions for all workers in California.



For these reasons, I cannot sign this bill.

Sincerely,



Gavin Newsom