



OFFICE OF THE GOVERNOR

OCT 08 2023

To the Members of the California State Senate:

I am returning Senate Bill 565 without my signature.

This bill would require the Franchise Tax Board (FTB) to provide a free tax return preparation program to individuals eligible for the California Earned Income Tax Credit, the Young Child Tax Credit, and the Foster Youth Tax Credit. This bill also requires the California Department of Social Services and the Department of Health Care Services to exchange data with the FTB for purposes of administering this free tax return preparation program.

While I am supportive of the author's goal of reducing barriers to tax filing and ensuring eligible families receive credits, this bill would result in ongoing General Fund costs in the millions of dollars to implement.

In partnership with the Legislature, we enacted a budget that closed a shortfall of more than \$30 billion through balanced solutions that avoided deep program cuts and protected education, health care, climate, public safety, and social service programs that are relied on by millions of Californians. This year, however, the Legislature sent me bills outside of this budget process that, if all enacted, would add nearly \$19 billion of unaccounted costs in the budget, of which \$11 billion would be ongoing.

With our state facing continuing economic risk and revenue uncertainty, it is important to remain disciplined when considering bills with significant fiscal implications, such as this measure.

For these reasons, I cannot sign this bill.



Sincerely,

Gavin Newsom

A handwritten signature in black ink, appearing to be 'Gavin Newsom', written over the printed name. The signature is stylized and includes a long horizontal line extending to the right.