OFFICE OF THE GOVERNOR

SEP 29 2024

To the Members of the California State Assembly:

I am returning Assembly Bill 1973 and Senate Bill 542 without my signature.

These bills would enact personal income and corporation tax exclusions for settlement payments related to specific wildfires occurring between 2020 and 2022.

I wholeheartedly support the intent of these bills. In 2022, I signed legislation that provided similar tax exclusions for settlement claims resulting from catastrophic wildfires that occurred in the preceding five years. In signing those bills, I stated future measures, like these bills, should be included as part of the annual budget process given the General Fund implications. The following year, the Legislature enacted an income tax exclusion for an additional wildfire in the 2023-24 Budget Act. As such, I strongly encourage the Legislature to include these proposals in next year's budget framework.

In partnership with the Legislature this year, my Administration has enacted a balanced budget that avoids deep program cuts to vital services and protected investments in education, health care, climate, public safety, housing, and social service programs that millions of Californians rely on. It is important to remain disciplined when considering bills with significant fiscal implications that are not included in the budget, such as this measure.

For this reason, I cannot sign these bills.

Sincerely,

Gavin Newsom