



OFFICE OF THE GOVERNOR

SEP 22 2024

To the Members of the California State Assembly:

I am returning Assembly Bill 2637 without my signature.

This bill would repeal existing law that requires a private nonprofit corporation or association that receives a working capital loan from the California Health Facilities Financing Authority (CHFFA) to repay and discharge the loan within 24 months of the loan date.

Hospitals are critical to the health and safety of our communities, and it is a priority of my Administration to assist hospitals that are struggling financially. For this reason, together with the Legislature, we authorized \$300 million for the Distressed Hospital Loan Program to offer zero-interest loans to eligible financially distressed hospitals. While I support efforts to ensure loan repayment requirements are feasible, this bill would result in an open-ended timeframe without any required end date that loans must be repaid. Extending the timeline for the recoupment of CHFFA loans would be better discussed as a part of the annual budget process.

For this reason, I cannot sign this bill.

Sincerely,

Gavin Newsom

