



OFFICE OF THE GOVERNOR

SEP 20 2024

To the Members of the California State Assembly:

I am returning Assembly Bill 52 without my signature.

This bill would provide purchasers of manufacturing equipment with state tax credits equal to the amount of non-exempt sales and use taxes paid on the purchase of equipment.

As a strong supporter of California's innovation economy and manufacturing sector, I agree with the intent of this bill. California offers many powerful incentives to encourage new and continued investment in the areas of manufacturing, research, and development. However, by enacting a new tax credit, this bill would have a significant impact on the state general fund, and should be considered in the annual budget process.

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 these reasons, I cannot sign this bill.

Sincerely,

Gavin Newsom

