



OFFICE OF THE GOVERNOR

OCT 11 2025

To the Members of the California State Assembly:

I am returning Assembly Bill 265 without my signature.

This bill establishes an unfunded program within the Office of the Small Business Advocate to provide competitive grants to small businesses and eligible nonprofit organizations directly affected by a declared state of emergency.

I wholeheartedly support the author's intent to assist small businesses in disaster-affected areas in their rebuild and recovery efforts. Just two weeks after the deadly Los Angeles wildfires began in January, I signed legislation providing over \$2.5 billion in disaster relief to immediately help bolster emergency response and jumpstart recovery efforts. In the months since, the state has also administered over \$3 billion in federal small business assistance, including more than \$325 million in loans to repair or replace physical property, and more than \$235 million in economic injury disaster loans to help businesses meet their financial obligations.

While well-intentioned, an unfunded grant program is of little use to small businesses and nonprofits without dedicated resources provided through the budget process. In partnership with the Legislature this year, my Administration has enacted a balanced budget that recognizes the challenging fiscal landscape our state faces while maintaining our commitment to working families and our most vulnerable communities. With significant fiscal pressures and the federal government's hostile economic policies, it is vital that we 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 this bill.

Sincerely,



Gavin Newsom