



OFFICE OF THE GOVERNOR

SEP 27 2026

To the Members of the California State Assembly:

I am returning Assembly Bill 1039 without my signature.

This bill would require state agencies to provide advance payments for certain grants and contracts awarded to eligible nonprofit organizations and federally recognized tribes, and establish a statewide framework to administer and reconcile those payments.

While I appreciate the author's goal of reducing financial barriers for nonprofits and tribes, imposing a new statewide requirement would severely limit the state's oversight and protection of public funds. I signed AB 590 in 2023 and AB 3017 in 2024, which provided agencies with authority to process advance payments for these entities. It is important to ensure agencies maintain discretion to evaluate the financial and programmatic risks of each request for advance payments. I encourage the author and stakeholders to continue engaging with administering agencies to help ensure they are utilizing the existing authorization to the fullest extent possible when appropriate.

For these reasons, I cannot sign this bill.

Sincerely,

Gavin Newsom