



## OFFICE OF THE GOVERNOR

SEP 28 2024

To the Members of the California State Assembly:

I am returning Assembly Bill 2098 without my signature.

This bill would change the repayment period for certain bridge loans provided to district hospitals through the California Health Facilities Financing Authority (CHFFA) from requiring repayment within two years of the date of the loan, to instead requiring hospitals to make monthly payments within 24 months of the date of the loan and full repayment within 72 months.

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, in 2022 we funded the Public Hospital Bridge Loan Program II with \$40 million, and we authorized \$300 million for the Distressed Hospital Loan Program. Many of the hospitals affected by this bill received both. While I support efforts to ensure loan repayment requirements are feasible, this bill would advantage one subset of hospital loans above others that did not receive such an extension. Extending the timeline for repayment will affect our budget structure in the out years, and would be better discussed as a part of the annual budget process.

For these reasons, I cannot sign this bill.

Sincerely,

Gavin Newsom

