



OFFICE OF THE GOVERNOR

**OCT 07 2011**

To the Members of the California State Senate:

I am returning Senate Bill 364 without my signature.

This bill imposes penalties on businesses claiming future-enacted hiring/employment credits should the business's number of employees drop by more than 10% during a year.

The tactic used in this bill can be effective for assuring that businesses deliver promised employment to the State in exchange for valuable credits. Unfortunately, the bill's approach is too broad. Penalties should be tailored to the unique provisions of each tax credit given.

Sincerely,

  
Edmund G. Brown Jr.