



## OFFICE OF THE GOVERNOR

OCT. 3 2025

To the Members of the California State Assembly:

I am returning Assembly Bill 1329 without my signature.

This bill would make assorted changes to the Subsequent Injury Benefit Trust Fund (SIBTF), a World War II-era program created to protect disabled veterans entering the workforce. Proposed changes include incorporating a Qualified Medical Evaluator (QME) process, excluding certain medical conditions from the definition of pre-existing disabilities, and adding a statute of limitations on claims.

I commend the author for identifying the SIBTF as needing significant reform. Over the past decade, SIBTF has expanded significantly beyond its original purpose. The number of claims has skyrocketed, leading to an unsustainable future for the program. The Department of Industrial Relations estimates that, without comprehensive reform, the annual assessment paid by all employers will increase from \$372 million in FY 2021-22 to \$1.5 billion in FY 2029-30. As the Legislative Analyst's Office noted in a July 2025 report, workers submitting SIBTF claims today could see processing delays of up to ten years unless we take comprehensive action. Notably, other states, facing similar pressures, have chosen to eliminate their programs rather than reform them. This situation is dire and the state must act immediately.

Unfortunately, AB 1329 does not contain the comprehensive reforms necessary to save SIBTF. While some of the changes, such as the proposed QME process and the statute of limitations, are important, other changes take the program in the wrong direction. For example, including the impact on the "activities of daily living" in the determination of a prior disability contradicts the concept that the



prior disability must be labor-disabling. This change would increase SIBTF claims and liabilities.

To ensure this program continues to serve workers as intended, comprehensive SIBTF reform must be pursued next year. I am directing the Department of Industrial Relations and its Division of Workers' Compensation to develop a proposal for comprehensive reform to include in January's 2026-27 budget proposal. I look forward to working with the Legislature to ensure this program continues to serve California workers.

For these reasons, I cannot sign this bill.

Sincerely,



Gavin Newsom