

2020-21 STATE BUDGET

BUSINESS AND ECONOMIC DEVELOPMENT HIGHLIGHTS

MONDAY, JUNE 15 ACTIONS

ASSEMBLY AND SENATE BUDGET PROPOSAL (SLIDE 1)

*Economic Stimulus proposals are not included in the June 15 budget package. These will be addressed in August when new 2020-21 tax revenue data is available.

- Approves \$50 million to operate the Small Business Disaster Loan Guarantee Program. Another \$50 million was transferred in April from the State Disaster Fund.
- Approves the third-year of a five-year commitment to provide \$20 million annually to GO-Biz for the Small Business Technical Assistance Expansion Program (\$17 million) and Capital Infusion Program (\$3 million).

ASSEMBLY AND SENATE BUDGET PROPOSAL (SLIDE 2)

- ❑ Approves \$300 million to support the K-12 career tech programs, including \$150 million to the California Career Technical Education Incentive Grant Program and \$150 million to the Strong Workforce Program.
- ❑ Approves \$15.3 million to the Career Technical Education Initiative for improving linkages and career-technical education pathways between K–12 and community colleges in targeted industry-driven programs.
- ❑ Approves \$5.8 million to support Dreamer Resource Liaisons and student support services, through the community colleges, including services related to career pathways and economic mobility for immigrant students.
- ❑ Eliminates Calbright Community College and redirects those moneys to other CCC purposes.

LEGISLATURE 2020-21 STATE BUDGET

(SLIDE 3)

Business Tax Provisions – Trailer Bill SB 114

- Waives the \$800 minimum **franchise tax** for small and medium-size businesses during their first year of business creation.
- Retains and expands eligibility under the **California Earned Income Tax Credit**.
- Extends the carryover provisions from 6 to 9 years of an earlier version of the **California Film and Television Tax Credit** with the most current version.
- Suspends the **Net Operating Loss (NOL)** tax provision for tax years 2020, 2021, and 2022.
 - Applies the suspension to both corporate and personal income taxes.
 - Extends the carryover period for up to three years, as specified, for any net operating loss for which a deduction is denied pursuant this budget.
 - Excludes taxpayers with businesses income under \$1 million from the NOL suspension.
- Limits the use of business tax credits** to offset tax liability by more than \$5 million in each of the following tax years 2020, 2021, and 2022.
 - Extends the carryover period for up to three years, as specified, for any net operating loss for which a deduction is denied pursuant this budget.
 - Excludes Low-Income Housing Tax Credit from this calculation.

THIS SUMMARY WAS PREPARED BY

- The Assembly Committee on Jobs, Economic Development, and the Economy.
- The committee is chaired by Assemblymember Sabrina Cervantes.
- The Assembly will continue to adopt budget trailer bills.
- As those bills are approved, updates will be provided.