



# SMALL BUSINESS ROUNDTABLE

JULY 23, 2020 CONVENING

Hosted by the Assembly  
Committee on Jobs, Economic  
Development, and the Economy  
Assemblymember Sabrina  
Cervantes, Chair

# AGENDA

- I. Welcome and Overview
- II. Budget Implementation and Trailer Bills
- III. Pending Legislation – Including Economic Recovery Bills
- IV. Collecting Discussion Topics for Next Meeting
- V. Final Comments and Adjournment



# WELCOME AND OVERVIEW

Agenda Item I

# DATA POINTS

## FEDERAL Unemployment – 11.1% (June 2020)

- ❖ Total nonfarm payroll employment increased by 4.8 million in June 2020.
- ❖ The number of unemployed persons fell by 3.2 million to 17.8 million.
- ❖ 1.4 million people filed for unemployment in the US for the week ending July 11.
- ❖ The largest increase in initial claims for the week ending June 20 was in California.
- ❖ 40+ million Americans filed UI claims between mid-March to early July.

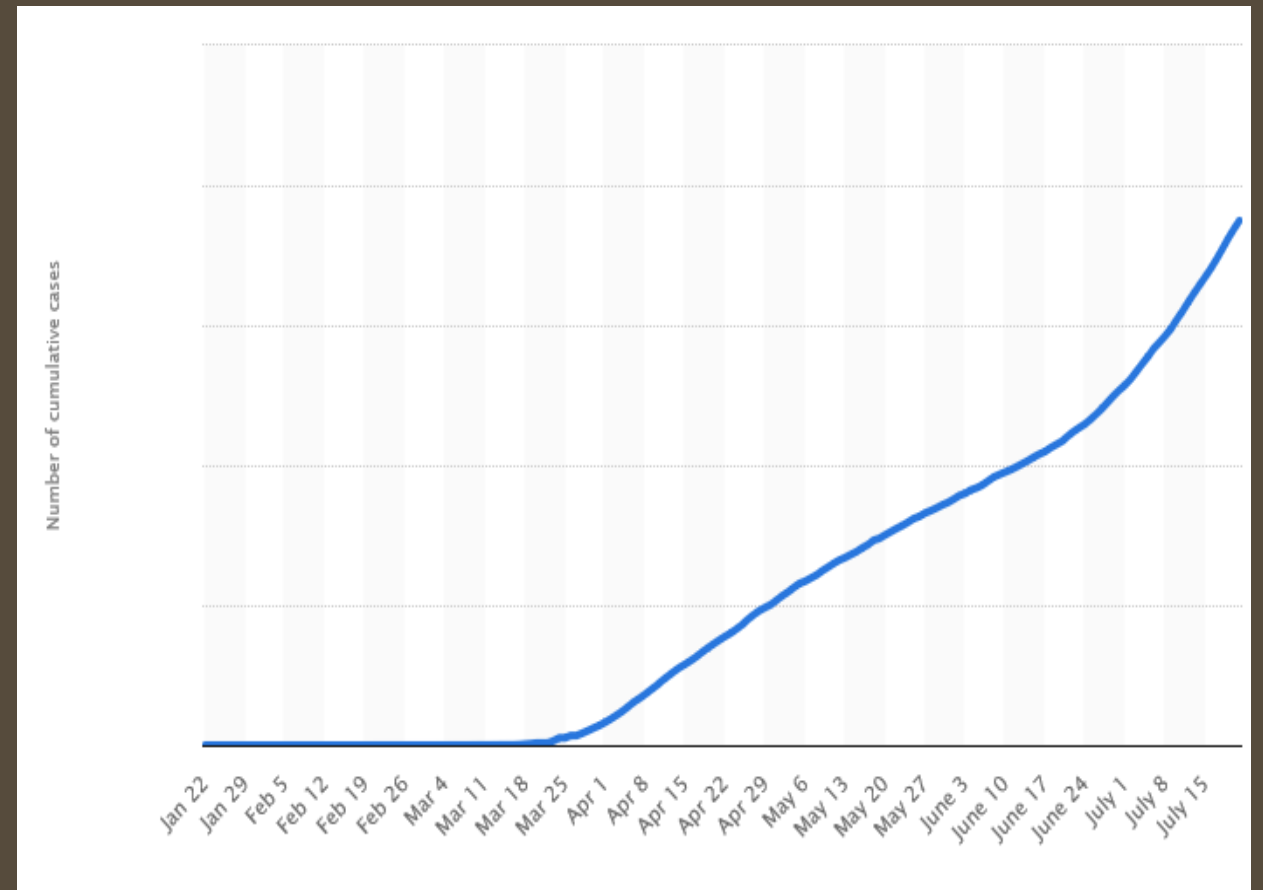
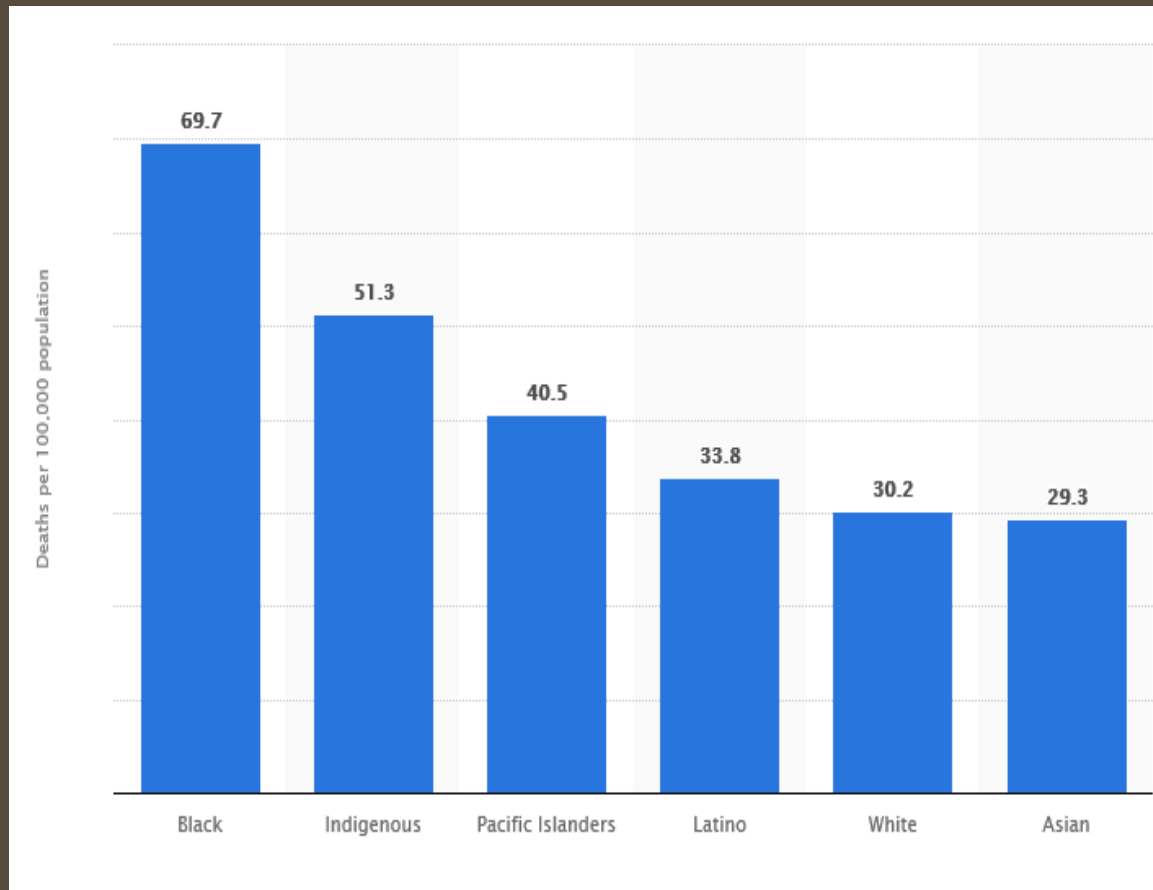
## CALIFORNIA Unemployment – 14.9% (June 2020)

- ❖ Total nonfarm employment in California for June 2020 was 16.1 million, reflecting an increase of 441,200 jobs from the prior month.
- ❖ Job losers comprised the largest group of unemployed persons categorized by reason (938,000 persons or 70.1% of all unemployed).
- ❖ California reported over 2.8 million unemployed individuals for the month of June 2020.
- ❖ 289,015 UI and Pandemic Unemployment Assistance (PUA) claims were filed for the week ending July 11.
- ❖ Between March 14 and week of July 11: 6.7 million UI and PAU claims have been filed.
- ❖ \$45.6 billion paid to out of work Californians since start of pandemic.

# SUMMARY OF THE JULY 9, 2020, ROUNDTABLE

- ❑ 35+ individuals participated in the July 9, 2020, convening.
- ❑ Main discussion points included economic recovery strategies, small business challenges in accessing resources, state budget, and legislation.
- ❑ Key Presentations from Stakeholders:
  - ❑ Isabel Guzman, CA Small Business Advocate, discussed the launch of Calling all Californians: #ShopSafeShopLocal
  - ❑ Matt Horton, Milken Institute, gave an update on the Milken Institute's regional recovery model.
  - ❑ Lisa Countryman-Quiroz, Jewish Vocational Services, discussed a worker survey and an upcoming project to support small business recovery through workforce training.
  - ❑ Phil Vermeulin, advocate, discussed the need to update the Target Area Contract Procurement Area incentive, add a microenterprise component to the small business procurement provisions for public works contracts, and reinstatement a provision in perishable food contracts relating to minimum food purchases under the contract.
  - ❑ Betty Jo Toccoli, California Small Business Association, discussed top issues impacting small businesses, including the rising cost of insurance and potential lawsuits related to COVID-19, concerns over the rise in property taxes, and the impact of the California Supreme Court decision and legislation related to the status of independent contractors.
  - ❑ Pat Fong Kushida, California Asian Chamber of Commerce, provided an update on the Chamber's 8 point recovery plan.

# A NATIONAL LOOK AT COVID-19 DEATHS BY RACE (PER 100,000 POPULATION) AND TOTAL COVID-19 CASES (GRAPHICS FROM STATISTA 2020)

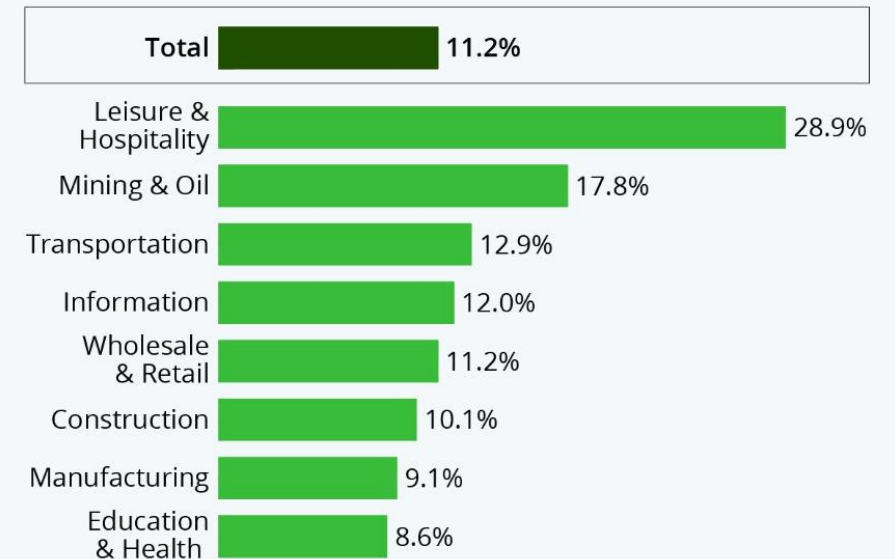


# PRESENTATION WE MISSED ON JULY 9

- ❑ Cherly Slobodian/James Watson, CMTC
- ❑ Other presenters welcome

## Industries with the Highest Rate of Unemployment

Unemployment rates by industry and class of worker for June 2020



Note: Data as of July 2  
Source: Bureau of Labor Statistics



# WHAT ARE THE KEY RECOVERY CHALLENGES?

- ❑ Small businesses, especially women- and BIPOC-owners, must be a priority in the state's recovery efforts. Data continues to suggest these businesses are having the greatest challenges in accessing technical and financial assistance.
- ❑ Many small businesses are concerned about being able to meet re-opening health and safety protocols. It is difficult to keep-up on changes and the wording can be too vague.
- ❑ Small businesses are concerned about being sued by employees and customers about being exposed to COVID-19.
- ❑ Small Businesses faces many challenges in accessing sufficient amounts of PPE. This also represents an additional cost of operation.





# STATE BUDGET AND TRAILER BILLS

Agenda Item II

# SPEAKERS — AGENDA ITEM II

Toni Symonds, JEDE Committee, will facilitate a discussion about how the adopted budget will impact small businesses and local communities.

Roundtable participants are encouraged to share their priorities and experiences.

# 2020-21 CALIFORNIA BUDGET

- ❑ \$202.1 billion (\$133.9 billion General Fund) spending plan for 2020-21.
- ❑ The Legislature will be considering additional budget trailer bills when they return from recess on July 27, 2020.
- ❑ There is an expectation that new economic recovery proposals being announced.

# SMALL BUSINESS PROVISIONS

\*Economic Stimulus proposals were not included in the June budget package. These proposals will be addressed in August when 2020-2021 tax revenue data is available.

- Approves \$50 million for use by the Small Business Finance Center at the IBank. The Governor previously transferred \$50 million from the State Disaster Fund to the Small Business Finance Center for financial assistance to small businesses impacted by the coronavirus pandemic.
- 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).
- 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 to individuals who file taxes through independent identifier numbers with small children.

# NEW AUTHORITY FOR THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (IBANK)

- Rejects the \$250 million proposal to fund the Climate Catalyst Revolving Loan Fund and, instead, establishes a Climate Catalyst Revolving Loan Program at the IBank.
  - Funding will be provided through non-state governmental entities and private sources.
  - The Strategic Growth Council will advise the Legislature on categories to fund, and a report on the projects funded will be annually presented to the Legislature.
- Appropriates \$25 million for the IBank to expand underserved small business lending in the state by establishing funds to support California Community Development Financial Institutions and mission-based lender liquidity.
- Authorizes the IBank to establish one or more programs administered by the bank directly, in conjunction with financial companies or financial institutions, in direct or indirect participation with special purpose entities established for small business finance or under contract with small business financial development corporations.

# EDUCATION PROPOSALS

- Appropriates the Proposition 98 General Fund minimum guarantee (\$70.5 billion) for K-12.
- Appropriates \$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.
- Reduces funding for Calbright Community College by \$5 million ongoing and \$40 million one-time. These funds are redirected to other community college programs.
- Appropriates \$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.
- Rejects the May Revision Budget proposal for 10% cuts to all child care programs.
- Maintains funding levels to after school and adult education programs.
- Reduces funds for the California State University and University of California systems by a combined \$1 billion.

# TAX PROVISIONS

- 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, pursuant to this budget.
  - Extends the carryover period for up to three years, as specified, for any net operating loss for which a deduction is denied pursuant to this budget.
  - Excludes taxpayers with business income under \$1 million from the NOL suspension.
- Limits the application of business tax credits to offset tax liability to \$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 to this budget.
  - Excludes the Low-Income Housing Tax Credit from this limitation.
- Requires a licensed car dealer, other than new vehicle dealer, to collect and remit to the DMV the applicable sales tax at the same time the dealer submits the vehicle registration fee.

# ADDITIONAL BUSINESS BUDGET ACTIONS

- Authorizes the state to access the Federal-State Extended Benefit program using the Total Unemployment Rate, which would potentially provide up to 20 weeks of total Unemployment Insurance Extended Benefits to unemployed workers, funded 100% by the federal government.
- Makes statutory changes necessary for the California Public Utilities Commission to provide matching funds, administered through the California Advanced Services Fund, to help California broadband providers pursue funding through the federal Rural Digital Opportunity Fund.
- Maintains \$37 million for the Adult Reentry Grant Program.
- Appropriates \$10 million to fund the Social Entrepreneurs for Economic Development initiative, administered by the California Workforce Development Board to assist economically disadvantaged groups who face significant barriers to employment, including, but not limited to, individuals with limited English proficiency.



# DEFERS ACTION ON SOME PROPOSALS

- Defers action on economic recovery proposals until after July 15, the new state income tax deadline.
- Defers action without prejudice on the expansion of consumer financial protection activities under a new Department of Consumer Financial Protection and Innovation.
- Defers action without prejudice on creating the Department of Better Jobs and Higher Wages.
- Defers action on the \$965 million Cap and Trade Expenditure plan proposed in the January budget.
- Defers action without prejudice on resources to levy an additional, nicotine-based tax of \$1 per 20mg of nicotine on e-cigarettes effective January 1, 2021.
- Defers without prejudice on a proposal to collect additional information from taxpayers in order to establish the valuation of vehicles subject to private party sale. This language would require the DMV to calculate use tax for private party sales as the greater of the vehicle's sale price or the vehicle's standard presumptive value.

# SUPPORT LETTERS FOR BUDGET ITEMS

- ❑ \$50 million for the Small Business Expansion Fund – 40+ letters/signatories from business owners and organizations serving small businesses
- ❑ \$20 million for the Small Business Assistance Enhancement Program and Capital Infusion Program – 500+ letters/signatories from business owners and organizations serving small businesses
- ❑ Multiple Small Business Budget Items – 9 letters/signatories from businesses serving small businesses



# PENDING LEGISLATION

Agenda Item III

# SPEAKERS — AGENDA ITEM III

- ❑ Toni Symonds, JEDE Committee, will discuss state legislation and then facilitate a discussion from others about the next few weeks of activity.
- ❑ Advocates that are tracking bills are invited and encouraged to share their legislative priorities.

# ASSEMBLY BILLS JEDE IS WATCHING

- AB 979 (Holden and C. Garcia) Minority Representation on Corporate Boards
- AB 1457 (Cervantes and Reyes) Training pilot based on regional assessment of skill gaps, provided through Community College Contract Education Centers
- AB 1577 (Burke) Income taxes: federal CARES Act: gross income: loan forgiveness.
- AB 1850 (Gonzalez) Classification of Writers as Employees and Independent Contractors
- AB 2054 (Kamlager) Community Response to Strengthen Emergency Systems Grant Program
- AB 2257 (Gonzalez) Classification of Musicians as Employees and Independent Contractors
- AB 2621 (Mullen) Regional Climate Adaptation Plans
- AB 3121 (Weber) Task Force to Study and Develop Reparation Proposals for African Americans
- AB 3205 (Salas) Regions Rise Together Grant
- AB 3216 (Karla and Gonzalez) Paid Sick Leave in Pandemic
- AB 3307 (E. Garcia and Cervantes) Manufacturing Disaster Loan and Guarantee Program
- ACA 5 (Weber, Gipson, Santiago, and Gonzalez) Repeal of Section 31 of Article I relating to the prohibition against discrimination or preferential treatment, among other provisions

# SENATE BILLS JEDE IS WATCHING

SB 25 (Caballero) CEQA modifications for projects funded by qualified opportunity zone funds

SB 588 (Archeletta) DVBE Procurement

SB 795 (Beall) Economic development: housing: workforce development: climate change infrastructure.

SB 895 (Archuleta) Technical assistance and support for the development of zero-emission fuels, zero-emission fueling infrastructure, and zero-emission fuel transportation technologies

SB 1103 (Hurtado) Workforce training programs: supportive services.

SB 1110 (Hurtado) Health care workforce development: California Medicine Scholars Program.

SB 1457 (Borgeas) State regulatory action: reduction or waiver of civil penalties.

SB 1320 (Stern) Climate change: California Climate Change Assessment

SB 1383 (Jackson) Paid Family Leave for businesses with five or more employees

What other bills are stakeholders watching?



# COLLECTING DISCUSSION TOPICS FOR NEXT MEETING

Please email suggestions if not  
already raised during today's  
discussion



# CLOSING THOUGHTS

Links to Useful Information



# STAY CONNECTED WITH GO-BIZ AND OPR

GO-Biz, the Office of the Small Business Advocate, and OPR are partnering on a range of activities, including weekly webinars and videos. You can stay connected through the following channels:

- Subscribe to The Entrepreneurship Task Force COVID-19 Rapid Response Online Sessions: [https://forms.office.com/Pages/ResponsePage.aspx?id=HVTWIRI3TEu7zdldCxDOCuPmWk\\_LaXIMjps8WK8GrkNUQU9MWUo5M1IYWTJVNDZEMIRXTVFWMIRKSCQIQCN0PWcu/](https://forms.office.com/Pages/ResponsePage.aspx?id=HVTWIRI3TEu7zdldCxDOCuPmWk_LaXIMjps8WK8GrkNUQU9MWUo5M1IYWTJVNDZEMIRXTVFWMIRKSCQIQCN0PWcu/)
- Subscribe to GO-Biz's Newsletter for COVID-19: <https://business.ca.gov/gobiz-newsletter-signup/>
- Subscribe to OPR's Federal Grants E-List: <https://tinyurl.com/y9du7fg3>
- Follow @CAGOBIZ on Twitter: <https://twitter.com/CAGoBiz>
- Follow @Cal\_OPR on Twitter: [https://twitter.com/cal\\_opr?lang=en](https://twitter.com/cal_opr?lang=en)
- Subscribe to the GO-Biz YouTube Channel: <https://www.youtube.com/channel/UCregW8KZRE4k1sXVZs2bPxw>
- Submit questions to the California Business Investment Service: [calbis@gobiz.ca.gov](mailto:calbis@gobiz.ca.gov)

# JEDE COVID-19 ACTIVITIES

**Conference Calls:** JEDE is sponsoring monthly conference calls where stakeholders can share program and service delivery challenges in real time and seek resolution and mitigation actions within the broader business, economic, and workforce development community.

**COVID-19 Updates:** JEDE regularly publishes economic and business development updates to professionals engaged in meeting the needs of small businesses and local communities caused by the coronavirus emergency.

## Resource Webpages:

- JEDE COVID-19 Resource Page: <https://ajed.assembly.ca.gov/content/covid-19-resources>
- Small Business Roundtable: <https://ajed.assembly.ca.gov/content/small-business-roundtables>