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### **NAWBO-CA August Newsletter**

#### **Advocacy & Public Policy**

**September 17, 2021**

### **NAWBO-CA Supported Bills Continue to Move Forward**

#### **News from the Governor's Office and GO-Biz**

The 2021 session ended quietly and with very little fanfare, except for the dozens of Assemblymembers and Senators rising to “adjourn in memory” of a constituent in their districts. Both houses adjourned early and left the Capitol by 9:30 p.m. on Friday, September 10<sup>th</sup>. This is the first time in decades that the Assembly and Senate adjourned before midnight on the last night of session and before the interim recess. There are several reasons for this phenomenon.

First, the 2021 Legislative Session was a repeat of the 2020 Session due to the ongoing pandemic. Leadership in both houses put a legislative maximum of 12 bills introduced per member, due to the limited hearing rooms available that could accommodate the CDPH's social distancing guidelines. All policy committee hearings were conducted on the Senate or Assembly floor after the morning floor session adjourned. Many policy committees were given one or two hearing dates, instead of the normal 4-8 hearing dates necessary to handle the volume of bills in both houses. Most of the key bills were either dropped, failed in policy committee, or moved to a two-year status.

Second, with all of the bill limitations and shortlist of priorities determined by Senate and Assembly leadership, only 694 bills were sent to the Governor's desk, down from the 870 bills he signed in 2020, and a lot less than the usual 1,800 or so bills landing on his desk during a non-pandemic year. Therefore, the Legislature adjourned early because they had less bills to deal with this year and about three times less bills to vote on than in a “normal” legislative cycle with the usual 40 bill limit in the Senate and 50 bill limit in the Assembly.

The abbreviated session helped us in some ways but limited our abilities in other ways. The limited session forced AB 1465 that would establish a state-run Medical Provider Network in the workers' compensation system to be amended as a Commission on Health and Safety and Workers' Compensation study bill. This bill is now a two-year bill and will not be taken up again until January 3<sup>rd</sup> when the 2022 Legislative Session reconvenes. AB 1465 is heavily opposed by the business community as creating a dual private MPN program and a state-run MPN would increase workers' compensation costs to employers by millions of dollars annually.

Also of interest is the realization that the 10-year workers' compensation cycle of reforms is upon us and labor is ready to push for another benefit increase in exchange for the employers' identifying ways to cut frictional costs within the system. We can expect to see system changes in workers' compensation as a high priority in 2022.

The full bill tracking list with a status of all bills that may be of interest to NAWBO-California and its members is separately attached in the newsletter. The Governor has until October 10<sup>th</sup> to act on the remaining bills on his desk. We will provide a full report on the Governor's actions in the October newsletter.

Below is the list of bills supported by NAWBO-CA with a current status for each bill. These bills and other legislation of interest to NAWBO-CA are included in the accompanying Legislative Bill Tracking Report prepared especially for NAWBO-CA.

**Assembly Bill 511 (Muratsuchi)** This bill is on the Governor's desk and we are expecting him to sign this bill. Sponsored by Small Business California and supported by NAWBO-CA, this bill would provide an access to capital option to start-up and small businesses by establishing an equity crowdfunding platform in California. AB 511 would enable investors to directly connect with the start-up or small business via a portal managed by the Department of Financial Protections and Innovation (DFPI), formally the Department of Business Oversight (DBO). The federal JOBS Act of 2012 was approved under the Obama Administration for the purposes of encouraging start-ups and small businesses to seek investment capital through an equity crowdfunding model. Since 2012, securities laws have changed so AB 511 is necessary for California's crowdfunding laws to be compliant with federal securities laws. If enacted, California will join 35 other states who have established crowdfunding as a very viable option for start-up and small businesses to access capital from interested investors.

**Assembly Bill 915 (Chiu)** failed in the Senate Appropriations Committee due to the high cost of implementation. Sponsored by the Cal Asian Chamber of Commerce, this bill had been on the Suspense File in the Senate Appropriations Committee. The Department of General Services (DGS) put a very high price tag on this bill, due to the projected costs for the state to implement the requirement that state departments meet the 25% goal of contracting with small and women-owned businesses. We had expected that AB 915 would have moved forward as there was no opposition to this bill. AB 915 would have codified former Governor Schwarzenegger's Executive Order that placed a voluntary "goal" for state agencies to do at least 25% of their contracting with small businesses. AB 915 codified the EO and added a requirement for state agencies to contract with at least 25% women-owned businesses, including members of the LGBTQ community and minority-owned businesses. A new version of this bill will likely be introduced once again in January.

**Assembly Bill 1072 (Reyes)** This bill will assist women-owned businesses by creating and expanding several programs. The author decided to make her bill a two-year bill which means it won't be taken up again until the legislature returns from its interim recess on January 3, 2022. Supported by NAWBO-CA and 16 other trade associations and organizations that represent small businesses, this omnibus bill creates a more decisive programmatic relationship between the state's small business procurement advocates and the statewide network of 80+ small business technical assistance centers that participate in the Small Business Technical Assistance Expansion (TAEP). It is important to note that NAWBO-CA will be participating in stakeholder meetings to ensure that this bill moves forward in January.

Assembly Bill 1072 accomplishes the following:

- 1) Links Procurement Advocates and Technical Assistance Programs with DGS to assist state agencies to improve small business and disabled business enterprise procurement participation
- 2) Transfers the Small Business Technical Assistance Expansion Program (TAEP) program from the Governor's Office of Business and Economic Development (GO-Biz) to the Office of the Small Business Advocate, which is a division within GO-Biz
- 3) Adds "disadvantaged business enterprise" to the priority list of entities being served by the TAEP program
- 4) Requires state TAEP funds to be used to support a range of programs and services delivered through one or more small business technical assistance centers, including business start-ups, business restructuring, business expansion and retention, accessing capital, participating in government procurement opportunities, becoming and maintaining competitiveness in foreign markets, regulatory compliance, and emergency preparedness
- 5) Authorizes state TAEP funds to be utilized to support emergent small business technical assistance activities, such as those that are created in response to natural disasters and other state of emergencies, economic crises, and new economic market sectors and factors, such as cyber and technology modalities
- 6) Authorizes state TAEP funds to be applied to costs related to activities that will effectively expand small business technical assistance to priority businesses including marketing, travel, and administrative costs, but limits those costs to five percent of the grant
- 7) Extends the sunset on the TAEP program from January 1, 2024 to January 1, 2027

**Assembly Bill 1573 (Assembly Jobs, Economic Development and the Economy Committee)** As a companion bill to AB 1072 (Reyes), this bill has been moved to a two-year status and will be taken up again in January, along with AB 1072. This bill would authorize the establishment of the Small Business Retention Program which would be delivered through the SB TAEP administrative structure, contingent on the approval of supplemental funding. The purpose of the Small Business Retention Program is to support local small business retention programs by providing state matching funds and expand the network of small business technical assistance centers and providers who will collectively contribute their on-the-ground experience to an early warning system to alert the Governor's Office of Business and Economic Development and other state, federal, and local partners of trending business challenges and individual negative business outcomes.

Additionally, AB 1573 would require the Small Business Retention Program to provide a preference to applications that propose new or enhanced services to underserved business groups, including women, minority, and veteran-owned businesses, and businesses in low-wealth, rural, and disaster-impacted communities included in a state or federal emergency declaration or proclamation. This is the same preference as used for other SB TAEP grants.

Women-owned businesses are among the state's top job creators and innovators. Based on prior program experience, technical assistance to women-owned small businesses resulted in many advantages, including lower default rates, higher sales tax revenues, and new hires. The California Small Business Technical Assistance Expansion Program (SB TAEP) was established in 2018 for the purpose of providing direct assistance to small businesses within a statewide network of 80+ federally-designated

small business technical assistance centers. During the pandemic, these centers have worked collaboratively with local governments, chambers of commerce, and economic development organizations to meet the needs of small businesses struggling to survive during mandatory shutdowns, partial re-openings, and evolving regulatory obligations.

**Senate Bill 655 (Bradford)** This bill is now on the Governor's desk and he is expected to sign SB 655 as there was no opposition, and because this bill is a high priority bill for the Insurance Commissioner. Sponsored by Insurance Commissioner Ricardo Lara, this bill will codify reporting requirements for underrepresented groups on insurance company governing boards, lower the existing California premium reporting threshold value for board and supplier diversity data from \$100 million to \$75 million, and define the term Diverse Investment Managers in the COIN (CA Organized Investment Network) program. This bill will require insurance companies to report their plans for increasing the numbers of women, LGBTQ+ and people of color on their boards to better represent California's insurance consumers. This bill also codifies Senator Bradford's recommendation to target insurance investments in affordable housing and environmental projects.

**Senate Bill 777 (Bradford)** This bill is now a two-year bill and will be taken up again in January, due to the recommendation from NAWBO-CA that the bill be amended to define small businesses as those who employ 50 or less, rather than 250. Sponsored by the author, this bill would enact the California Jumpstart Act, which allows credits similar to the federal New Markets Tax Credits (NMTC) against the gross premiums tax equal to the amount of a "relief contribution," commencing in the 2024 taxable year. The bill directs the CA Pollution Control Finance Authority (CPCFA) to administer the credit. If designated by CPCFA, SB 777 allows relief funds to allocate tax credits to investors in an amount equal to its "relief contributions." The relief fund must then make "relief investments" in "small businesses" in a "relief zone."

The bill defines "small business" as one that as of the date of investment:

- Employs fewer than 250 employees.
- Has gross receipts, less returns and allowances reportable to the state, of less than ten million dollars (\$10,000,000) during the previous taxable year.
- Has its principal business operations, as defined, in a relief zone in the state.
- Is engaged in any of several kinds of business by reference to North American Industrial Classification System Code, or if not, CPCFA determines that an investment will create desirable economic outcomes. However, a business cannot violate state law and qualify.

According to the author, the intent of SB 777 is to have The California Jumpstart Act run by experienced fund managers who will ensure that the program is implemented to the highest standards of professionalism and accountability. This bill is sponsored by a group of investors that want to invest their capital in underserved communities by establishing start-up businesses with a workforce of 250 or less employees. NAWBO-CA will continue to work with the author to amend the bill to apply to women business owners who employ 50 or less employees.

Senate Bill 777 is an important bill for NAWBO-CA's members as California's women business owners often lack access to capital and rely heavily on bank financing, credit, home equity, and limited personal finances for additional liquidity. The need for capital has only intensified after a year of shutdowns forced by the pandemic and wildfires.

## **News from the Governor's Office and GO-Biz**

### **California Launches Dedicated Small Business Portal Ahead of National Small Business Week**

California's Office of the Small Business Advocate (CalOSBA), part of the Governor's Office of Business Economic Development (GO-Biz), today announced the launch of [calosba.ca.gov](https://calosba.ca.gov) – a website that connects California's small business community with critical resources available through state-funded small business technical assistance program and other state resources.

Small business owners, entrepreneurs, and startups can access the following information:

- Small business technical assistance centers that offer specialized support for no-cost or at a low-cost
- Financing information including state and federal capital programs and tax/credit incentive programs
- Business Learning Center that helps business owners navigate the varying stages of the business development process
- Permits, licenses, and regulations
- Access to new markets, including e-commerce, international trade, and procurement and supply chain programs

For more information, visit [calosba.ca.gov](https://calosba.ca.gov).

### **Recent Action by Governor Newsom**

- On September 9, the Administration announced the next phase of its nation-leading homeless housing initiative, Homekey, with the release of funds from the Governor's \$2.75 billion investment to expand the program to purchase and rehabilitate buildings and convert them into up to 14,000 more permanent, long-term housing units for people experiencing or at risk of homelessness.. [Read more here.](#)
- On September 7, Governor Gavin Newsom proclaimed a state of emergency for Lake County to support the response to the Cache Fire, which caused major damage to homes and other structures. [Read more here.](#)

### **California Small Business COVID-19 Relief Grant Program Update**

*Round 8 for Nonprofit cultural institutions only,  
Application window EXTENDED through Thursday, September 30th.*

*Round 9 for New Applicants and Waitlisted applicants from certain previous rounds,  
Application window open through Thursday, September 30th.*

More information including eligibility and application FAQs can be found at [CAReliefGrant.com](https://CAReliefGrant.com)