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NAWBO-CA August Newsletter Advocacy & Public Policy

NAWBO-CA Supported Bills Continue to Move Forward News from the Governor's Office and GO-Biz

As reported in the July Newsletter, the Legislature adjourned for its summer recess on July 16th and reconvened on Monday, August 16th for what will surely result in a whirlwind of activity before they adjourn for the interim recess on September 10th. Staff and committee consultants will be in their offices to prepare amendments and committee analyses in advance of the flurry of activity that will occur during the remaining 30 days of session before they adjourn for the interim recess.

The recall and election are confirmed for September 14th, just four days after the legislature adjourns for the interim. Voters will either vote yes to recall the Governor or no to enable him to finish out his term. Voters who want the Governor recalled will choose one from a list of 46 candidates who have qualified for the ballot. It is important to note that the Secretary of State will have 30 days after the election to verify the votes and announce the results on October 14th. The 14th is just four days away from the Governor's deadline to act on the bills that will have arrived on his desk at the close of the legislative session. It will be interesting to see how many bills the Governor will sign and veto, depending on the polling results following the recall election.

These past two years of the pandemic have proven to be extraordinarily challenging for women businessowners. As the nation emerges from the pandemic, the California Legislature is planning to advance measures that will significantly affect women-owned businesses, once again testing our strength and agility to weather whatever lies ahead.

NAWBO-CA supported bills remain alive and are continuing to move through the legislative process. Meanwhile, there are a series of Budget trailer bills that will augment the funding and budget language contained in the budget bill that the Governor signed last month. Of particular interest is the funding request made by 17 associations that represent the interest of small business owners, including NAWBO-CA, to ensure that there will be adequate funding for the Small Business Development Centers (SBDCs) and Women's Business Centers (WBCs), given the demand on small and micro businesses' efforts to recover from the pandemic and wildfires that continue to plague businesses in our state.

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 currently awaiting its hearing in the Senate Appropriations Committee and will be taken up before the August 27th deadline for bills to move to the Senate Floor for their consideration. So far, there is no opposition to 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) Sponsored by the Cal Asian Chamber of Commerce, this bill is on the Suspense File in the Senate Appropriations Committee and will be taken up for vote prior to August 27th. Senate Appropriations put this bill on the Suspense File, 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. It is likely that the Senate Appropriations Committee will remove AB 915 from the Suspense file and move it to the Senate Floor for a vote. There is no opposition to this bill. AB 915 codifies 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 would codify the EO to require that state agencies contract with at least 25% women-owned businesses, including members of the LGBTQ community and minority-owned businesses.

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.

Budget Request to Increase SB TAEP Funding NAWBO-CA joined 16 other business trade associations in contacting the members of the Budget Committee and Budget Subcommittee #4 (State Administration) to request that supplemental funding be included to support the economic recovery of California Small Businesses. Programmatic elements for this funding are included in AB 1072 (Reyes) and AB 1573 (JEDE). California small businesses, primarily, women-owned businesses need a comprehensive initiative to support and energize an inclusive economic recovery. The Budget Request includes the following:

- Launch and brand a **California Business Retention Network** using the existing **Small Business Technical Assistance Enhancement Program** (SB TAEP) as the foundation for an expanded technical assistance delivery network that meets the needs of all Californians, including women-owned businesses and underserved business groups.
- **\$17 million** in supplemental funding to expand the **capacity of the federally-designated small business technical assistance providers** to meet the demands of small businesses recovering from the COVID-19 recession.
- **\$7 million** to expand **SB TAEP to include local governments and nonprofits**, such as chambers of commerce and economic development corporations, to support business retention needs of small businesses impacted by COVID-19.
- **\$3 million** in supplemental funding to **Capital Infusion Program** to ensure California small businesses are prepared to access the **\$895 million** the state will receive under the federal **State Small Business Credit Initiative** (SSBCI).

The California Small Business Technical Assistance providers are essential and crucial resources to the entrepreneurial and small business community. They provide an invaluable service in providing resources, trainings, and expert consulting to small businesses. Currently, the Budget Committee is reviewing our request to include funding for these programs. Additionally, the supplemental funding is necessary for the SB TAEP program providers and Women's Business Centers to administer the required training for seed grant applicants who are eligible for up to \$10,000 in grant funds under the Governor's California Dream Fund Grant Program. This new program for start-up businesses was included in the Governor's Budget and will be administered by the Governor's Office of Business and Economic Development (GO-Biz).

Senate Bill 655 (Bradford) This bill is now on the Assembly Floor awaiting a Floor vote. Since there is no opposition to this bill, we can expect that SB 655 will be voted off the Floor on a unanimous vote and move to the Governor's desk for his signature. 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.

Senate Bill 777 defines "relief investment" as one that:

- Has a stated maturity of at least two years,
- Does not result in acquisition of a majority investment as an initial investment,
- Is secured by a first mortgage on real estate, and has an interest rate of less than 4% plus the effective federal funds rate on the date of the relief investment,
- Is not secured by a first mortgage on real estate, and has an interest rate of less than 9% plus the federal funds rate on the date of the relief investment,
- Has a flexible term, which requires deferred payment of principal and interest for at least one year, and is convertible into equity, and
- Does not include an origination fee.

SB 777 defines "relief zones" similarly to NMTC, specifically as:

- A census tract with a poverty rate above 20%,
- A census tract with a median family income where:
 - o If the census tract is not located in a metropolitan area, the statewide median family income.
 - o If the census tract is

located in a metropolitan area, the greater of the statewide median family income and the metropolitan area median family income. • All locations in the state but outside of census places with a population greater than or equal to 50,000 as of the latest decennial census. • Any High Unemployment Area (HUA) in the state as designated by the Employment Training Panel at the time of investment.

According to Senator Bradford, the intent of SB 777 will be 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

Governor Newsom Statement on July Jobs Report

Governor Newsom released the following statement regarding today's July jobs report, which showed that California added 114,400 new jobs last month, [more new jobs than any other state](#). This follows 71,500 jobs created in June, 94,700 jobs created in May, 102,000 jobs created in April, 132,400 jobs created in March and 156,100 jobs created in February – totaling 671,100 new jobs created this year.

“California continues to lead the nation's economic recovery, adding 114,400 new jobs in July – more new jobs than any other state, and the fourth time this year of six-figure job gains. We'll continue to lead with the science and data, prioritizing vaccinations and supporting those workers and small businesses hit hardest by this pandemic, to create the conditions for a robust economic recovery.” [Read more here.](#)

California Implements Nation-Leading Vaccine Verification Measure for Large Events

Beginning September 20, proof of vaccination or a negative COVID-19 test will be required for indoor events with 1,000 or more attending. In partnership with the private sector, this new measure will help encourage more vaccinations and increase safety at events while ensuring businesses can thrive.

The California Department of Public Health (CDPH) strengthened requirements already in effect

for mega events in the [Beyond the Blueprint Framework](#), announcing that proof of vaccination, or a negative COVID-19 test within 72 hours before an event starts, will be required for indoor gatherings where 1,000 or more participants or spectators are attending.

Beyond dropping the requirement from 5,000 to 1,000 individuals, self-attestation to verify a person's vaccination status will no longer be accepted. The aforementioned changes will remain in place until November 1, 2021.

More information can be found [here](#).

Recent Action by Governor Newsom

- On August 17, Governor Newsom announced that California has secured a Fire Management Assistance Grant (FMAG) from the Federal Emergency Management Agency (FEMA) to help ensure the availability of vital resources to suppress the Caldor Fire, hours after the Governor proclaimed a [state of emergency](#) for El Dorado County. [Read more here.](#)
- On August 17, a day after the one-year anniversary of the CZU Lightning Complex, Governor Newsom, U.S. EPA Administrator Michael S. Regan and FEMA Region 9 Administrator Robert J. Fenton Jr. discussed the state and federal wildfire recovery efforts underway at Big Basin Redwoods State Park and in communities across the state, as well as their shared commitment to bold action taking on the climate crisis that is fueling catastrophic wildfires and other devastating impacts in the Western U.S. [Read more here.](#)
- On August 17, Governor Newsom issued a statement commending the Biden Administration's announcement that the Federal Emergency Management Agency (FEMA) will continue to fully reimburse state and local governments for Project Roomkey costs through December 31, 2021. Project Roomkey saves lives. California provided safe shelter to more than 42,000 homeless people during the COVID pandemic," said Governor Newsom. "President Biden and Administrator Criswell recognize how critical this program is, and I am deeply appreciative of their leadership and partnership. Now, with 100 percent reimbursement from the federal government, California can continue our efforts to protect people experiencing homelessness and reduce the spread of COVID and its variants." [Read more here.](#)
- On August 17, Governor Newsom announced that California has secured two Fire Management Assistance Grants (FMAGs) from the Federal Emergency Management Agency (FEMA) to help ensure the availability of vital resources to suppress the Monument Fire burning in Trinity County and the Dixie Fire in Lassen County. [Read more here.](#)
- On August 16, with the faster-spreading Delta variant driving an increase in new COVID-19 infections and hospitalizations in California, Governor Newsom signed an executive order to ensure the state's health care facilities continue to have the staffing and resources

needed to prevent potential strain on the state's health care delivery system and to provide staffing flexibility for schools to ensure continuity of in-person instruction for all students. [Read more here.](#)

OSBA: California Small Business COVID-19 Relief Grant Program

As a reminder, application windows for the California Small Business COVID-19 Relief Grant Program are coming up. Round 8, for Nonprofit cultural institutions only, will be open Friday, August 27 through Wednesday, September 8. Round 9, for New Applicants and Waitlisted applicants from certain previous rounds, will be open Thursday, September 9 through Thursday, September 30.

A schedule of upcoming informational webinars by partner organizations can be found [here](#).

Help Us Combat False Information Around the COVID-19 Vaccine

It can be tough to know what to trust when it comes to the COVID-19 vaccine. The Vaccinate ALL 58 team is dedicated to collecting mis- and disinformation. Report any rumors you might see online or posted in your community about the vaccine to Rumors@cdph.ca.gov.

Digital COVID-19 Vaccine Record

The Digital COVID-19 Vaccine Record (DCVR) is an electronic vaccination record that offers private and secure access to your vaccination information. The digital record displays the same information as your paper CDC vaccine card and is an easy way to make sure you always have a record of your COVID-19 vaccine with you.

To retrieve your record, please visit www.myvaccinerecord.cdph.ca.gov.

California to Provide Employers with Toolkit to Make COVID-19 Vaccinations More Convenient for Workers

Governor Newsom announced the state's new [Employer Vaccination Toolkit](#), which will create a new process for employers to request a workplace clinic or local provider partner, making COVID-19 vaccines even more accessible for their employees.

The Employer Vaccination Toolkit provides employers with vaccine education materials, information on COVID-19 Supplemental Paid Sick Leave and other guidance for employees, and an online form to request vaccination support. Employers interested in requesting group appointments at nearby providers, or setting up a mobile or pop-up vaccination clinic at their workplace, must complete an [online form](#). A representative will follow up within three business days, and requests will be filled as resources allow. There is no financial cost to the employer.