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**NAWBO-CA October Newsletter  
Advocacy & Public Policy  
October 18, 2021**

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

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

The decision to recall Governor Newsom was made on September 14<sup>th</sup> with a healthy majority of voters granting him the ability to finish out his term. With the recall behind him, Governor Newsom focused on taking action on the 836 bills sent to his desk. Of the 836 bills, he signed 770 (92%) and vetoed 66 (7.9%). In pre-pandemic times, the Governor could expect to see about 2,000 bills at his door. After meeting his October 10<sup>th</sup> deadline to take action on bills, the Governor is expected to focus on the 2022-23 Budget that he will submit to the Legislature in January.

The 2019-20 and 2021-22 sessions were certainly historic and remarkable years in terms of how the Legislature was able to operate under the 2020 COVID-19 shutdowns and the State Capitol's closure in 2021. The 2020 legislative session was the shortest one in history. The legislature met in the Capitol for a total of three months, unlike the 9-month legislative cycle in a non-COVID year. The shortage of hearing rooms to accommodate the state's social distancing requirements, staff forced to work remotely, and the strict 12 bill limit enforced by the Senate and Assembly leadership, made it nearly impossible for many of the bills to be granted a hearing.

Interestingly enough, the 2021 year produced a budget surplus, thanks to a healthy stock market and the grants and loans received from the feds. The surplus enabled the Governor and Legislature to pass a \$262.6 billion budget package that included preschool for all children 4 years or older, health insurance for low-income undocumented immigrants age 50 and older, and \$600 in stimulus payments for just about all Californians. Also included in the budget package was a \$115 million incentive for Californians to enter into weekly million dollar sweepstakes upon receiving their second dose of the COVID-19 vaccination.

However, the legislature differed on several bills of interest and voted down many measures that were expected to sail off the floor of both houses. Bills that were stalled included single-payer health care, the banning of corporate donations, legalizing psychedelic drugs, enabling addicts to use illegal drugs in a clinical setting, and overhauling the bail system.

While wildfires plagued the state for most of the year, the legislature passed a \$1 billion wildfire prevention bill, but prevented a greenhouse gas emissions bill sponsored by the President pro Tem of the Senate.

Finally, the last night of the 2021 session adjourned early and with little fanfare when compared to the 2020 final night of the 2019-20 biennial session. On the final night of 2020, Assemblymember Wicks was forced to leave her home with her newborn to vote on the Assembly Floor of the Capitol. This raised ire with the Women's Legislative Caucus. And, on the Senate side, the hazmat crew evacuated the Senate Floor following an anti-vaccine protester throwing a cup of blood over the Gallery rail landing on several Senators while they were in their seats.

The Senate and Assembly were adjourned by 9:30 p.m. on September 10<sup>th</sup>. Session will run much later in 2022 as August 31<sup>st</sup> will mark the end of the biennial 2021-22 session and the legislature will surely end in the wee hours of the morning on September 1<sup>st</sup>.

Attached is NAWBO-CA's bill tracking list with a status of all bills of interest to NAWBO-California and its members. Included in the bill tracking list are the measures the Governor signed and vetoed.

**Assembly Bill 511 (Muratsuchi) Signed by the Governor.** 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.

**AB 1574 (Assembly Jobs, Economic Development, and the Economy (JEDE)**

**Signed by the Governor.** As the measure states, “The State of California has had an admirable, 30-year history using state contracting to support business development in the micro, small and disabled veteran business communities.” California state law has provided a 3% Disabled Veteran Business Enterprise (DVBE) procurement participation goal and a 2006 Executive Order establishing a 25% goal for both small and microbusinesses resulting in thousands of new businesses created job growth.

Despite these incentives that have helped so many micro, small and disabled veteran businesses, our members have struggled to deal with the effects of COVID on their employees and businesses over this past year. Larger companies have been gaming the system utilizing our small and DVBE incentives for their own gains in using small businesses as a ‘pass through’ for a fee of 2% or more or using a DVBE as a pass through to show compliance with the DVBE goals. This occurs often on public works projects.

The Department of General Services (DGS) does not have the staff nor the capability within their current infrastructure to actively enforce the existing statutes. Therefore, the provisions contained in AB 1574 are necessary to accomplish the following:

- 1) Requires the Small Business Advocate, in fulfilling specified duties to, among other activities, maintain, publicize, and distribute an annual list of persons serving as small business liaisons throughout the state.
- 2) Requires the Small Business Advocate to collaborate with the DVBE Advocate regarding the implementation of DVBE Program, including, but not limited to, promoting DVBE certification to veteran entrepreneurs and veteran-owned small businesses and undertaking reasonable means to assist state agencies in improving small business and disabled business enterprise procurement participation, as specified.
- 3) Requires the DVBE Advocate to promote implementation of the DVBE Program, support and facilitate the activities of administering agencies and existing and potential DVBEs to achieve state goals, as specified, establish a method of monitoring adherence to the specified goals, and establish and promote a system to track the effectiveness of promotional activities undertaken by state agencies.
- 4) Requires an agency DVBE Program Advocate to meet regularly with the contract and procurement staffs of their departments to disseminate information about the DVBE Program, learn of future contracting opportunities, and identify the types of goods, services, and information technology contracts for which the contract and

procurement staff is having or anticipates having difficulty in identifying potential certified DVBE contractors or subcontractors.

- 5) Requires awarding departments to report all alleged violations of the certification as a small business or microbusiness enterprise requirements and prohibitions to the Department of General Services (DGS).
- 6) After any review and investigation it deems necessary, DGS shall subsequently report all allegations that have sufficient grounds to the Attorney General (AG) who shall determine whether to bring a civil action against any person or firm for a violation of certification requirements and prohibitions. DGS may pursue administrative action and administrative penalties irrespective of whether the AG chooses to bring a civil action.
- 7) For alleged violations of knowingly and with intent to defraud, fraudulently representing that a commercially useful function is being performed by a certified DVBE, small business, or microbusiness in order to obtain or retain a bid preference or a state contract, a civil action may be brought by any public prosecutor in the name of the people of the State of California and the penalty imposed shall be enforceable as a civil judgement.
- 8) A person who makes the above violations shall be subject to civil penalties, as specified, including all costs and attorney's fees incurred by the public prosecutor and the costs incurred by the awarding department and DGS. A public prosecutor, other than the AG, shall not bring an action for a civil penalty if DGS has concluded an administrative action for the same violation.
- 9) For purposes of the Target Area Contract Preference Act, clarifies that the state is required to award both a workforce and a workplace preference for a contract for goods or services, as specified, if the bidder makes both of the required certifications. This provision is urgently needed. Many of our members currently utilize the workplace preference and have requested for many years that the workforce credit be allowed as well. It is important to emphasize, that this is only a credit applied towards a bid and does not cost the state any additional money.
- 10) Expands the definition of "person with high risk of unemployment" to include specified individuals with employment barriers, including among others: displaced homeworkers, low-income individuals; Indians, Alaskan Natives, and Native Hawaiians; individuals with disabilities; older individuals; ex-offenders; transgender and gender-nonconforming individuals; and, any other groups as the Governor determines to have barriers to employment.
- 11) Defines "limited contracting small business enterprise" to mean a certified small business, as specified, that has received fewer than five public contracts from the

contracting department in the previous two years or has received public contracts from the department totaling less than \$250,000 in the previous two years.

- 12) Defines “new small business enterprise” to mean a certified small business, as specified, that has not received a public contract from the contracting department in the previous two years. This is an extremely important provision both for small and disabled veteran businesses who aspire to bid to the State of California.
- 13) Provides that no reimbursement is required by this bill, because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction.
- 14) Includes Legislative findings and declarations related to, among other things, the state’s history of using state contracting to support business development within targeted business populations.

**Assembly Bill 1072 (Reyes) Two-Year Bill.** 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) Two-Year Bill.** 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) Signed by the Governor.** 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) Two Year Bill.** NAWBO-CA recommended 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 Venues Grant Program Website Launched**

*Program opens 10/29/2021 through 11/19/2021*

*Full website can be found at [cavenuesgrant.com](http://cavenuesgrant.com)*

The California Venues Grant Program will support eligible independent live events venues that have been affected by COVID-19 in order to support their continued operation. Eligible independent live events venues must have a physical address and operate in California, which will be validated through submitted business tax returns.

Grants awarded under this Program shall be in an amount equal to the lesser of two hundred and fifty thousand dollars (\$250,000) or 20 percent of the applicant's gross earned revenue in California for the 2019 taxable year.

Additional information can be found at [cavenuesgrant.com](http://cavenuesgrant.com)



## CDPH: Pfizer Booster Doses

It remains critical that unvaccinated and partially vaccinated Californians complete their primary series of vaccines to reduce the risk of COVID-19 and its more severe outcomes. As nearly all cases of severe disease, hospitalization, and death continue to occur among the unvaccinated, vaccinating these at-risk persons remains the most important way to move beyond this pandemic.

Although we continue to see highly effective protection against hospitalizations and severe outcomes for fully vaccinated people, we see a decrease in vaccine effectiveness against infection within specific populations, which is why the FDA has authorized booster doses of the Pfizer vaccine to specific populations.

[Read more on COVID-19 Vaccine Booster Questions & Answers](#)

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## Recent Action by Governor Newsom

- Governor Gavin 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 Alisal Fire in Santa Barbara County. [Read more here.](#)
- Governor Gavin Newsom and First Partner Jennifer Siebel Newsom inducted the California Hall of Fame 14th class, the first class of honorees to be recognized posthumously, during a webcast streamed by the California Museum. The new inductees, who join 134 inspirational Californians previously inducted for embodying the state's innovative spirit, are celebrated in a new California Hall of Fame website featuring online exhibitions and tribute videos exploring the lives and legacies of the latest inductees. [Read more here.](#)
- As California honored Indigenous Peoples' Day for the third year in a row, Governor Gavin Newsom announced a partnership between the California Truth

& Healing Council and the Decolonizing Wealth Project to support philanthropic and community engagement, grantmaking and narrative change. [Read more here.](#)

## **Governor Newsom Signs COVID-19 Recovery Package to Support Businesses, Continue Successful Pandemic Adaptations**

*AB 61 and SB 314 extend outdoor dining operations expanded as part of pandemic regulatory relief, SB 389 authorizes continued sale of to-go alcoholic drinks*

Moving to support California's nation-leading recovery, Governor Gavin Newsom today signed legislation building on the state's successful pandemic adaptations and unprecedented supports for hard-hit small businesses, including measures that allow restaurants to continue benefiting from the sale of to-go alcoholic drinks and expanded outdoor dining opportunities.

"These innovative strategies have been a lifeline for hard-hit restaurants during the pandemic and today, we're keeping the entrepreneurial spirit going so that businesses can continue to create exciting new opportunities and support vibrant neighborhoods across the state," said Governor Newsom, who signed the legislation at an Oakland restaurant today. "California will continue putting into practice the lessons learned over the pandemic to support our ongoing recovery and bolster our capacity to meet future challenges head-on."

The Administration took action during the pandemic to enable restaurants and bars to expand outdoor operations in areas such as sidewalks and parking lots. AB 61 by Assemblymember Jesse Gabriel (D-Encino) and SB 314 by Senator Scott Wiener (D-San Francisco) give businesses that temporarily expanded their premises under this regulatory relief a one-year grace period after the end of the emergency to apply for permanent expansion. In announcing the extended regulatory relief in June, Governor Newsom urged local governments to facilitate outdoor dining through local zoning and programs that support and promote expanded open-air, take-out and delivery options.

SB 389 by Senator Bill Dodd (D-Napa) allows restaurants, bars, breweries and wineries that sell food to offer to-go alcoholic beverages with food orders through December 31, 2026. The legislation builds on Department of Alcoholic Beverage Control regulatory relief announced by the Governor in June that extended the sale of to-go alcoholic beverages with food deliveries through the end of the year.

[Read more here.](#)

## **CalOSBA Opens Round 1 Request for Proposals for Eligible Grantmaking Entities to Administer the Microbusiness COVID-19 Relief Grant Program**

California Office of the Small Business Advocate (CalOSBA) announced that it is now accepting applications from California county governments to administer the California Microbusiness COVID-19 Relief Grant Program (MBCRG). CalOSBA will conduct no more than two rounds for grant administrators, with this first round open only to county governments. The application period is open from October 11, 2021 until November 18, 2021.

CalOSBA is available to provide technical application assistance via e-mail at [osba@gobiz.ca.gov](mailto:osba@gobiz.ca.gov). There will be a zoom webinar for interested applicants held on Wednesday, October 27 at 10am. Interested applicants can register [HERE](#).

The deadline to submit an application is November 18, 2021 at 5:00 PM PST. Applications must be submitted by e-mail to [osba@gobiz.ca.gov](mailto:osba@gobiz.ca.gov). For full application instructions, funding allocation by County, eligibility criteria, and additional information, please see the Request for Proposal Announcement at <https://calosba.ca.gov/grant-and-funding-opportunities/> and [grants.ca.gov](https://grants.ca.gov).

## **CalOSBA Releases Request for Proposals to Designate 10 Inclusive Innovation Hubs**

California Office of the Small Business Advocate (CalOSBA), part of the Governor's Office of Business and Economic Development (GO-Biz), announced that it is now accepting applications for the Inclusive Innovation Hub (IHub2) Program. The application period is open from October 11, 2021 through November 15, 2021.

For full application instructions and eligibility information, please see the Request for Proposals at <https://calosba.ca.gov/grant-and-funding-opportunities/> and [grants.ca.gov](https://grants.ca.gov).

CalOSBA is available to provide application related technical assistance via e-mail at [osba@gobiz.ca.gov](mailto:osba@gobiz.ca.gov). There will be a zoom webinar for interested applicants held on October 21 at 10am. Interested applicants can register [HERE](#).

The deadline to submit an application is November 15th, 2021 at 12 PM PST. Applications must be submitted by e-mail to [osba@gobiz.ca.gov](mailto:osba@gobiz.ca.gov).

## **Save the Date: “Emerging ZEV Industries: Innovation and the Go To Market”**

Thursday, October 28<sup>th</sup>  
8:30 a.m. to 10:00 a.m.

Join the GO-Biz International and ZEV teams for what promises to be a fascinating webinar focused on [“Emerging ZEV Industries: Innovation and the Go To Market.”](#) This is a great opportunity for policy and business leaders in the zero emission vehicle industry, including hydrogen fuel trucks, buses, vans and fleet vehicles, to hear from expert innovators from California and Germany in this timely and cutting-edge field. Ambitious clean energy goals drive innovation, and this workshop will showcase a number of forward-thinking companies and their stories about how they go to market.