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Governor Newsom, Legislative Leaders Announce Immediate Action Agreement for Relief to Californians Experiencing Pandemic Hardship

SACRAMENTO – Governor Gavin Newsom, Senate President pro Tempore Toni G. Atkins and Assembly Speaker Anthony Rendon today announced that they have reached an agreement on a package of immediate actions that will speed needed relief to individuals, families and businesses suffering the most significant economic hardship from the COVID-19 Recession.

The compromise builds on the initiatives in the Governor's state budget proposal to provide cash relief to lower-income Californians, increase aid to small businesses and provide license renewal fee waivers to businesses impacted by the pandemic. In addition to these measures, the agreement provides tax relief for businesses, commits additional resources for critical child care services and funds emergency financial aid for community college students.

"As we continue to fight the pandemic and recover, I'm grateful for the Legislature's partnership to provide urgent relief and support for California families and small businesses where it's needed most," said Governor Newsom. "From child care, relief for small business owners, direct cash support to individuals, financial aid for community college students and more, these actions are critical for millions of Californians who embody the resilience of the California spirit."

"We're nearly a year into this pandemic, and millions of Californians continue to feel the impact on their wallets and bottom lines. Businesses are struggling. People are having a hard time making ends meet. This agreement builds on Governor Newsom's proposal and in many ways, enhances it so that we can provide the kind of immediate emergency relief that families and small businesses desperately need right now," said Senate President pro Tempore Atkins. "People are hungry and hurting, and businesses our communities have loved for decades are at risk of closing their doors. We are at a critical moment, and I'm proud we were able to come together to get Californians some needed relief."

"Californians have been hurting. Our response tackles the human and the economic impacts of COVID in a way that echoes President Biden's American Rescue Plan and

will help those who are hurting most. We are building an economic foundation for the recovery of jobs, small businesses and, indeed, our everyday lives,” said Speaker Rendon.

Separately, the Governor and legislative leaders said that discussions are continuing on measures for the safe reopening of the state’s K-12 schools, including strategies to address learning loss caused by the pandemic.

Below are key provisions of the Immediate Action Agreement:

Direct Relief to Individuals and Families

The agreement incorporates the Governor’s Golden State Stimulus plan to assist California households that have borne the disproportionate economic burden of the COVID-19 Recession – those with incomes below \$30,000, as well as those unfairly excluded from previous federal stimulus payments.

The agreement provides \$600 in one-time relief to households receiving the California EITC for 2020. In addition, the agreement provides a \$600 one-time payment to taxpayers with Individual Tax Identification Numbers (ITINs) who were precluded from receiving the \$1,200 per person federal payments issues last spring and the more recent \$600 federal payments. The agreement would provide the \$600 payments to households with ITINs and income below \$75,000. ITIN taxpayers who also qualify for the California EITC would receive a total of \$1,200. The payments will be provided to these households shortly after they file their 2020 tax returns.

The agreement broadens this initial plan and now provides direct relief to more lower-income Californians through a \$600 one-time grant to households enrolled in the CalWORKS program and recipients of SSI/SSP and Cash Assistance Program for Immigrants (CAPI). Grant payments for CalWORKS households are expected by mid-April; timing for the delivery of SSI/SSP and CAPI grants is currently under discussion with federal officials.

Combined, the agreement represents a total of 5.7 million payments to low-income Californians.

Immediate Relief for Small Businesses Quadrupled

The agreement reflects a four-fold increase – from \$500 million to more than \$2 billion – for grants up to \$25,000 for small businesses impacted by the pandemic, and also allocates \$50 million for cultural institutions.

The agreement also partially conforms California tax law to new federal tax treatment for loans provided through the Paycheck Protection Plan, allowing companies to deduct up to \$150,000 in expenses covered by the PPP loan. All businesses that took out loans of \$150,000 or less would be able to maximize their deduction for state purposes. Larger firms that took out higher loans would still be subject to the same ceiling of \$150,000 in deductibility. More than 750,000 PPP loans were taken out by California small businesses. This tax treatment would also extend to the Economic Injury Disaster Loans as well.

Fee Waivers for Most Impacted Licensees

The agreement provides for two years of fee relief for roughly 59,000 restaurants and bars licensed through the state's Department of Alcoholic Beverage Control that can range annually from \$455 to \$1,235. The agreement also reflects fee relief for more than 600,000 barbering and cosmetology individuals and businesses licensed through the Department of Consumer Affairs.

More Resources for Critical Child Care

The agreement adds just over \$400 million in new federal funds that will provide stipends of \$525 per enrolled child for all state-subsidized child care and preschool providers serving approximately 400,000 children in subsidized care statewide. The new federal resources will extend care for children of essential workers through June of 2022, and funds increased access to subsidized child care for more than 8,000 children of essential workers and at-risk children – who are not currently served in the system – through June of 2022.

Additional Aid for Individuals and Families

The agreement provides an additional \$24 million for financial assistance and services through Housing for the Harvest – a program providing support for agricultural workers who have to quarantine due to COVID-19. The agreement also provides a combined \$35 million for food banks and diapers.

Emergency Financial Relief to Support Community College Students

The agreement provides an additional \$100 million in emergency financial aid for qualifying low-income students carrying six or more units, with award amounts to be determined locally and made available by early April. The agreement also provides \$20 million to reengage students who have either left their community college studies because of the pandemic or to engage students at risk of leaving.

CalFresh Student Outreach and Application Assistance

The agreement provides roughly \$6 million to support outreach and application assistance to University of California, California State University and California Community College students made newly eligible for CalFresh – the state-administered federal program for supplemental food assistance. The agreement also provides \$12 million in state funds to support associated county administrative workload.

In addition, the following provision is included in the agreement:

Restoration of Reductions

The agreement restores previously enacted reductions, effective July 1st, for the University of California, California State University, the Judicial Branch, Child Support Services and for moderate-income housing.

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