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GAVIN NEWSOM

GOVERNOR OF CALIFORNIA

FOR IMMEDIATE RELEASE:

Contact: Governor's Press Office

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Governor Newsom Signs Bills to Support Small Businesses Grappling with Impact of COVID-19 Pandemic, Bolster Economic Recovery

AB 1577 allows small businesses to exclude PPP loans from gross income for state taxes

SB 1447 authorizes \$100 million Main Street hiring tax credit program for small businesses

SB 115 accelerates \$561 million in state bond funding to help jumpstart construction projects

Legislation builds on previous investments and support for California small businesses

SACRAMENTO -- Today at Solomon's Delicatessen, a small business in Sacramento, Governor Gavin Newsom alongside Senator Anna Caballero signed two bills into law to support small businesses grappling with the impact of the COVID-19 pandemic and another to jumpstart state construction projects.

"Businesses across the state have been hard hit by the COVID-19 pandemic and they need support to keep their doors open and their employees on the payroll," said Governor Newsom. "Today, we are taking action to keep money in the hands of small businesses while expanding job opportunities for those who lost their jobs because of this virus. We have much more work to do together, but I know these bills will make a big difference for small businesses."

California small businesses are drivers of economic growth – creating two-thirds of new jobs and employing nearly half of all private sector employees. California is home to 4.1 million small businesses, representing 99.8 percent of all businesses in the state and employing 7.2 million workers in California, or 48.5 percent of the state's total workforce.

The COVID-19 pandemic has presented significant challenges to small businesses, employers and employees. Small Business Majority survey data found that up to 44% of businesses are at risk of shutting down. From February to April 2020, there was a 22% drop of active business owners nationwide according to data released

through the Census Current Population Survey. Minority-owned businesses are disproportionately impacted: the number of active businesses owned by African-Americans dropped by 41%, Latinx by 32%, Asians by 25%, and immigrants by 36%.

"I'd like to thank Governor Newsom for signing my bill, AB 1577," said Assemblymember Autumn Burke. "Small businesses need protection - they are taking the brunt of the economic impact created by COVID-19. The federal Paycheck Protection Program was designed to help businesses stay afloat during this crisis and AB 1577 furthers that goal by preventing surprise tax bills and easing administrative burdens for thousands of California's small businesses."

"For months, I have been working with my colleagues to champion small business relief and I am very proud SB 1447 has been signed into law," said Senator Steven Bradford. "This bill will help small businesses that are working hard to persist despite COVID-19 by supporting them as they hire or re-hire employees. Small businesses are critical employers and engines of equitable job growth. This is particularly true for Minority, Women, Disabled Veteran, and LGBT business enterprises. This bill will help bring back jobs that were lost in our communities and support small businesses during this difficult period. I am proud to have worked with my legislative colleagues and the Governor on this effort."

Governor Newsom signed two bills that will help support small businesses as they recover from the COVID-19 induced recession.

AB 1577 by Assemblymember Autumn Burke (D-Inglewood) conforms state law to federal law by excluding from gross income Paycheck Protection Program loans that were forgiven through the federal CARES Act and subsequent amendments in the Paycheck Protection Program and Health Care Enhancement Act of 2020.

SB 1447 by Senator Steven Bradford (D-Gardena), Senator Anna M. Caballero (D-Salinas) and Assemblymember Sabrina Cervantez (D-Corona) authorizes a \$100 million hiring tax credit program for qualified small businesses. The hiring credit will be equal to \$1,000 for each net increase in qualified employees, up to \$100,000 for each qualified small business employer.

SB 115, a budget trailer bill, by the Committee on Budget and Fiscal Review appropriates \$561 million in fiscal year 2020-21. This includes \$411.5 million to advance economic stimulus with \$230.5 million to help jumpstart construction projects.

Opened in 2019, Solomon's Delicatessen is located at the sixth Tower Records location and named after its late founder, Russ Solomon. They closed in March after stay-at-home orders were announced. In April, they reopened for 10 weeks as a community kitchen through a \$75,000 grant from Sacramento Covered and healthcare foundations (Kaiser, Dignity, Sutter) to help feed the homeless and medically fragile. They also participated in California's Great Plates Delivered program.

Small businesses support is critical to ensure Californians are connected to the resources they need to pivot and adapt to the COVID-19 marketplace. The state is using every tool at our disposal to support small businesses as they work to safely reopen and recover from this public health crisis. Learn more [here](#).

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State Capitol Building
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