

An act to add and repeal Article 8 (commencing with Section 12100.80) of Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code, relating to state government.

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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Article 8 (commencing with Section 12100.80) is added to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code, to read:

Article 8. California Small Business COVID-19 Relief Grant Program

12100.80. This article shall be known and may be cited as the California Small Business COVID-19 Relief Grant Program.

12100.81. The Legislature finds and declares all of the following:

(a) Small businesses form the core of the California economy. It is in the interest of the state to increase opportunities and improve access to business and technical resources for entrepreneurs, the self-employed, and microbusiness and small business owners, particularly underserved business groups, including women, minority, and veteran-owned businesses, individuals who are not United State citizens or lawful permanent residents, or who are limited English proficient, and businesses in low-wealth, rural, and disaster-impacted communities.

(b) The current COVID-19 pandemic has disproportionately harmed small businesses, particularly ones owned by underserved groups. Despite federal stimulus and small business efforts to pivot, adapt to new health and safety guidance, and shift to online sales where feasible, many small businesses continue to face enormous risks to their survival. With California's COVID-19 cases rising and county reopenings being scaled back, small businesses will face even more restrictive limits on their operations. This will result in revenue decreases, closures, and more lost jobs and higher unemployment across the state.

12100.82. Unless the context requires otherwise, the following definitions in this section shall govern the construction of this article:

(a) "Applicant" means any California taxpayer, including, but not limited to, an individual, corporation, nonprofit organization, or partnership, who submits an application for the program.

(b) "California Small Business COVID-19 Relief Grant Program" or "program" means the grant program established in Section 12100.83.

(c) "Director" means the Director of the Governor's Office of Business and Economic Development.

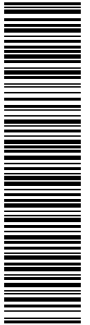
(d) "Fiscal agent" means a Lendistry or other California-based Community Development Financial Institution (CDFI) capable of online application development, customer support, document validation, impact analysis, grant agreements, and awards disbursement, as well as marketing, engagement, and strategic partnerships with a network of CDFIs and nonprofits for implementation.

(e) "GO-Biz" or "office" means the Governor's Office of Business and Economic Development.

(f) "Qualified small business" means a business or nonprofit that meets all of the following criteria:

(1) Is one of the following:

(A) A sole proprietor, independent contractor, 1099 employee, C-corporation, S-corporation, limited liability company, partnership, or limited partnership, with an



annual gross revenue of less than two million five hundred thousand dollars (\$2,500,000), but greater than one thousand dollars (\$1,000), in the prior taxable year.

(B) A registered 501(c)(3), 501(c)(19), or 501(c)(6) nonprofit entity that had an annual gross revenue of less than two million five hundred thousand dollars (\$2,500,000), but greater than one thousand dollars (\$1,000), in the prior taxable year.

(2) Began operating prior to June 1, 2019.

(3) Is currently active and operating, or has a clear plan to reopen when the state permits reopening of the business.

(4) Has been impacted by COVID-19 and the related health and safety restrictions, such as business interruptions or business closures incurred as a result of the COVID-19 pandemic.

(5) Provides organizing documents, including a 2018 or 2019 tax return or Form 990, and a copy of official filing with the Secretary of State or with the local municipality, as applicable, such as Articles of Incorporation, Certificate of Organization, Fictitious Name of Registration, or Government-Issued Business License.

(6) Provides an acceptable form of government-issued photo identification.

(7) Is the entity, location, or franchise with the highest revenue in a group.

12100.83. (a) The California Small Business COVID-19 Relief Grant Program is hereby created within GO-Biz.

(b) The program shall be under the direct authority of the Director.

(c) The purpose of the program is to assist qualified small businesses affected by COVID-19 through the administration of grants.

(d) In implementing the program, the office shall consult with local, regional, state, and federal public and private entities that share a similar mission to support the needs of small businesses in California.

(e) Upon appropriation by the Legislature, the office shall provide grants to qualified small businesses that meet the requirements of this article.

(f) Grants shall be prioritized to qualified small businesses in accordance with the following criteria:

(1) Geographic distribution based on COVID-19 health and safety restrictions following California's Blueprint for a Safer Economy and county status and the new Regional Stay Home Order.

(2) Industry sectors most impacted by the pandemic.

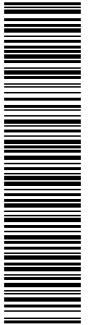
(3) Underserved small business groups served by the state-supported network of small business centers, as defined by the office, or businesses majority owned and run on a daily basis by women, minorities or persons of color, and veterans, or businesses located in low-to-moderate income and rural communities.

(g) The office may contract with a fiscal agent to carry out the program.

(h) Grants to qualified small businesses shall be awarded in the following amounts:

(1) Five thousand dollars (\$5,000) for applicants with an annual gross revenue of one thousand dollars (\$1,000) to one hundred thousand dollars (\$100,000) in the prior taxable year.

(2) Fifteen thousand dollars (\$15,000) for applicants with an annual gross revenue greater than one hundred thousand dollars (\$100,000), and up to one million dollars (\$1,000,000), in the prior taxable year.



(3) Twenty five thousand dollars (\$25,000) for applicants with an annual gross revenue greater than one million dollars (\$1,000,000), and up to two million five hundred thousand dollars (\$2,500,000), in the prior taxable year.

(i) Twenty-five million dollars (\$25,000,000) of program funds shall be allocated to nonprofit cultural institutions that satisfy the criteria of the program and are in the following North American Industry Classification System codes:

- (1) 453920 - Art Dealers.
- (2) 711110 - Theater Companies and Dinner Theaters.
- (3) 711120 - Dance Companies.
- (4) 711130 - Musical Groups and Artists.
- (5) 711190 - Other Performing Arts Companies.
- (6) 711310 - Promoters of Performing Arts, Sports, and Similar Events with Facilities.
- (7) 711320 - Promoters of Performing Arts, Sports, and Similar Events without Facilities.
- (8) 711410 - Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures.
- (9) 711510 - Independent Artists, Writers, and Performers.
- (10) 712110 - Museums.
- (11) 712120 - Historical Sites.
- (12) 712130 - Zoos and Botanical Gardens.
- (13) 712190 - Nature Parks & Other Similar Institutions.

12100.84. The office may adopt regulations to implement this article. The adoption, amendment, or repeal of a regulation authorized by this section is hereby exempted from Article 5 (commencing with Section 11346) of Chapter 3.5 of Part 1.

12100.85. This article shall remain in effect only until January 1, 2024, and as of that date is repealed.

SEC. 2. The Legislature hereby finds and declares that the California Small Business COVID-19 Relief Grant Program authorized under Article 8 (commencing with Section 12100.80) of Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code, as added by this act, serves the public purpose of preventing revenue decreases, closures, and higher unemployment across the state due to the COVID-19 pandemic, and does not constitute a gift of public funds within the meaning of Section 6 of Article XVI of the California Constitution.



LEGISLATIVE COUNSEL'S DIGEST

Bill No.
as introduced, _____.
General Subject: California Small Business COVID-19 Relief Grant Program.

Existing law establishes the Governor's Office of Business and Economic Development, also known as GO-Biz, under the control of a director.

This bill would establish the California Small Business COVID-19 Relief Grant Program within GO-Biz to assist qualified small businesses affected by COVID-19 through administration of grants. The bill would require GO-Biz, upon appropriation by the Legislature, to provide grants to qualified small businesses, as defined, in accordance with specified criteria, including geographic distribution based on COVID-19 restrictions, industry sectors most impacted by the pandemic, and underserved small businesses.

This bill would also make findings and declarations related to a gift of public funds.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

