An act to amend Section 12100.83.5 of the Government Code, relating to economic development.
THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 12100.83.5 of the Government Code is amended to read:
12100.83.5. (a) The California Venues Grant Program is hereby created within CalOSBA.
(b) The program shall be under the direct authority of the director.
(c) The purpose of the program is to provide grants to eligible independent live events that have been affected by COVID-19 in order to support their continued operation.
(d) The office may contract with a fiscal agent, or amend an existing contract with a fiscal agent to meet the requirements of this section, to carry out the program, at a rate of no more than 5 percent of administrative and programs funds appropriated by the Legislature for the purposes of this section.
(e) Subject to appropriation by the Legislature, the office shall allocate grants to eligible independent live events that meet the requirements of this section.
(f) (1) Subject to appropriation by the Legislature, one hundred fifty million dollars ($150,000,000) shall be allocated in one or more rounds to eligible independent live events.
(2) For purposes of this section, “eligible venue” means a venue with the following characteristics:
(A) A defined performance and audience space.
(B) Mixing equipment, a public address system, and a lighting rig.
(C) Engages one or more individuals to carry out not less than two of the following roles:
(i) A sound engineer.
(ii) A booker.
(iii) A promoter.
(iv) A stage manager.
(v) Security personnel.
(vi) A box office manager.
(D) Is one of the three highest revenue grossing entities, locations, or franchises associated with the applicant.
(E) For a venue owned or operated by a nonprofit entity that produces free events, the events are produced and managed primarily by paid employees, not by volunteers.
(3) For purposes of this section, “eligible independent live event” means an entity that satisfies all of the following:
(A) Is a sole proprietor, C-corporation, S-corporation, cooperative, limited liability company, partnership, limited partnership, or a registered 501(c)(3) nonprofit entity that satisfies the criteria defined in subparagraphs (B) through (G) inclusive of paragraph (1) of subdivision (f) of Section 12100.82.
(B) Is in any of the following North American Industry Classification System (NAICS) codes, clauses (i) to (xi), inclusive, or National Taxonomy of Exempt Entities (NTEE) codes, clauses (xii) to (xxiii), inclusive:
(i) 7111 – Performing Arts Companies.
(ii) 711120 – Dance Companies.
(iii) 711130 – Musical Groups and Artists.
(i) 711211 – Sports Teams and Clubs.
(v) 7113 - Promoters of Performing Arts, Sports, and Similar Events.
(ii) 711310 - Promoters of Performing Arts, Sports, and Similar Events with Facilities.
(iii) 711320 - Promoters of Performing Arts, Sports, and Similar Events without Facilities.
(viii) 7139 – Other Amusement and Recreation Industries.
(ix) 713990 – All Other Amusement and Recreation.
(x) 722410 – Drinking Places (Alcoholic Beverages).
(xi) 722511 – Full-Service Restaurants.
(xii) A20 – Arts, Cultural Organizations - Multipurpose.
(xiii) A23 – Cultural, Ethnic Awareness.
(xiv) A25 – Arts Education.
(xv) A50 – Museums.
(xvi) A54 – History Museums.
(xvii) A56 – Natural History, Natural Science Museums.
(xviii) A60 – Performing Arts Organizations.
(xix) A65 – Theater.
(xx) A68 – Music.
(xxi) A69 – Symphony Orchestras.
(xxii) A6A – Opera.
(xxiii) A6B – Singing, Choral.
(C) Is any of the following:
(i) An individual or entity that meets both of the following criteria:
(I) As a principal business activity, organizes, promotes, produces, manages, or hosts live concerts, comedy shows, theatrical productions, or other events by performing artists at an eligible venue where both of the following take place:
   (ia) A cover charge through ticketing or front door entrance fee is applied.
   (ib) Performers are paid.
   (II) At least 70 percent of the earned revenue of the individual or entity is generated through cover charges or ticket sales, production fees or production reimbursements, or the sale of event beverages, food, or merchandise.
   (ii) An individual or entity that, as a principal business activity, makes tickets to events available for purchase by the public an average of not less than 30 days before the date of the event, which shall meet both of the following:
      (I) The requirements of subclause (I) of clause (i).
      (II) Performers are paid in an amount that is based on a percentage of sales, a guarantee in writing or standard contract, or another mutually beneficial formal agreement.
   (iii) An individual or entity that meets both of the following criteria:
      (I) As a principal business activity, organizes, promotes, produces, manages, or hosts live sporting events at an eligible venue where both of the following take place:
(ia) A cover charge through ticketing or front door entrance fee is applied.  
(ib) Performers are paid.  
(II) At least 70 percent of the earned revenue of the individual or entity is generated through cover charges or ticket sales, production fees or production reimbursements, or the sale of event beverages, food, or merchandise.  
(III) The individual or entity is not a major league or professional sports team or club, and is not owned by a major league or professional sports team or club.  
(4) Notwithstanding paragraph (3), “eligible independent live event” shall not include entities that satisfy any of the following:  
(A) Is a publicly traded corporation, or is majority owned and controlled by a publicly traded corporation.  
(B) Owns or operates entities in more than five states or in another country, or is owned by an entity that owns or operates entities in more than five states or in another country.  
(C) Generates less than 75 percent of its gross earned revenue in California.  
(D) Demonstrates a percentage gross earned revenue decline in California of less than 70 percent, based on a reporting period comparing Q2, Q3, and Q4 of 2020, compared to Q2, Q3, and Q4 of 2019.  
(E) Is an excluded entity as defined in paragraph (2) of subdivision (f) of Section 12100.82.  
(5) Grants to eligible independent live events shall be prioritized on documented percentage gross earned revenue declines based on a reporting period comparing California gross earned revenues in Q2, Q3, and Q4 of 2020 and California gross earned revenues in Q2, Q3, and Q4 of 2019.  
(6) Grants awarded under this subdivision shall be in an amount equal to the lesser of two hundred fifty thousand dollars ($250,000) or 20 percent of the applicant’s gross earned revenue in California for the 2019 taxable year.  
(7) Eligible independent live event applicants shall complete a new and separate application for the grants allocated under this section even if they already have submitted an application for the California Small Business COVID-19 Relief Grant Program established in Section 12100.83.  
(8) If an eligible independent live event has been awarded a grant under the California Small Business COVID-19 Relief Grant Program established in Section 12100.83, the amount of that grant shall be subtracted from the grant amount awarded under this section. If the grant amount awarded under Section 12100.83 is greater than the amount awarded under this section, the eligible independent live event shall not receive a grant under this subdivision and no amount shall be subtracted.  
(9) No more than twenty five million ($25,000,000) in grants may be allocated to eligible independent live events that qualify under clause (iii) of subparagraph (C) of paragraph (3), unless all other eligible independent live events have received funding.  
(g) Grant moneys awarded under this section shall only be used for costs resulting from the COVID-19 pandemic and related health and safety restrictions, or business interruptions or closures incurred as a result of the COVID-19 pandemic, including the following:  
(1) Employee expenses, including payroll costs, health care benefits, paid sick, medical, or family leave, and insurance premiums.
(2) Working capital and overhead, including rent, utilities, mortgage principal, and interest payments, but excluding mortgage prepayments, and debt obligations, including principal and interest, incurred before March 1, 2020.

(3) Costs associated with reopening business operations after being fully or partially closed due to state-mandated COVID-19 health and safety restrictions and business closures.

(4) Costs associated with complying with COVID-19 federal, state, or local guidelines for reopening with required safety protocols, including, but not limited to, equipment, plexiglass barriers, outdoor dining, personal protective equipment (PPE) supplies, testing, and employee training expenses.

(5) Any other COVID-19-related expenses not already covered through grants, forgivable loans, or other relief through federal, state, county, or city programs.

(6) Any other COVID-19-related costs that are not human resource expenses for the state share of Medicaid, employee bonuses, severance pay, taxes, legal settlements, personal expenses, or other expenses unrelated to COVID-19 impacts, repairs from damages already covered by insurance, or reimbursement to donors for donated items or services.

(h) Applicants may self-identify race, gender, and ethnicity. Within seven 30 business days of the close of each application period, the office shall post the aggregate data, as available. Within 15 business days of the close of each application period, the office shall post available, and data by county and legislative district, as available. Within 45 business days, the office shall post the actual awarded information, as available. All information shall be posted on the Office of Small Business Advocate (CalOSBA) internet website and CalOSBA shall provide an electronic copy of the information to the relevant fiscal and policy committees of the Legislature.

(i) The fiscal agent shall issue Forms 1099 and otherwise adhere to tax reporting guidelines regardless of whether the grants are excluded from gross income for purposes of the Personal Income Tax Law (Part 10 (commencing with Section 17001) of Division 2 of the Revenue and Taxation Code) or the Corporation Tax Law (Part 11 (commencing with Section 23001) of Division 2 of the Revenue and Taxation Code).

(j) This section shall remain in effect only until December 31, 2022, and as of that date is repealed.
LEGISLATIVE COUNSEL’S DIGEST

Bill No.
as introduced, ______.
General Subject: California Venues 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. Existing law establishes the Office of Small Business Advocate (CalOSBA) within GO-Biz to advocate for causes of small business and to provide small businesses with the information they need to survive in the marketplace.

Existing law, until December 31, 2022, creates the California Venues Grant Program within CalOSBA to provide grants to eligible independent live events, as defined, that have been affected by COVID-19 in order to support their continued operation. Existing law requires, subject to appropriation by the Legislature, $150,000,000 to be allocated in one or more rounds to eligible independent live events.

Existing law requires, for the purposes of program eligibility, that eligible independent live events be entities that satisfy certain criteria, including, but not limited to, being a specified type of business entity, such as a sole proprietorship or a limited liability company and being a specified type of business, classified under the North American Industry Classification System, such as sports teams and clubs, drinking places serving alcoholic beverages, or full-service restaurants. Existing law specifies that an eligible independent live event does not include, among other things, entities that demonstrate a percentage gross earned revenue decline in California of less than 70%, based on a reporting period comparing specified quarters of 2020 to 2019.

This bill would add specified performing arts and recreation businesses to the list of types of businesses, classified under the North American Industry Classification System, eligible for the program. The bill would also add various classifications under the National Taxonomy of Exempt Entities related to art, culture, and education to the list of types of businesses eligible for the program. This bill would specify that an eligible independent live event does not include entities that demonstrate a percentage gross revenue decline in California of less than 30%, based on a reporting period comparing specified quarters of 2020 to 2019.

Existing law also defines “eligible venue” for the purposes of the program as a venue with a defined performance and audience space and specified equipment and staff.

This bill would require an eligible venue to also be one of the 3 highest revenue grossing entities, locations, or franchises associated with the applicant.

Existing law authorizes applicants to self-identify race, gender, and ethnicity and requires the office to, within 7 business days of the close of each application period, post the aggregate data, as available, and, within 15 business days of the close of each application period, post data by county and legislative district, as available. Existing law requires the office to post all information on its internet website and provide an
electronic copy of the information to the relevant fiscal and policy committees of the Legislature.

This bill would instead require the office to post the aggregate data, as available, and data by county and legislative district, as available, within 30 business days of the close of each application period.