



Bill Analysis

Author: Assembly
Committee on Budget

Sponsor:

Bill Number: AB 176

Related Bills: See Legislative
History

Amended: September 5,
2021

SUBJECT

Budget Trailer Bill Clean-up Language

SUMMARY

This bill would do the following:

Provision No. 1: California Competes Grant (CCG) Program Recapture and Renumbering

Section 1 of the bill, under the Government Code (GC), and Sections 18, 19, 20, and 21 of the bill, under the Administration of Franchise and Income Tax Laws (AFITL), would renumber the code sections related to Franchise Tax Board's (FTB) collection of recaptured CCGs and make various technical changes to update the new Section numbers where applicable.

Provision No. 2: Grant Recapture for the California Venues Grant Program and the California Microbusiness COVID-19 Relief Grant Program

Sections 4 and 9 of the bill, under the GC, and Section 17 of the bill, under the Revenue and Taxation Code (RTC), would allow for the recapture of grants, under Part 10.2 of the RTC, should the California Office of Small Business Advocate (CalOSBA) determine that the California Microbusiness COVID-19 Relief Program grantee or the California Venues Grant Program grantee failed to meet the grant requirements, as defined. Any recaptures would be collected by the FTB.

Provision No. 3: FTB Collection Limitations

Sections 12 and 16 of the bill would, under the RTC, limit the amount of disposable earnings subject to collection to a specified amount for an order or levy issued on or after January 1, 2022, for debts related to court-ordered debt or vehicle registration collections. It would also exclude an amount for minimum basic standard of care, as specified. Furthermore, Section 16 would specifically exclude restitution orders and restitution fines from these thresholds.

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Provision No. 4: Homeless Hiring Tax Credit

Sections 13 and 22 of the bill, under the Personal Income Tax Law (PITL) and Corporation Tax Law (CTL), would clarify that an eligible homeless individual's certification would be issued in the form and manner determined by the FTB, and would make other technical corrections.

Provision No. 5: California Motion Picture Credit

Sections 14 and 23 of the bill, under PITL and CTL, would add "ethnicity" to the diversity work plan and goals for the motion picture credit and would change the responsibility of the adoption of regulations from the Governor's Office of Business and Economic Development (GO-Biz) to the California Film Commission (CFC).

Provision No. 6: California Venues Grant Program Gross Income Exclusion

Sections 15 and 25 of the bill, under PITL and CTL, would add an exclusion from gross income for allocations received from the California Venues Grant Program, as defined, for taxable years beginning on or after September 1, 2020, and before January 1, 2030, and make minor technical changes the existing exclusions from gross income for the other small business relief COVID-19 grant programs.

Provision No. 7: California Microbusiness COVID-19 Relief Grant Program Gross Income Exclusion

Section 24 of the bill, under the CTL, would allow, for taxable years beginning on or after September 1, 2020, and before January 1, 2023, an exclusion from gross income for grant allocations received from the California Microbusiness COVID-19 Relief Program.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The September 5, 2021, amendments removed the intent language related to the Budget Act of 2021, and replaced it with the provisions discussed in this analysis. In addition, Section 29 of the bill would, under the Welfare and Institutions Code (WIC), make a minor technical correction applicable to the Golden State Stimulus II, and Section 30 of the bill would, under the RTC, switch Section 41 reporting requirements for the California Competes Tax Credit (CCTC) from FTB to GO-Biz.

This is the department's first analysis of the bill and only addresses the provisions that impact the department.

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REASON FOR THE BILL

The reason for the bill is to make various clarifying changes and minor technical corrections necessary to implement actions related to the 2021-2022 Budget provisions.

FISCAL IMPACT (All Provisions)

This bill, would not significantly impact the department's costs.

ECONOMIC IMPACT (All Provisions, Except Provisions No. 6 and 7)

Revenue Estimate

This bill, except Provisions No. 6 and 7, as amended on September 5, 2021, would not impact state income or franchise tax revenue.

ANALYSIS (All Provisions)

Analysis Provision No. 1: CCG Program Recapture and Renumbering

This Provision (Sections 1, 18, 19, 20, and 21)

This provision of this bill would renumber the CCG code sections under the GC and the AFITL and make various technical changes to update the numbering, where applicable.

Effective/Operative Date

As a provision within a bill providing for appropriations related to the Budget Bill, this provision would be effective immediately upon enactment.

Federal/State Law

Federal Law

No provision comparable in federal law.

State Law

For taxable years beginning on or after January 1, 2021, and before January 1, 2030, provisions were established requiring GO-Biz to create the CCG Program to provide grants to qualified grantees, as defined, that meet specified criteria relating to the creation of jobs or investments in the state. In addition, the FTB is required to review the books and records of any qualified grantee that is allocated a CCG. Furthermore, any recaptured CCG would be collected by the FTB.

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Implementation Considerations

None noted.

Technical Considerations

None noted.

Policy Considerations

None noted.

LEGISLATIVE HISTORY

SB 151 (Committee on Budget and Fiscal Review, Chapter 74, Statutes of 2021), companion bill to AB 151 (Committee on Budget, 2021/2022), among other things, under the GC, created Article 4.4, the CCG Program, and requires the FTB to review the books and records of any qualified grantee that is allocated a CCG, and, under the AFITL, created Article 8, Collection of Recaptured CCGs, and requires the FTB to collect recaptured CCG amounts.

PROGRAM BACKGROUND

None noted.

LEGAL IMPACT

None noted.

Analysis Provision No. 2 Grant Recapture for the California Venues Grant Program and the California Microbusiness COVID-19 Relief Grant Program

This Provision (Sections 4, 9, and 17)

Sections 4 and 9 of the bill, under the GC, and Section 17 of the bill, under the RTC, would allow for the recapture of grants, under Part 10.2 of the RTC, should the CalOSBA determine that a grantee under the California Microbusiness COVID-19 Grant Program or the California Venues Grant Program failed to meet the grant requirements, as defined.

Effective/Operative Date

As a provision within a bill providing for appropriations related to the Budget Bill, this provision would be effective immediately upon enactment.

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Federal/State Law

Federal Law

Under current federal law, the United States (U.S.) Small Business Administration (SBA) offers several COVID-19 relief programs for small businesses, including:

- The Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, for small businesses who were in operation on February 15, 2020. The PPP provides small businesses that have 500 or fewer employees (including nonprofit organizations, veterans organizations, tribal business, individuals who are self-employed or are independent contractors), with funds to pay payroll costs including benefits. These funds can also be used to pay interest on mortgages, rent, and utilities. The funds are provided in the form of loans that will be fully forgiven when used for payroll costs, interest on mortgages, rent, and utilities. The Consolidated Appropriations Act, 2021 (CAA 2021) added another round of PPP loans. This round of PPP loans contains many similar provisions as those under the CARES Act with some differences.
- Economic Injury Disaster Loans (EIDL) provides economic relief to businesses, which may include agricultural businesses that are currently experiencing a temporary loss of revenue due to COVID-19. Loans are low-interest bearing and not forgivable. Additionally, EIDL advance grants up to \$10,000 were available to provide funding to businesses meeting specific requirements.
- The American Rescue Plan Act of 2021 (ARPA) (PL 117-2), enacted in March 2021, among other things, extended additional CAA funding from December 31, 2021, to September 30, 2022, expanded the PPP to include additional nonprofits and certain internet publishing companies, provided restaurant revitalization grants, and excludes from gross income other targeted EIDL advance grant amounts forgiven pursuant to certain federal provisions.

State Law

The Small Business COVID-19 Relief Grant Program offered grants between \$5,000 and \$25,000 to qualified small businesses and nonprofits that have been impacted negatively by COVID-19. Qualified small businesses are defined as a sole proprietor, independent contractor, 1099 worker, or C-corporation, S-corporation, cooperative, limited liability company, partnership, limited partnership, or registered "non-profit" entity, that had gross revenue of \$2.5 million or less in the 2019 taxable year. The Small Business COVID-19 Relief Grant Program was open for six rounds, with the final round closing to applicants on May 4, 2021. Grant amounts requiring recapture, would be referred to the FTB by CalOSBA for collection, and shall accrue interest.

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Implementation Considerations

None noted.

Technical Considerations

None noted.

Policy Considerations

None noted.

LEGISLATIVE HISTORY

SB 87 (Caballero and Min, Chapter 7, Statutes of 2021) established the Small Business COVID-19 Relief Grant Program under CalOSBA. The bill exempts grants from gross income under the PITL and CTL and provides authority to the FTB to collect any grants identified for recapture by the CalOSBA.

SB 151 (Committee on Budget and Fiscal Review, Chapter 74, Statutes of 2021), companion bill to AB 151 (Committee on Budget, 2021/2022), among other things, under the GC, created Article 4.4, the CCG Program, and requires the FTB to review the books and records of any qualified grantee that is allocated a CCG, and, under the AFITL, created Article 8, Collection of Recaptured CCGs, and requires the FTB to collect recaptured CCG amounts.

PROGRAM BACKGROUND

None noted.

Analysis Provision No. 3: FTB Collection Limitations for Certain Debts

This Provision (Sections 12 and 16)

This provision, under the RTC, would specify that the collection amounts for any order or levy issued on or after January 1, 2022, for the vehicle related fees, as specified, and court ordered debt (COD) shall not exceed the minimum amount of disposable earnings of a debtor for any work week, as specified in Section 706.050 of the Code of Civil Procedure (CCP). Additionally, the minimum basic standard of care amount as specified in Section 704.220(a) of the CCP would not be subject to collection. For COD, these collection limitations would not apply to restitution orders or restitution fines.

Effective/Operative Date

As a provision within a bill providing for appropriations related to the Budget Bill, this provision would be effective immediately upon enactment and specifically operative for any levy or order issued on or after January 1, 2022.

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Federal/State Law

Federal Law

Internal Revenue Code section 6331 provides that the Treasury Secretary may authorize collection of tax by levy, including levies on salary or wages, when any person liable to pay any tax neglects or refuses to pay after notice and demand. Under current federal law, the Internal Revenue Services' wage garnishments may be sent to the employer by registered or certified mail, left at the dwelling or usual place of business, or served in person. Federal law requires that wage garnishments for federal employees be sent via certified or registered mail, return receipt requested, or by personal service to either the head of the federal employee's agency, as defined, or the agency's designated agent. (See Section 5 United States Code 5520a(c)(1))

State Law

Current state law authorizes the FTB to use administrative collection tools to collect delinquent tax and nontax debt liabilities. Collection actions include, but are not limited to, levying bank accounts and garnishing wages. Tax debts collections are currently limited to amounts as specified in federal law which provides the maximum amount of aggregate disposable earnings for the following scenarios:

- Any workweek that is subject to a tax levy shall not exceed the lesser of the following:
 - 25 percent (25%) of the individual's disposable earnings for that week.
 - the amount by which disposable earnings for that week exceed thirty times the Federal minimum hourly wage, as specified, in effect at the time the earnings are payable.

Additionally, current state law does not specify a dollar amount threshold for FTB levies.

Current state law related to judgment debtors provides the maximum amount of disposable earnings of an individual judgment debtor for the following scenarios:

- Any workweek that is subject to levy under an earnings withholding order shall not exceed the lesser of the following:
 - 25 percent (25%) of the individual's disposable earnings for that week.
 - 50 percent (50%) of the amount by which the individual's disposable earnings for that week exceeded 40 times the state minimum hourly wage, as specified, unless the local minimum wage is greater; in which case the local minimum wage would be used for the computation.

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For any period other than weekly, specific multipliers are to be used to determine the maximum amount of disposable earnings.

State law prohibits collection action on a judgment debtor's deposit account if the amount in the account is equal to or less than the minimum basic standard of adequate care for a family of four in Region 1, as established in Section 11452 of the WIC.

Implementation Considerations

None noted.

Technical Considerations

None noted.

Policy Considerations

None noted.

LEGISLATIVE HISTORY

AB 257 (Committee on Budget, Chapter 257, Statutes of 2021) under the Penal Code, makes several technical changes and repeals and adds sections related to collections of restitution fines and restitution orders as it relates to prisoners released from custody of the Department of Corrections and Rehabilitation or a county jail facility.

AB 3372 (Committee on Revenue and Taxation, Chapter 297, Statutes of 2020) under the AFITL, allows the electronic delivery of continuous orders to withhold, earnings withholding orders for taxes, and earnings withholding orders, and related notices or documents, for notices filed or served on or after enactment of this bill.

AB 3249 (Committee on Judiciary, Chapter 659, Statutes of 2018) allowed amounts imposed by the Supreme Court of the State of California for certain amounts due to the State Bar as a debt type that can be referred to the FTB COD Collection Program.

SB 1210 (Lieu, Chapter 762, Statutes of 2012) authorized the referral of delinquent fines, state and local penalties, forfeitures, restitution fines and orders, and other amounts imposed by a juvenile court to the FTB for collection.

SB 647 (Committee on Judiciary, Chapter 208, Statutes of 2011) authorized the FTB to collect specified legal costs relating to an order of the juvenile court. Specified legal costs include the costs for counsel appointed to represent parents or minors pursuant to dependency proceedings.

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PROGRAM BACKGROUND

FTB collects various vehicle registration and COD fees, including:

Vehicle fees include:

- Registration fees.
- Transfer fees.
- License fees.
- Use taxes.
- Penalties for offenses related to the standing or parking of a vehicle, as specified.
- Unpaid tolls, toll evasion penalties, as specified.
- Any court-imposed fine or penalty assessment, and any administrative fee added thereto.

COD fees include:

- Fines.
- Monetary sanctions.
- State or local penalties.
- Bail.
- Forfeitures.
- Restitution fines.
- Restitution orders.
- Any amount imposed by a juvenile or superior court or the Supreme Court of the State of California upon a person or other entity.
- Any payment from the State Bar of California's Client Security Fund (CSF) that is part of a final determination from the CSF, that are due and payable in an amount totaling no less than \$100.
- Criminal offenses.
- All offenses involving a violation of the Vehicle Code.
- Amounts due pursuant to Section 903.1 of the WIC.
- Amounts due pursuant to Section 6086.10, 6086.13, or 6140.5 of the Business and Professions Code.

Analysis Provision No. 4: Homeless Hiring Tax Credit

This Provision (Sections 13 and 22)

This provision would, under the PITL and CTL, clarify that the eligible individual's certification, issued by the continuum of care, or a community-based service provider that is connected to the local coordinated entry system or to a local Homeless Management Information System would be issued in form and manner as determined by the FTB. This provision would also make technical corrections.

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Effective/Operative Date

As a provision within a bill providing for appropriations related to the Budget Bill, this provision would be effective immediately upon enactment and specifically operative for taxable years beginning on or after January 1, 2022, and before January 1, 2027.

Federal/State Law

Federal Law

The Work Opportunity Tax Credit (WOTC) is a federal income tax credit available to employers who hire and retain veterans and individuals from targeted groups with significant barriers to employment, including individuals that are qualified Supplemental Security Income recipients, individuals with a vocational rehabilitation referral. There is no limit on the number of individuals an employer can hire to qualify to claim the WOTC. Employers are required to obtain certification on or before the beginning work date.

State Law

The Homeless Hiring Tax Credit is available for taxable years beginning January 1, 2022, through December 31, 2026. Employers may receive \$2,500 to \$10,000 in tax credit per eligible employee based on hours worked in the taxable year. Employers may claim up to \$30,000 of credit per taxable year. To be eligible, the employee must have a certificate issued by a certifying organization and employers must make a tentative credit reservation with the FTB to claim the credit. A total of \$30 million of credit is available annually.

Implementation Considerations

None noted.

Technical Considerations

None noted.

Policy Considerations

None noted.

LEGISLATIVE HISTORY

AB 150 (Assembly Committee on Budget, Chapter 82, Statutes of 2021), companion bill to SB 150 (Senate Committee on Budget and Fiscal Review, 2021/2022), created under the PITL and CTL, the Homeless Hiring Tax Credit available to a qualified taxpayer that employs an eligible individual. SB 150 was held by the Assembly Committee on Budget without further action as the provisions of that bill were incorporated into AB 150.

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SB 424 (Durazo, et al., 2021/2022), similar to this provision would have, under the PITL and CTL, created the California Homeless Hiring Tax Credit available to a qualified taxpayer that employs a person who is homeless or someone who is receiving supportive services from a homeless services provider. Many of the provisions of SB 424 were incorporated into AB 150. SB 424 did not pass out of the senate by the constitutional deadline.

AB 1169 (Frazier, 2019/2020) would have, under the PITL, allowed a credit to a qualified employer for wages paid to qualified employees. AB 1169 did not pass out of the Assembly by the constitutional deadline.

AB 1726 (Arambula, 2019/2020) would have, under the PITL and the CTL, provided a tax credit to certain employers that hire employees who are members of a targeted group. AB 1726 did not pass out of the Assembly by the constitutional deadline.

AB 2041 (Dahle, 2019/2020) would have, under the PITL and the CTL, established a credit for qualified wages paid to a qualified employee that is a former foster youth or ex-offender that is age 18 to 25 by a qualified taxpayer. AB 2041 did not pass out of the Assembly by the constitutional deadline.

SB 1333 (Durazo, et al., 2019/2020), similar to this provision, would have created the California Homeless Hiring Tax Credit available to a qualified taxpayer that employs a homeless individual. SB 1333 did not pass out of the Senate by the constitutional deadline.

PROGRAM BACKGROUND

None noted.

Analysis Provision No. 5: California Motion Picture Credit

This Provision (Sections 14 and 23)

This provision would add to both the PITL and CTL "ethnicity" to the diversity work plan and goals for the credit and would change the requirement to adopt regulations from GO-Biz to the CFC.

Effective/Operative Date

As a provision within a bill providing for appropriations related to the Budget Bill, this provision would be effective immediately upon enactment.

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Federal/State Law

Federal Law

There is no comparable provision in federal law.

State Law

For taxable years beginning on or after January 1, 2020, state law allows qualified taxpayers a tax credit in an amount equal to the applicable percentage of the qualified expenditures for the production of a qualified motion picture in California. (RTC sections 17053.98 and 23698.) Credit amounts are allocated and certified by the CFC. No credit is allowed for any otherwise qualified expenditures to the extent that another Motion Picture Credit has been claimed for the same expenditures.

The credit allowed to a qualified taxpayer is limited to the amount specified in the credit certification issued by the CFC.

The applicable credit percentages are:

- 20 percent (20%) of the qualified expenditures, up to one hundred million dollars (\$100,000,000), attributable to the production of a qualified motion picture in California including, but not limited to, a feature or a television series that relocated to California that is in its second or subsequent years of receiving an allocation for this tax credit.
- 25 percent (25%) of the qualified expenditures, up to one hundred million dollars (\$100,000,000), attributable to the production of a qualified motion picture in California where the qualified motion picture is a television series that relocated to California in its first year of receiving an allocation of this tax credit.
- 25 percent (25%) of the qualified expenditures, up to ten million dollars (\$10,000,000), attributable to the production of a qualified motion picture that is an independent film.

The applicable credit percentage for the 20 percent (20%) category, detailed above, could be increased by 5 percent (5%) of qualified expenditures relating to:

- Original photography outside of the Los Angeles zone.
- Qualified visual effects attributable to the production of a qualified motion picture in California.

An additional credit in the amount of 10 percent (10%) of qualified wages paid for services performed relating to original photography outside of the Los Angeles zone to qualified individuals that reside within California but outside of the Los Angeles zone is allowed for the production of a qualified motion picture within California where the applicable credit percentage is 20 percent (20%).

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An additional credit in the amount of five percent (5%) of qualified wages paid for services performed relating to original photography outside of the Los Angeles zone to qualified individuals that reside within California but outside of the Los Angeles zone is allowed for the production of a qualified motion picture within California where the applicable credit percentage is 25 percent (25%).

The aggregate amount of the credits that may be allocated by the CFC is three hundred, thirty thousand million dollars (\$330,000,000) for the 2020-2021 fiscal year and for each fiscal year thereafter though and including the 2024-2025 fiscal year.

Furthermore, the CFC may on or after July 1, 2025, allocate any previously allocated, but not certified credit amounts to credits available for allocation.

If the credit exceeds net tax for the taxable year, it is allowed to be carried over to the succeeding nine taxable years.

With some restrictions, a qualified taxpayer may sell the credit that is attributable to an independent film to an unrelated party. The unrelated party or parties that purchase a credit shall be treated as a qualified taxpayer.

If, on July 1, 2025, the CFC determines that credits allocated remain unused and have not been added to credit amounts available for allocation under a successor section or sections, the CFC may continue to make allocations of the unused credits until such time as the unused credits are fully utilized.

For taxable years 2020, 2021, and 2022, and under PITL and CTL, certain taxpayers may not reduce their business tax liability by more than five million dollars (\$5,000,000). The carryover period for the credits limited by this provision are extended for each taxable year the credit is limited.

Implementation Considerations

None noted.

Technical Considerations

None noted.

Policy Considerations

None noted.

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LEGISLATIVE HISTORY

SB 144 (Portantino, et al., Chapter 114, Statutes of 2021) required additional information to be reported to qualify for this credit, increased the amount of certain credits, and modified the report due date to the legislature.

SB 485 (Portantino, et al., 2021/2022), would have amended the existing motion picture and film credit under PITL and CTL, to provide for an additional credit for expenditures related to the production of a qualified motion picture at a certified project. This bill would also add new provisions relating to the certification procedures of a project that are administered by the CFC. SB 485 was held in the Senate without further action.

AB 1442 (Rivas, 2019/2020), would have created a relocation credit for relocation of film production to California from a state that restricts a woman's access to abortion services. This bill was held in the Senate Appropriations Committee without further action.

PROGRAM BACKGROUND

None noted.

Analysis Provision No. 6: California Venues Grant Program Gross Income Exclusion

This Provision (Sections 15 and 25)

This provision would, under the PITL and CTL, add an exclusion from gross income for grant allocations received from the California Venues Grant Program, as defined, for taxable years beginning on or after September 1, 2020, and before January 1, 2030, and make minor technical changes to the effective dates for the COVID-19 Relief Grant programs.

Effective/Operative Date

As a provision within a bill providing for appropriations related to the Budget Bill, this provision would be effective immediately upon enactment and specifically operative for taxable years beginning on or after September 1, 2020, and before January 1, 2030.

Federal/State Law

Federal Law

Refer to Federal Law section in Provision 2.

Amended September 5, 2021

State Law

California law currently allows an exclusion from gross income for grants received from several COVID-19 grant programs.

Implementation Considerations

None noted.

Technical Considerations

None noted.

Policy Considerations

None noted.

LEGISLATIVE HISTORY

SB 87 (Caballero and Min, Chapter 7, Statutes of 2021) established the Small Business COVID-19 Relief Grant Program under CalOSBA. The bill exempts grants from gross income under the PITL and CTL and provides authority to the FTB to collect any grants identified for recapture by the CalOSBA.

PROGRAM BACKGROUND

None noted.

ECONOMIC IMPACT

Revenue Estimate

This provision of the bill would, under the PITL and the CTL, exclude grant income awarded to eligible venues from taxable income. Expenses related to income excluded from taxable income are not deductible. Therefore, the amount of the deductions no longer allowed would be offset against the grant income excluded from taxable income. The net effect would generally be a revenue impact of zero.

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill or for the net final payment method of accrual.

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Analysis Provision No. 7: California Microbusiness COVID-19 Relief Grant Program Gross Income Exclusion

This Provision (Section 24)

This provision would, under the CTL, allow an exclusion from gross income for grant allocations received from the California Microbusiness COVID-19 Relief Program that is administered by the CalOSBA, as defined, for taxable years beginning on or after September 1, 2020, and before January 1, 2023.

Effective/Operative Date

As a provision within a bill providing for appropriations related to the Budget Bill, this provision would be effective immediately upon enactment and specifically operative for taxable years beginning on or after September 1, 2020, and before January 1, 2023.

Federal/State Law

Federal Law

Refer to Federal Law section in Provision 2.

State Law

The California Microbusiness COVID-19 Relief Grant Program, which is administered by CalOSBA, provides grants to qualified small businesses that began operation prior to December 31, 2019, and were significantly impacted by the COVID-19 pandemic, among other qualifying criteria. County governments applied through a Request for Proposal process to become eligible grant making entities. Grant making entities administer county programs and award individual grants to qualified microbusinesses in the amount of \$2,500. Currently there is an exclusion from gross income under the PITL for grants received from this program.

Implementation Considerations

None noted.

Technical Considerations

None noted.

Policy Considerations

None noted.

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LEGISLATIVE HISTORY

SB 87 (Caballero and Min, Chapter 7, Statutes of 2021) established the Small Business COVID-19 Relief Grant Program under CalOSBA. The bill exempts grants from gross income under the PITL and CTL and provides authority to the FTB to collect any grants identified for recapture by the CalOSBA.

SB 151 (Committee on Budget and Fiscal Review, Chapter 74, Statutes of 2021), created the California Microbusiness COVID-19 Relief Grant Program within the CalOSBA. The bill excludes grants from gross income under the PITL.

PROGRAM BACKGROUND

None noted.

ECONOMIC IMPACT

Revenue Estimate

This bill would, under the CTL, exclude grant income awarded to qualified microbusinesses from taxable income. Expenses related to income excluded from taxable income are not deductible. Therefore, the amount of the deductions no longer allowed would be offset against the grant income excluded from taxable income. The net effect would generally be a revenue impact of zero. This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill or for the net final payment method of accrual.

APPOINTMENTS (All Provisions)

None noted.

SUPPORT/OPPOSITION (All Provisions)

None noted.

ARGUMENTS (All Provisions)

None noted.

LEGISLATIVE CONTACT

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