



## **Bill Analysis**

Author: Committee on  
Budget and Fiscal Review

Bill Number: SB 91

### **SUBJECT**

COVID-19 Relief – Tenancy: Rental Assistance

### **SUMMARY**

This bill changes the provisions of the Civil Code, Code of Civil Procedure, Government Code, and Health and Safety Code to implement the 2020 Budget Act, and to extend rental protections provisions in response to the COVID-19 pandemic. These changes are not administered by or impact the Franchise Tax Board, and are not discussed in this analysis.

This bill also provides a gross income exclusion for certain rental assistance received under the State Rental Assistance Program and the federal Consolidated Appropriations Act, 2021 (Public Law 116-260) (CAA).

### **SUMMARY OF AMENDMENTS**

The bill as introduced on December 16, 2020, indicated the intent of the legislature to enact statutory changes relating to the Budget Act of 2021. The January 25, 2021, amendments included the provisions discussed in this analysis.

This analysis only addresses the provisions of this bill that impact the department's programs and operations.

### **REASON FOR THE BILL**

The reason for this bill is to protect California renters from eviction for non-payment of rent due to COVID-19 financial hardship and exclude rental assistance and forgiveness of rental obligations from income of individuals.

### **ANALYSIS**

This bill establishes the State Rental Assistance Program to administer the funds made available through federal rental assistance pursuant the CAA.

This bill exempts from income, for purposes of the Personal Income Tax Law, any assistance provided to an eligible household under the State Rental Assistance Program or provided as a direct allocation to grantees pursuant to the CAA.

This bill also provides that for taxable years beginning on or after January 1, 2020, and before January 1, 2025, gross income shall not include a tenant's rent liability that is forgiven by a landlord under the State Rental Assistance Program or as rent forgiveness provided through direct allocations of funding received by grantees under the CAA.

This bill defines "eligible household" to have the same meaning as defined in Section 501(k)(3) of Subtitle A, Title V, Division N of the federal CAA.

An "eligible household" means one or more individuals a) living in and obligated to pay rent on a residential dwelling, and is (are) either qualified to receive unemployment benefits, or is (are) experiencing financial hardship due directly or indirectly to the COVID-19 pandemic, b) can demonstrate with documents that the individual has the risk of becoming homeless or experience housing instability, and c) has (have) a household income that is 80 percent or less of the area median income for the household.

#### *Effective/Operative Date*

This bill, providing for appropriations related to the Budget Bill and identified as a bill related to the budget in the Budget Bill, would be effective immediately upon enactment and operative for taxable years beginning on or after January 1, 2021. The gross income exclusion is specifically operative for taxable years beginning on or after January 1, 2020, and before January 1, 2025.

#### *Federal/State Law*

##### *Federal Law*

The federal CAA of 2021 allocated \$25 billion rental assistance funds to the states to assist qualified households who are unable to pay rent, utilities, home energy costs, and other housing expenses related due to the Covid-19 pandemic. The assistance is to be provided for up to 12 months. An additional three months is also available if a determination is made that it will ensure housing stability and the assistance funds are available.

The federal CAA provides that rental assistance shall not be regarded as income.

##### *State Law*

Existing state law prohibits landlords from evicting their tenants for non-payment of rent due to COVID-19 financial hardship, subject to numerous conditions, until January 31, 2021. State law also provides protections for small landlords until January 1, 2023.

*Implementation Considerations*

None noted.

*Technical Considerations*

None noted.

*Policy Considerations*

None noted.

**LEGISLATIVE HISTORY**

AB 81 (Ting, Chapter 5, Statutes of 2021) made several clarifying amendments and technical changes to existing state law related to state assistance to individuals impacted by the COVID-19 pandemic, including the State Rental Assistance Program.

AB 3088 (Chiu, Chapter 37, Statutes of 2020), Tenant, Homeowner, and Small Landlord Relief and Stabilization Act of 2020 codified a set of temporary measures designed to prevent widespread loss of housing.

**PROGRAM BACKGROUND**

None noted.

**FISCAL IMPACT**

Implementing this bill would not significantly impact the department's programs and operations.

**ECONOMIC IMPACT**

*Revenue Estimate*

This bill as chaptered on January 29, 2021, would not impact state income or franchise tax revenue.

**LEGAL IMPACT**

None noted.

**APPOINTMENTS**

None noted.

**VOTES**

<b>Location</b>	<b>Date</b>	<b>Yes Votes</b>	<b>No Votes</b>
Concurrence	January 28, 2021	34	0
Assembly Floor	January 28, 2021	72	1
Senate Floor	January 21, 2021	22	2

**LEGISLATIVE CONTACT**

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