

## **ALERT**

### **Governor Newsom Signs Three Business Recovery Bills**

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On September 9, 2020, Governor Gavin Newsom signed three bills into law designed to assist small businesses recover from the economic impact of COVID-19 and to jumpstart construction projects in California.

#### Senate Bill 1447

SB 1447 went into effect immediately and authorizes the \$100 million Main Street Hiring Tax Credit. This tax credit allows businesses with 100 or fewer employees as of December 31, 2019 to receive a \$1,000 tax credit for each qualified employee hired between July and November 2020, up to a maximum of \$100,000 per business. In order to help ensure that these tax credits are being used only by small businesses directly impacted by COVID-19, eligible businesses must have also experienced a minimum 50% decrease in gross receipts during April through June 2020 as compared to the prior year.

Businesses will have five years to claim the credit and can apply it to any taxes owed, including sales and use taxes.

#### Assembly Bill 1577

AB 1577 conforms California state law to federal law by excluding from gross income Paycheck Protection Program loans forgiven through the federal CARES Act and subsequent amendments to the Paycheck Protection Program and Health Care Enhancement Act of 2020.

According to the Small Business Administration, California businesses received approximately \$68 billion in PPP loans. This new law is intended to protect small businesses from potential California tax increases that could be triggered by such PPP loans. However, the bill also prohibits business owners from claiming tax deductions or credits for expenses paid with PPP funds.

#### Senate Bill 115

SB 115, a Senate Budget and Fiscal Review Committee budget trailer bill, 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.

Please feel free to reach out to us with any questions or to discuss how these new laws may impact you or your business.



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