



# California Comeback Plan for the Berkeley Chamber of Commerce: Grants, programs and tax credits for small business owners

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Small Business Majority

# About Small Business Majority: Our Model

## RESEARCH

Start with extensive research (polling, economic studies) to gauge small business owner views and speak to their bottom line



## EDUCATION

Partner with business groups to hold seminars and roundtables to educate small business owners and get their personal views



## ADVOCACY

Enact change by elevating small business views in public policy debates



## NETWORK

Use real small business voices with lawmakers and the media



(more than 20,000 earned media hits)



# About Small Business Majority

- **Empower America's small businesses** and the self-employed to ensure a thriving and inclusive economy
- **Network of more than 85,000 businesses**—eight offices across the country
- **Advocacy**—access to capital, entrepreneurship, healthcare, benefits and taxes—supported by ongoing research
- **Education and resources**—webinars, seminars and social media—in partnership with more than 1,500 business and other partner organizations—online resource hub: **Venturize.org**
  - Venturize is a free unbiased resource hub to help small business owners make informed financing decisions and find ways to grow their business
- **COVID-19 pandemic**—more than 400 events connecting with 57k businesses —constant advocacy on PPP, EIDL and other government stimulus programs

## > In this presentation

State tax credits

State relief programs for small business owners

- Paid Family Leave Small Business Grant
- California Rebuilding Fund
- Microbusiness COVID-19 Relief Grant
- Independent Venues Grant Program

CalSavers for small business owners

## State tax credits

### Main Street Tax Credit (CDTFA)

**The Main Street Tax Credit was passed last year through SB 1447 (Sen. Bradford).**

- \$147 million in tax credits for small businesses that have hired and retained workers since 2020
- Credits are applied for sales and use tax liabilities.



This credit is not yet available. To check on availability, visit:

[cdtfa.ca.gov/services/main-st-sb-tax-credit-special-instructions-filers.htm](https://cdtfa.ca.gov/services/main-st-sb-tax-credit-special-instructions-filers.htm)

## State tax credits

### More tax credits

- **Hire Homeless Tax Credit:** Provides tax credits for hours worked by eligible individuals up to \$10,000 per eligible worker (maximum \$30,000 per taxpayer)
- **Film Tax Credit:** \$95 million to expand the California Film and Television Tax Credit Program. Available for:
  - Relocating TV Series, Independent Films, Feature Film or new mini series, out-of-zone filming, local labor, visual effects
- **California Competes Tax Credit:** The California Competes Tax Credit (CCTC) is an income tax credit available to businesses that want to locate in CA or stay and grow in CA.
  - The current window to apply closed on August 16 and will reopen in January, 2022. To learn more, visit: [business.ca.gov/california-competes-tax-credit](https://business.ca.gov/california-competes-tax-credit)

## Technical assistance

# Low-cost bookkeeping services

Are you a small businesses owner who needs part-time bookkeeping support or help getting your books in order, but have hesitated due to high fees? We can help!

We've developed an innovative program to support small businesses and entrepreneurs with their bookkeeping and accounting needs, while also providing hands-on learning opportunities for newly trained bookkeepers from underserved communities. In our model, an experienced Accounting Manager who specializes in assisting small businesses works with you to understand your business needs, while our bookkeeping interns shadow and support the Accounting Manager and build necessary hands-on skills for their future.

**We offer sliding scale fees as low as \$100 per engagement. You'll get:**

- An initial meeting with a seasoned Accounting Manager to assess the needs of your business
- A reviewed and reconciled set of books
- A Profit and Loss analysis report
- Support preparing books for PPP forgiveness applications (as applicable)
- The chance to support a newly-trained bookkeeper in developing professional-level skills

This program offers the opportunity to meet your business needs while supporting someone looking to build their future. *Let's build back better, together. **Fill out [this form](#) to let us know you're interested.***

### Eligibility

- In business less than 5 years
- Annual revenue of less than \$500,000/year
- Minority and women-owned businesses are our specialty

### More Information

[jvs.org/bookkeeping](https://jvs.org/bookkeeping)

JVS

### Bookkeeping Services for Small Businesses and Entrepreneurs

Need bookkeeping support for your business?

Looking for help preparing your books for tax season?



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## State relief programs for small business owners

### California Comeback Plan

- This summer Governor Newsom signed the California Comeback Plan which contains most of the new provisions affecting small business owners.
- AB 151 includes **\$100 billion in small business spending programs** and is known as the "California Comeback Plan."



# State relief programs for small business owners

## California Comeback Plan

### \$100 billion spending package

- \$27 billion is from American Rescue Plan.
- Just one piece of total **\$264.1 billion state budget plan**

### Budget highlights:

- Golden State Stimulus (2) - \$8.1 billion in tax cuts
- The Paid Family Leave Small Business Grant
- The California Rebuilding Fund loan program
- Microbusiness COVID-19 Relief Grant Program (**new**)
- Independent Venues Grants Program (**new**)



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## Paid Family Leave Small Business Grant

# California Paid Family Leave (PFL) Program

**The Paid Family Leave (PFL) Program** allows California workers to take paid leave to bond with a new child or to care for a seriously ill family member.

- As of July 2020, Paid Family Leave has been expanded for eligible employees from 6 to 8 weeks.
- All employees regardless of business size are now eligible for 12 weeks of non-paid, protected leave.

## Paid Family Leave Small Business Grant Support for small business owners

- The Paid Family Leave Small Business (PFLSB) Grant provides to CA small businesses **\$500 for each employee who is utilizing the PFL Program** to help offset the costs involved with training other employees to cover the duties of this individual on leave.
  - Must have less than 10 employees
  - Up to a total of \$4,500 per small business
  - Available through December 2022



# Paid Family Leave Small Business Grant

## How the grant works

### **Am I eligible?**

- Businesses must have an active California Employer Account Number (CEAN) under which their employees are listed for payroll
- Must be located in California
- Must have less than 10 employees
- Must have at least one employee utilizing the CA PFL Program

To apply, please visit [CaliforniaPaidFamilyLeaveAlliance.com](https://CaliforniaPaidFamilyLeaveAlliance.com)

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# The California Rebuilding Fund

## Key loan terms



- **Interest rate of 4.25%**
- **Maximum loan size of \$100,000\*** or up to 100% of average monthly revenues for a 3-month period prior to the COVID-19
- 60-month loan term
- Interest-only payments in the first 12 months
- No prepayment penalties



# The California Rebuilding Fund

## Borrower eligibility

### **Business eligibility:**

- The business have fewer than 50 employees
  - FTE tested *prior* to March 2020, not at time of application
  - FTEs of affiliates counted
- For-profit businesses only may apply
- Personal guarantee required at the discretion of the community lender
- Signature required by each owner with greater than 20% ownership
- Verifiable via Loan applicant's tax return

### **Profitability:**

- Direct economic hardship from COVID-19
  - Demonstrate a 25% decline in revenues since January 2020
- Annual revenue of less than \$2.5 million
- No active bankruptcies, No 30+ day delinquencies in January or February of 2020
- No more than (1) 60+ day delinquency, no charge offs or discharged bankruptcies in COVID-19 Credit Lookback Window (3/1/19-2/29/20)



# The California Rebuilding Fund

## Borrower eligibility



### Profitability (continued)

- No repossessions or foreclosures in the past 36 months
- No outstanding tax liens or judgements unless there is 6-months of an active payment plan
- No unpaid child support
- No minimum credit score required; credit score preferences to be set by each community lender



# The California Rebuilding Fund

## Documentation you may need

### **You may need to provide:**

- Schedule of ownership (name, address, SSN or EITN, percentage ownership, photo ID for any owners with more than 20% ownership), if applicable
- Executed Attestation Certificate
- Bank statements or other proof of revenue
- 2019 Federal Tax documentation
- Personal guarantee (if applicable)
- Evidence of organization's legal formation
  - Standard location
  - Business registration
  - Conflict of interest terms

# The California Rebuilding Fund

## Ineligible industries

### Ineligible businesses include:

- Firms engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted
- Business engaged in speculative activities that develop profits from fluctuations in price rather than through the normal course of trade
- Facilities primarily used for gambling or to facilitate gambling
- Firms engaged primarily in lobbying activities



# The California Rebuilding Fund

## What do I need to do?



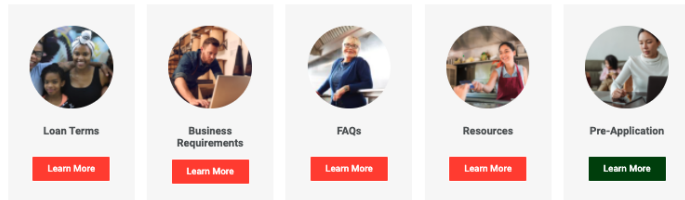
*A program to support California's Small Businesses to Promote Equity and Resiliency in Recovery*

The California Rebuilding Fund is an economic recovery loan program to support California's small businesses—especially those located in economically disadvantaged and historically under-banked areas of the state. Businesses who employed 50 or less full-time equivalent employees (FTEs) and had gross revenues of less than \$2.5 million or below in 2019 are eligible to apply. Full eligibility requirements are included in the Business Requirements tab.

The loans are flexible, transparent and are designed to help businesses access the capital and advisory services they need to get through these challenging economic times.

Pre-applications for the California Rebuilding Fund will be open in the near future with the portal opening at Noon Pacific Daylight Time on the specified day. Check back to this site for launch details. At that time, you can go to the Pre-Application tab to complete the initial application questions.

Not all businesses will be matched with a participating community lender based on each lender's initial criteria. If matched, you will be connected with a local community lender, which will be a certified Community Development Financial Institution (CDFI). The community lender will work with you on your full loan application. If approved, the loan will be made through that community lender and you will continue to work with them throughout the life of your loan.



- Apply for a loan through a **centralized online portal:**  
[connect2capital.com/p/californiarebuildingfund](https://connect2capital.com/p/californiarebuildingfund)
- Answer a short set of questions about your small business.
- “High-touch”, hands-on support will ensure the small business owners are able to navigate the process

# The California Rebuilding Fund

## How does it work?

Although the Rebuilding Fund is a standardized loan product that does not change depending on the lender, the Fund uses two vehicles to fund your loans, called “facilities”:

- **Facility one** holds a portion of loans backed by the existing I Bank State Loan Guarantee Program:
  - Each loan benefits from an IBank guarantee that covers 95% of any losses
  - Facility size of \$50 million
- **Facility two** holds a portion of loans that benefit from a \$24 million “first loss commitment” from the IBank and leverages private equity dollars.
  - Facility size of \$265 million

## The California Rebuilding Fund

### What if I don't qualify?

- Ineligible applicants will be matched with a technical assistance provider (SBDCs, WBCs, SCORE) to help them get loan ready or to find another, **affordable**, loan product that is better suited to their business
- Not all applicants will be eligible for this loan product.





# The California Rebuilding Fund

## Participating lenders



### Statewide lenders



- **Serving the Bay Area, North Coast Southern California, the Central Valley and Statewide**



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# Microbusiness COVID-19 Relief Grant

## Overview



The California Comeback Plan allocated \$50 million for the **California Microbusiness COVID-19 Relief Grant Program**.

- Operated under the Office of the Small Business Advocates (OSBA), will assist qualified microbusinesses who did not access the Small Business CRG.
  - Business owners will apply either directly with their county or with a group of organizations.
  - **This program is not yet open.**

This grant program is not yet available. Please **sign up for our newsletter** at: [go.smallbusinessmajority.org/stay-updated](https://go.smallbusinessmajority.org/stay-updated)

# Microbusiness COVID-19 Relief Grant

## Who will be able to apply?

### To be eligible for the Microbusinesses COVID-19 Relief Grant:

- You **did not receive** a Small Business COVID-19 Relief Grant, *and*
- You made less than \$50,000 in revenue in 2019, *and*
- You were in business prior to December 31, 2019, *and*
- Currently has fewer than 5 FTE employees and *had* fewer than 5 FTE employees in both 2019 and in 2020 taxable years.
- The microbiz is the **primary means of income in the 2019 taxable year**
- MBO must be majority-owner and manager of the qualified microbiz.
- You are not in a business excluded from participation in the CRG (eg, speculative businesses, non-profits, federally unlawful [cannabis], lobbying, venture capital firms)

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State updates

## Independent Venues Grant Program

**The California Venues Grant Program will be administered by CalOSBA to provide grants to independent live events venues.**

- Grants to be awarded in an amount equal to the lesser of \$250,000 or 20% of gross earned revenue for the 2019 taxable year.
- Total \$150 M for the Program, to be dispersed in 1 or more rounds to eligible venues.
  - Priority factors still to be determined



This grant program is not yet available. Please **sign up for our newsletter** at: [go.smallbusinessmajority.org/stay-updated](https://go.smallbusinessmajority.org/stay-updated)

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CalSavers

# > CalSavers for small business owners



## What are your retirement plans?

## CalSavers

### The retirement gap

- A majority of Americans—88%—believe the nation is facing a retirement crisis, while 76% are concerned about their own ability to achieve a secure retirement.
- Median retirement savings is **\$3,000** for all working households.
- U.S. retirement savings gap estimated at between \$6 trillion and \$14 trillion dollars.



Retirement savings gap

**US\$ 6 to 14 trillion**



CalSavers

## The retirement gap for small business



- There are **three primary reasons** small businesses are unable to offer a retirement option at work:
  - **Cost**
  - **Complexity**
  - **Liability**
- According to AARP, workers with access to a payroll deduction savings option are **15x more** likely to save.



CalSavers

## What is CalSavers?



- CalSavers is a workplace-based retirement program developed by the state of California.
- It enables employees to make automatic payroll contributions into a personal Individual Retirement Account (IRA). These plans are professionally managed with state oversight.
- Employee participation is completely voluntary and **there is no cost to employers.**

## CalSavers

### What is CalSavers?

- Available for employers with 5+ employees without an employer-sponsored retirement option
- Also open to self-employed workers
- Employees may opt out at any time
- CalSavers account is portable—stays with employee from job to job, throughout career, no rollovers
- The investment options are simple. They minimize fees and provide maximum possible gains while balancing risk.



CalSavers

## What CalSavers means for employees



- The automatic contribution rate is **set at 5%**.
- **An employee may opt-out of the program at any time.**
- All the responsibility of administering the program is performed by a private contractor, Ascensus.
- CalSavers call centers are available to answer all employer questions about the program.

CalSavers

## What CalSavers means for employers



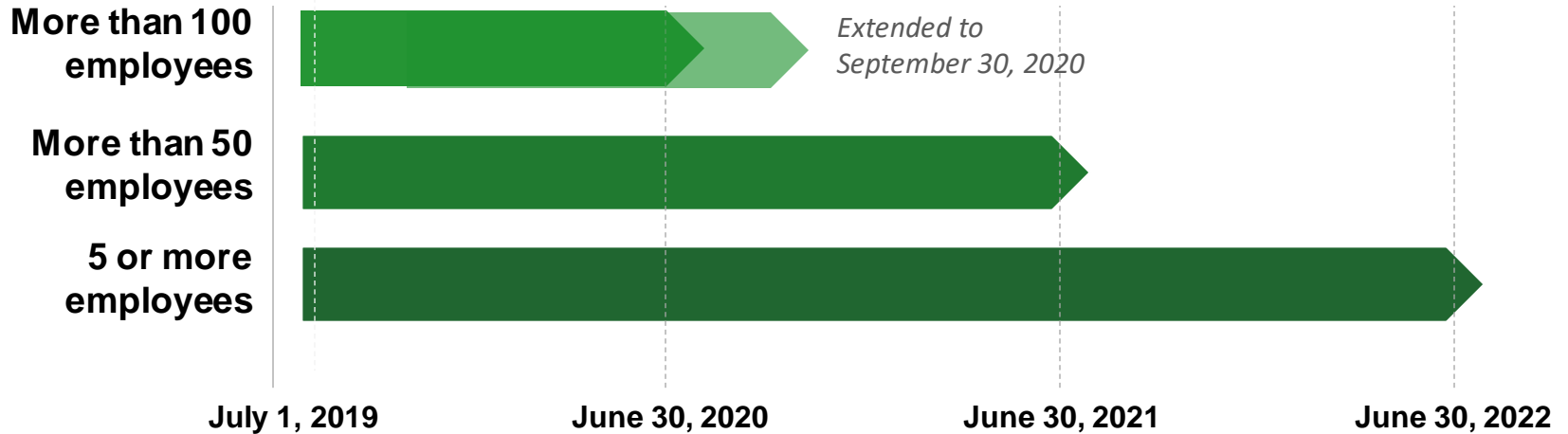
- **Employers will not contribute to accounts, manage funds or provide financial advice.**
- CalSavers will notify employers about how to facilitate employee participation.
- To participate, an employer will provide employee information to the program and remit a payroll contribution to the program each pay period.

CalSavers

## CalSavers timeline



Employers can register **AT ANY TIME**



\*Due to COVID-19, the June 30, 2020 deadline has been extended to Sept 30, 2020  
Information is adapted from CalSavers' materials

CalSavers

## Why CalSavers is good for small businesses



**Small business owners are struggling to rehire their workforce.**

- CalSavers will attract talented employees
- CalSavers will boost employee morale
- You can participate without overhead and administrative costs
- Offers affordability and convenience for small businesses without an HR department



# Join Our Network



## Ways to get involved:

- Receive a monthly newsletter
- Share your story for media requests
- Letters to the editor/Op-eds
- State events/Roundtables
- Fly-ins
- Webinars for business organizations

## Connect with us!



Small Business Majority



@SmIBizMajority



smlbizmajority





Questions?



## Mark Herbert

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