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Nancy Skinner, Chair

Agenda

March 15, 2021

10:00 a.m. - State Capitol – Senate Chamber

<u>BILL</u>	<u>AUTHOR</u>	<u>SUBJECT</u>
1. AB 83	Committee on Budget	Alcoholic Beverage Control: License Renewal Fees Clean-Up.
2. AB 84	Committee on Budget	COVID-19: Supplemental Paid Sick Leave.
3. AB 88	Committee on Budget	Golden State Stimulus Clean-up.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair
2021 - 2022 Regular

Bill No: AB 83 **Hearing Date:** March 15, 2021
Author: Committee on Budget
Version: March 10, 2021 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Yong Salas

Subject: Alcoholic beverage control: license renewal fees: waiver

Summary: This bill makes statutory changes related to licensing fee waivers necessary to implement the Budget Act of 2020.

Background: This bill provides clean-up changes to SB 94 (Chapter 9, Statutes of 2021), which waived license renewal fees of the Department of Alcoholic Beverage Control and the Board of Barbering and Cosmetology:

- 1) *Additional Fee Waivers for Licensees of the Department of Alcoholic Beverage Control.* Authorizes the Department to waive license renewal fees for small beer manufacturers, craft distillers, and winegrowers who produce up to 100,000 gallons annually, and whose licenses expire between March 1, 2021, and February 28, 2023, inclusive. This bill provides that the waiver of license renewal fees apply only to specified license types that were active, as defined by the Department in its guidelines, between March 1, 2020, and December 31, 2020, inclusive.
- 2) *Appropriation to Backfill the Alcohol Beverage Control Fund.* Appropriates \$3 million General Fund to the Alcohol Beverage Control Fund to be used by the Department of Alcoholic Beverage Control to backfill revenues as a result of fee waivers for licensees.

Fiscal Effect: This bill appropriates \$3 million General Fund to the Alcohol Beverage Control Fund to backfill revenues.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair
2021 - 2022 Regular

Bill No: AB 84 **Hearing Date:** March 15, 2021
Author: Committee on Budget
Version: March 12, 2021 As amended
Urgency: No **Fiscal:** Yes
Consultant: Anita Lee

Subject: Employment: COVID-19: supplemental paid sick leave

Summary: This trailer bill makes various statutory changes to implement COVID-19 supplemental paid sick leave.

Existing Law:

- 1) Provides, under the Healthy Workplaces, Healthy Families Act of 2014, that an employee who works for the same employer for 30 days or more within a year from the commencement of employment is entitled to a minimum of 24 hours or three paid sick days on the 120th calendar day of employment.
- 2) Provides that an employer is not required to provide additional paid sick leave if the employer has a paid leave policy or paid time off policy and makes available an amount of leave to employees under the same conditions and the policy satisfies the accrual, carryover, and use requirements described in existing law.
- 3) Requires an employer, in each workplace of the employer, to display a poster in a conspicuous place containing specified information on paid sick days.
- 4) Establishes the Labor Commissioner's Office within the Department of Industrial Relations to, among other things, enforce wage, overtime, and sick leave laws.
- 5) Requires the Labor Commissioner to enforce the paid sick leave provisions and provides for procedures, including investigation and hearing, and for remedies and penalties.
- 6) Establishes the COVID-19 Supplemental Paid Sick Leave, and COVID-19 Food Sector Supplemental Paid Sick Leave, which provided up to two weeks of supplemental sick leave at hiring entities with 500 workers or more. Employees may take this leave if they are subject to quarantine or isolation due to COVID-19 or prohibited from working due to concerns related to potential transmission of COVID-19. These provisions were retroactively applied to either March 4, 2020 or April 16, 2020, as specified, and were set to expire on December 31, 2020 or upon expiration of any federal extension of the Emergency Paid Sick Leave Law as established by the Families First Coronavirus Response Act.

STATE EXECUTIVE ORDER

- 1) Executive Order N-51-20 required a hiring entity with 500 employees or more to provide an eligible food sector worker supplemental paid sick leave related to COVID-19, as specified. The executive order also permitted employees working in any food facility to wash their hands every 30 minutes and additionally if needed.

EXISTING FEDERAL LAW:

- 2) The Families First Coronavirus Response Act (FFCRA) provided up to two weeks of paid sick leave to all employees of employers of 500 employees or less for specified reasons related to COVID-19 with specified rate of pay.

The FFCRA authorized a health care or emergency responder employer to exclude certain health care providers and emergency responders from these provisions. Additionally, the FFCRA authorized the Secretary of Labor to issue regulations to exclude certain health care providers and emergency responders from this, including allowing an employer of these workers to opt out. The FFCRA sunset on December 31, 2020.

- 3) The FFCRA provided payroll tax credits to qualified employers who provided paid sick leave through December 31, 2020. The Coronavirus Response and Relief Supplemental Appropriations Act extends the FFCRA tax credit through March 31, 2021.

The American Rescue Plan (ARP) extends the FFCRA tax credit from April 1, 2021 through September 30, 2021. The ARP resets the two weeks of FFCRA tax credit on April 1, 2021, and allows supplemental paid sick leave to be taken for COVID-19 vaccine related reasons and seeking or awaiting diagnostic test for COVID-19.

Proposed Law: This bill makes various statutory changes to implement COVID-19 supplemental paid sick leave.

- 1) Reestablishes the COVID-19 supplemental paid sick leave for employers, as defined under existing law, who have more than 25 employees.
- 2) Specifies that a covered employee is entitled to COVID-19 supplemental paid sick leave if the employee is unable to work or telework because the employee is:
 - a. Subject to quarantine or isolation related to COVID-19 as defined by the State Department of Public Health, Centers for Disease Control and Prevention, or a local health officer who has jurisdiction over the workplace,
 - b. Advised by a health care provider to self-quarantine due to concerns related to COVID-19,
 - c. Attending an appointment to receive a COVID-19 vaccine,
 - d. Experiencing symptoms related to a COVID-19 vaccine that prevents the employee from being able to work,

- e. Experiencing COVID-19 symptoms, and is seeking a medical diagnosis,
 - f. Caring for a family member, as defined in existing law under subdivision (c) of Section 245.5 of the Labor Code, who is subject to quarantine or isolation as specified in (a) or (b) above, or
 - g. Caring for a child, as defined by existing law under subdivision (c) of Section 245.5 of the Labor Code, whose school or place of care is closed due to COVID-19.
- 3) Provides up to two weeks or 80 hours of COVID-19 supplemental leave to eligible employees.
 - 4) Specifies that firefighters who were scheduled to work more than 80 hours for the employer in the two weeks preceding COVID-19 supplemental paid sick leave, are entitled to the amount of supplemental paid sick leave equal to the total number of scheduled work hours in those preceding two weeks.
 - 5) Specifies that the total number of hours under COVID-19 supplemental paid sick leave is in addition to any paid sick leave that may be available under existing law.
 - 6) Authorizes the employee to determine how many hours of COVID-19 supplemental paid sick leave to use, up to the total number of hours provided under the section, and specifies that the employers shall make the supplemental sick leave available for immediate use by the employee upon request.
 - 7) Specifies that each hour of COVID-19 supplemental paid sick leave for nonexempt employees shall be compensated based on the highest pay rate equal to the following: (1) calculated in the same manner as the regular rate of pay for the workweek in which the employee uses COVID-19 supplemental paid sick leave, (2) calculated by dividing the total wages, not including overtime premium pay, by the total hours worked, in the full pay period of the prior 90 days worked, (3) state minimum wage, or (4) local minimum wage. For exempt employees, the COVID-19 supplemental paid sick leave shall be calculated in the same manner as the employer calculates wages for other forms of paid leave time.

Notwithstanding the above, the bill specifies that employees will be compensated based on regular rate of pay pursuant to existing law or collective bargaining agreement.

The compensation shall not exceed \$511 per day or \$5,110 in total, unless federal legislation is enacted to increase these amounts.

- 8) Specifies that an employer shall not require a covered employee to use other paid leave or unpaid leave before the employee uses COVID-19 supplemental paid sick leave or in lieu of such leave.
- 9) Authorizes an employer to require an employee to exhaust their COVID-19 supplemental paid sick leave prior to taking COVID-19 Emergency Temporary

Standards leave associated with employees excluded from the workplace due to COVID-19 exposure.

- 10) Authorizes an employer to count the hours of other paid leave provided to employees on or after January 1, 2021 for the COVID-19 related reasons, as specified earlier in the analysis, towards the number of hours required under COVID-19 supplemental paid sick leave. In addition, the bill authorizes the employer to also include leave provided to any federal or local law for the same purposes of COVID-19 that became effective on or after January 1, 2021.
- 11) Requires the Labor Commissioner to enforce the COVID-19 supplemental paid sick leave as “paid sick days”, “paid sick leave” or “sick leave” under existing law, as specified.
- 12) Requires the Labor Commissioner by seven days after this bill is effective to make publicly available a model notice for employers to display a poster regarding COVID-19 supplemental paid sick leave. A hiring entity may satisfy this requirement for workers who do not frequent a workplace by disseminating notice through electronic means, such as by electronic mail.
- 13) Specifies that the COVID-19 supplemental paid sick leave will take effect 10 days after enactment, and shall retroactively apply to January 1, 2021.
- 14) Requires the employer to provide retroactive payment to an employee that took unpaid leave for COVID-19-related reasons, as specified earlier in the analysis, upon request of the employee. This retroactive payment is in addition to the COVID-19 food sector supplemental paid sick leave or the COVID-19 paid sick leave as provided under existing law.
- 15) Specifies that the COVID-19 supplemental paid sick leave shall remain in effect through September 30, 2021, and specifies that covered employees taking COVID-19 supplemental paid sick leave at the time of expiration may take up to the full amount of COVID-19 supplemental paid sick leave provided in this section.

In-Home Supportive Services (IHSS) Providers

- 16) Provides COVID-19 supplemental paid sick leave for in home supportive services providers for COVID-19 related purposes as specified earlier the analysis.
- 17) Provides up to two weeks or 80 hours of COVID-19 supplemental paid sick leave for IHSS providers, and authorizes the provider to determine how many hours to use.
- 18) Specifies that the COVID-19 supplemental paid sick leave is in addition to any paid sick leave that is available under existing law.
- 19) Authorizes the provider to determine the number of hours to use, up to the total amount of hours provided in this section. The bill specifies the supplemental sick leave is available for immediate use. The provider shall inform the recipient of the

need to take sick leave and submit a sick leave claim to the county consistent with the procedures established by the county.

- 20) Specifies that each hour of COVID-19 supplemental paid sick leave shall be compensated at the regular rate of pay which the provider is entitled to pursuant to existing law or collective bargaining agreement.
- 21) Specifies that the provider shall not be required to use other leave before COVID-19 supplemental paid sick leave or in lieu of such leave.
- 22) Specifies that if a provider takes paid leave on or after April 1, 2021 for COVID-19 related reasons, as specified earlier in the analysis, and is compensated at least the same amount, then the hours of the other paid leave, such as those provided by any federal or local law, may be counted towards the total number of hours required for COVID-19 supplemental paid sick leave.
- 23) Specifies that the COVID-19 supplemental paid sick leave will take effect 10 days after enactment, and shall retroactively apply to January 1, 2021.
- 24) Requires retroactive payment for COVID-19 supplemental paid sick leave.
- 25) Specifies that COVID-19 supplemental paid sick leave is in addition to any unused sick leave benefits provided as a part of the FFCRA, which the provider may use until March 31, 2021.
- 26) Specifies that the COVID-19 supplemental paid sick leave for IHSS providers shall remain in effect through September 30, 2021. The bill authorizes a provider taking COVID-19 supplemental paid sick leave at the time of expiration to take the full amount of leave that the provider is entitled to.
- 27) Includes a severability clause for this section of the bill.
- 28) Authorizes the Department of Social Services and the State Department of Health Care Services to implement and interpret the provisions of this bill through county letters or similar instructions, without taking regulatory action.

Fiscal Effect: This bill provides \$100,000 from the Labor and Workforce Development Fund to the Labor Commissioner for staffing resources to implement and enforce the provisions of the COVID-19 supplemental paid sick leave.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair
2021 - 2022 Regular

Bill No: AB 88 **Hearing Date:** March 15, 2021
Author: Committee on Budget
Version: March 3, 2021 As amended
Urgency: Yes **Fiscal:** Yes
Consultant: Joe Stephenshaw

Subject: One-time stimulus and grant payments: garnishment: exclusion from gross income

Summary: This is the Golden State Stimulus Clean Up trailer bill that provides technical amendments to the Golden State Stimulus trailer bill SB 88 (Committee on Budget and Fiscal Review), Chapter 8, Statutes of 2021.

Background: SB 88, established a one-time stimulus payment of \$600 in order to provide relief to low-income Californians impacted by the COVID-19 emergency. These stimulus payments are administered through 1) the Golden State Stimulus, which provides payments to qualified recipients that receive a California Earned Income Tax Credit (CalEITC) for the 2020 tax year and to income tax filers for the 2020 tax year who make no more than \$75,000 and file their taxes using an Individual Tax Identification Number (ITIN) (CalEITC recipients that file using an ITIN will receive a total of \$1,200), and 2) the Golden State Grant Program, which provides payments to qualified individuals in the CalWORKs program, Supplemental Security Income/State Supplemental program, or the Cash Assistance Program for Aged, Blind, and Disabled Legal Immigrants.

Proposed Law: This bill:

- 1) Exempts Golden State Stimulus payments and Golden State Grant payments from garnishment orders, with the exemption of a garnishment order in connection with an action for, or judgement awarding, child support, spousal support, family support, or a criminal restitution payable to victims.
- 2) Provides that a financial institution shall exempt payments from any garnishment order if the payment is marked by the state as a "Golden State Stimulus payment" or "Golden State Grant payment" or includes some other industry-standard unique identifier, as specified.
- 3) Provides that in exempting a Golden State Stimulus payment or Golden State Grant payment from a garnishment order, a financial institution shall identify an exempt deposit using a lookback period during an account review.

- 4) Establishes that a financial institution that attempts in good faith to comply with this section shall not be subject to liability or regulatory action under a federal or state law, regulation, court or other order, or regulatory interpretation for actions concerning applicable payments.
- 5) Includes the following definitions:
 - a) "Account review" means the process of examining deposits in an account to determine if a benefit agency has deposited a benefit payment into the account during the lookback period.
 - b) "Garnishment order" means a writ, order, notice, summons, judgment, levy, or similar written instructions issued by a court, a state or state agency, or a municipality or municipality corporation, including an order to freeze the assets in an account, to effect a garnishment against a debtor.
 - c) "Lookback period" means the two-month period that begins on the date preceding the date of the account review and ends on the corresponding date of the month two months earlier or on the last date of the month two months earlier if the corresponding date does not exist.
- 6) Clarifies that a "qualified recipient" means:
 - a) Any individual who has a qualifying child for the taxable year, or
 - b) Any individual who does not have a qualifying child for the taxable year, if they are:
 - i. A California resident on the date the Controller issues the payment.
 - ii. Not eligible to be claimed as a dependent.
- 7) Includes Legislative findings and declarations that, for the purposes of complying with Section 41 of the Revenue and Taxation Code as follows:
 - a) The purpose of the tax expenditure allowed, as specified, is to provide financial relief for low-income Californians who may have been adversely impacted by the economic disruptions resulting from the COVID-19 emergency; and
 - b) In order to provide information on this tax expenditure, the Franchise Tax Board shall, in consultation with the Controller, prepare a written report, by April 1, 2022, that shall include the number of eligible individuals issued a payment, as specified.
- 8) Excludes Golden State Grant payments from gross income similar to existing law that excludes the Golden State Stimulus payments.

- 9) Makes clarifying and technical changes to the section of law that directs the Department of Social Services to make Golden State Grant payments.

Fiscal Effect: Appropriates \$100,000 to the Franchise Tax Board to be allocated to existing California Earned Income Tax Credit outreach contracts to provide increased awareness of the Golden State Stimulus.

Support: None on file.

Opposed: None on file.

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