

### California extends hiring tax credit to struggling small businesses

By Katy Murphy

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Small businesses hammered by the pandemic-induced recession will receive a \$1,000 state tax credit for each employee they hire under a bill Gov. Gavin Newsom signed Wednesday to help the ailing economy's smallest players.

**The news:** Newsom signed [CA SB1447 \(19R\)](#), by Sen. Steven Bradford (D-Gardena), Sen. Anna Caballero (D-Salinas) and Assemblymember Sabrina Cervantes (D-Riverside) to extend the tax credit to businesses that had 100 or fewer employees as of last December and that saw their gross receipts shrink by at least 50 percent between April 1 and June 30. The credit is capped at \$100,000 per employer, and the state can allocate up to \$100 million total.

Newsom also signed [CA AB1577 \(19R\)](#) by Assemblymember Autumn Burke (D-Marina Del Rey) to waive state taxes on income from forgiven federal Paycheck Protection Program loans, and [CA SB115 \(19R\)](#), a budget bill that will accelerate existing state bond funding for construction projects, according to Newsom's office.

Newsom said the move would "create thousands and thousands of jobs here in the state of California, in order to get people working and moving again."

**Impact:** The changes could buoy some of the state's more than 4 million small businesses, many of which face an existential threat if economic conditions don't improve in the coming months. The governor cited a Small Business Majority survey that found that up to 44 percent of businesses were at risk of permanent closure.

Newsom pushed back when asked about the long-term cost of these measures to the state budget. "Where you want to create revenue, you want to create jobs," he said. "You want to create jobs, you can't be anti-business."

**Looking ahead:** The bill signings were a good step, said John Kabateck, California state director for the National Federation of Independent Business, but it won't be enough. Business groups have been critical of a number of bills, including one on Newsom's desk to apply job-protected family leave requirements to employers with five or more workers.

"The hiring and rehiring tax credit has merit and is a step in the right direction during these horrible times," Kabateck said, "but much remains to be seen about how many (businesses) will actually qualify and more so, how could anti-business bills that could be signed take us backwards."

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