

Clarifications on the Governor's Regional Stay-at-Home Order

We wanted to share some new information regarding the Governor's Regional Stay-at-Home Order that has come to light in intervening hours between yesterday afternoon and this morning.

First, the new [public health order](#) takes effect on **Saturday, December 5**. Second, once a region meets the 15% ICU capacity threshold, counties have **24 hours** to implement the restrictions. While we understand that ICU capacity will be assessed and posted on a daily basis, there is no clarity as to when exactly that data will be updated publicly. For now, there are data points on the state's COVID-19 [website](#) (scroll down to "Regional Stay at Home Order"). When a region hits the 15% threshold, counties will be notified the night before the data is posted and will have 24 hours from the posting. We will share more information as additional details are made available.

More Information on Governor's Sales Tax Deferral for Small Businesses

We've learned more about the Governor's plan to provide additional assistance to California small businesses by way of deferring certain quarterly sales and use tax payments to the state. Here are the details:

Automatic Extension of Filing Deadlines. For fourth quarter of 2020 and first quarter of 2021, the Administration will provide an automatic extension of the filing deadline of three months for sales and use tax remittances for filers with less than \$1 million in tax owed. For the fourth quarter, that means remittances that would otherwise be due **January 31, 2021** will now be due **April 30, 2021**; for the first quarter of 2021, remittances that would otherwise be due **April 30, 2021** will now be due **July 31, 2021**. No interest or penalties will accrue during this time.

Deferral of Tax. Much like the program offered by the California Department of Tax and Fee Administration (CDTFA) earlier this year, the Administration will offer taxpayers with annual sales of \$5 million or less (plus larger businesses in sectors hit particularly hard by the pandemic, like restaurants, fitness centers, or personal services) may defer remittance of up to \$50,000 in tax owed during the fourth quarter of 2020 and the first quarter of 2021 interest-free and penalty-free. The program would begin **May 1, 2021** and end **April 30, 2022**, during which those who opted for a deferral would repay their deferred amounts in 12 equal installments. Additionally, the program would be available to those entities already in the payment plan established in 2020 (which is slated to end on July 31, 2021).

Local Impact. While the universe of eligible entities for this program has expanded, it is unclear just how many businesses will utilize the deferral program. This spring's program was open to about 360,000 filers for a total estimated cost of \$3 billion, but far fewer took advantage of the plan, with only about \$150 million deferred and already about \$42 million repaid in full.

One particular complication, however, is the program's time frame, which extends across two fiscal years. As a result, the deferral program has the potential to impact 1991 and 2011 Realignment base and growth amounts for 2020-21 and 2021-22. We have requested that the Department of Finance work with counties to evaluate the impact and consider remedies, should they be necessary.

Finally, for more information on these programs, check out the CDTFA's [COVID-19 website](#).

US Treasury Provides Updated CRF Guidance

The US Treasury Office of Inspector General (OIG) has released an updated [FAQ document](#) that provides clarification of reporting requirements and new information on the audit and appeals process for CRF prime recipients. The updated document defines "various expenditure categories" for prime recipients to accurately report their expenditures in the GrantSolutions portal. There is also new information on how to report payroll costs, non-federal fund matching requirements established by the Stafford Act, loans, and interest, as well as a new section on recoupment of CRF dollars. As it relates to appeals, the new guidance indicates that CRF recipients that have been deemed to have not appropriately spent CRF dollars will have the opportunity to appeal that determination of noncompliance by the Treasury OIG, both before and after the covered period ends on December 30, 2020.

CHFFA COVID-19 Emergency HELP Loan Program Extended

State Treasurer and Chair of the California Health Facilities Financing Authority (CHFFA) Fiona Ma announced the extension of the COVID-19 Emergency HELP Loan Program. The program allocated \$5 million from the Authority's existing HELP II Loan Program to this new program and gave the CHFFA Executive Director the ability to lend up to \$250,000 at zero interest to each borrower that can prove that they've been negatively impacted by COVID-19 and that provide evidence that they will use loan proceeds to address the impact. While the program was initially scheduled to sunset on December 31, 2020, there remains \$4.5 million available for subsequent loans. CHFFA's board recently took action to extend the expiration date to the expiration of the Governor's March 4, 2020 State of Emergency proclamation.

Eligible health facilities must have gross revenues of less than \$30 million (except for rural health facilities and district hospitals), have been in existence for at least three years, provide evidence of COVID impact, demonstrate fiscal soundness, and show readiness to proceed. Funds may be used for construction, remodeling, renovation, equipment, furnishings, working capital, and reimbursement of prior expenditures. For more information, visit CHFFA's [website](#).

Planning Efforts Underway to Implement SB 803 Behavioral Health Peer Support Services

The Department of Health Care Services (DHCS) is developing a stakeholder engagement process associated with the implementation of Senator Jim Beall's behavior health peer support services bill – [SB 803](#), which was signed into law in September. This bill requires DHCS to seek any federal waivers it deems necessary to establish an optional Medi-Cal demonstration or pilot project for the provision of peer support services and provide the nonfederal share of funding for a demonstration or pilot that include a certified peer support specialist as a Medi-Cal provider type. The stakeholder engagement process will begin during the first half of 2021. Concurrent with the stakeholder engagement timeline, DHCS will draft program guidelines for release during summer 2021. Counties will then be able to build their programs, with implementation activities set to begin in early 2022. Additional details on how existing funds can be used to support county peer support services programs are available [here](#).

Governor Newsom Appoints New Legislative Affairs Secretary

Governor Newsom's has appointed Angie Wei as his new Legislative Affairs Secretary, a position she has held on a temporary basis since the early September departure of her predecessor, Anthony Williams, who had served in this critical post since 2019. Ms. Wei has served the Newsom Administration since 2019 as the Governor's chief deputy for policy. Ms. Wei previously served as chief of staff at the California Labor Federation from 2011 to 2018; she also held positions there as legislative director and public policy director.

Penal Code Revision Committee to Meet Next Week

The Penal Code Revision Committee will meet next Thursday, December 10 to continue its discussions and deliberations. (See agenda – which will be updated before next week's meeting with additional background materials – [here](#).)

As we have shared previously, Governor Newsom recommended as part of the 2019-20 budget – and the Legislature subsequently approved – the creation of the Penal Code Revision Committee (see Sections 11-18 of [SB 94](#), the 2019-20 public safety budget trailer bill). The committee's stated objectives are as follows:

- 1) Simplify and rationalize the substance of criminal law.
- 2) Simplify and rationalize criminal procedures.
- 3) Establish alternatives to incarceration that will aid in the rehabilitation of offenders.
- 4) Improve the system of parole and probation.

The committee's first report is expected to be issued in mid-January. Interested parties can join next week's meeting via Zoom, as detailed below.

- **Zoom link:** [HERE](#); **Password:** 380642
- **Call-in option:** 669-900-6833; **Webinar ID:** 818 7106 1684

After the meeting is concluded, a recording will be uploaded to the committee's archived video [page](#).