

Governor's Noon COVID Update Previews Additional Stay-at-Home Restrictions

Speaking from quarantine in his home in Sacramento County, Governor Gavin Newsom held an 83-minute press conference Monday to “socialize” the concept of stricter restrictions akin to the “stay-at-home” order imposed earlier this year. Noting the significant rise in the statewide COVID positive case rate and the state’s hospitalization data, the Governor indicated that – absent any additional interventions or changes in behavior – hospitalizations could double or triple in just one month and ICUs could exceed existing capacity by December 24.

While California has done a better job at curbing COVID spread than most states – ranking 39 out of 50 in per capita case rates – the state moved six additional counties into the purple tier over the weekend, for a total of 51 of 58 counties and affecting 99 percent of California residents.

The Governor also [announced](#) new assistance for small businesses, including an automatic three-month extension for businesses filing less than \$1 million in sales tax receipts, extending the availability of existing interest and penalty-free payment agreements to companies with up to \$5 million in taxable sales, and expanded interest-free payment options for larger businesses (restaurants, fitness facilities, personal services, etc.) that have been particularly affected by restrictions on operations due to the pandemic. While the Administration’s initial program launched this spring to provide a sales tax “holiday” for certain businesses did not generate the interest it had originally anticipated, it is unclear how this new proposal would impact sales tax receipts, which importantly fund state-local realignment programs and city and county general funds.

Monday’s announcement also includes application information regarding the Main Street Hiring Tax Credit, which authorizes \$100 million in hiring tax credits for qualified small businesses, equal to \$1,000 per qualified employee, up to \$100,000 per small business employer. Applications [open today, December 1](#).

Finally, the Governor announced that 327,000 doses of COVID-19 vaccine are headed to California in the next two weeks and promised a “Phase One Distribution Plan” later this week.

Legislature Announces COVID-Safe Swearing-In Ceremonies

Family members and guests of newly elected members of the Legislature will have to tune in online to watch their loved ones become new Assembly Members and Senators next week, under plans for swearing in new members for the 2021-22 legislative session. The Assembly plans to convene at the Golden One Center – the home of the Sacramento Kings – on December 7, while the Senate is planning a socially distanced swearing-in the same day in the Senate chambers.

Incidentally, November 30 was the final day (*sine die*) of the 2019-20 legislative session, representing the last day in office for a number of retired, termed out, and defeated members, including Senators Jim Beall, Ling Ling Chang, Cathleen Galgiani, Jerry Hill, Hannah-Beth Jackson, Bill Monning, John Moorlach, and Mike Morrell, as well

as Assembly Members Bill Brough, Ian Calderon, Kansen Chu, Tyler Diep, and Christy Smith. Yesterday also marked the final day for Senator Holly Mitchell, who will be taking a seat at the Los Angeles County Board of Supervisors, and Assembly Member Todd Gloria, who will become the Mayor of the City of San Diego.

Industry Group Attempts Referendum on Flavored Tobacco

Days before Thanksgiving, the tobacco industry submitted signatures to the Secretary of State to ask voters to overturn this year's [SB 793](#) (Hill), a measure that would prohibit the sale of flavored tobacco products in California. Proponents say that they have submitted more than one million signatures (qualification requires 623,212 valid signatures), suspending the measure until voters weigh in in 2022.

Given the recent successful referendum on cash bail, anticipate the use of the referendum by well-funded opponents of legislation as a means to, at the very least, pause measures they don't like.

Court Rules in Two Cannabis Cases

Last week, a San Luis Obispo Superior Court judge struck down state regulations that have authorized the proliferation of cannabis billboards on California highways. The judge ruled that the state Bureau of Cannabis Control exceeded its authority when it established regulations in January 2019 allowing cannabis companies to place advertising on billboards along state and interstate highways, suggesting that the regulation is inconsistent with Proposition 64 (2016). It is unclear at this point whether the state plans to appeal the case.

The state was more successful in a second case, when a Fresno Superior Court judge dismissed a case brought by 24 cities and a county challenging state cannabis regulations that authorize cannabis delivery companies to legally transport and hand off products at private residences anywhere in California. The judge agreed with state attorneys who argued that cities and counties had no standing to dispute state regulations that apply only to state-licensed businesses and do not command or prohibit jurisdictions from doing anything. Jurisdictions involved, however, argue that Proposition 64 gives them the right to prevent outside delivery services from conducting sales within their borders. Both sides indicate a likely appeal of the case.