CALED Legislative Outlook

February 3, 2021
Robert Burris,
President & CEO

Solano EDC
Legislative Action Committee

- Gurbax Sahota – President/CEO, CALED
- Aaron Laurel – CALED Chair, City Manager, City of West Sacramento
- Robert Burris – CALED Leg. Action Committee Chair, Pres. & CEO, Solano EDC
- Dan Carrigg – CALED Strategic Legislative Advisor
- Matthew Hargrove – Senior VP of Governmental Affairs, CBPA
- Steven J. Lantsberger – ED Dir., Emp. & ED Department, San Joaquin County
- Carolyn Hull – General Manager, City of Los Angeles EWDD
- Greg Foster – Executive Director, Redwood Region ED Commission
- Tim Padden – ED Manager, City of Vacaville
- Kendall Levan – Principal Attorney, Kane, Ballmer & Birkman
- Bobby Kahn – Executive Director, Madera County EDC
Legislative Priorities

1. Legislation focused on the future of Tax Increment Financing

2. Bills that have a significant impact on jurisdictions’ ability to engage in and implement economic development

3. Creation of a specific ask for tools and resources for economic development
Chris Dombrowski,
Chief Deputy Director
CA Governor’s Office of Business & Economic Development
EQUITABLE RECOVERY FOR CALIFORNIA’S BUSINESS AND JOBS
$4.5 Billion for Equitable Recovery for California’s Businesses and Jobs

- $575m Small Business COVID-19 Grant Program
- $430m California Competes Tax Credit and new grant program
- $100m Extend Main Street Small Business Tax Credit
- Mitigating the SALT deduction limitation for S-corp
- $35m California Dream Fund
- $100m for IBank Small Business Finance Center and small business loan Guarantees
- $100m to expand CAEFTA
Additional

- $500m Infill Infrastructure Grant (IIG) Program
- $70.6m for fee waivers to individuals and businesses
- $1.5b Zero-Emission Vehicles and Zero-Emission Vehicle Infrastructure
Matthew Hargrove,
Senior VP of
Governmental Affairs

CBPA
Dan Carrigg,
CALED Strategic
Legislative Advisor
Outlook for 2021

• **Key Deadlines:**
  - Governor’s Proposed Budget Released: January 8, 2021.
  - All Bills must be introduced by **February 19, 2021**.

• **Some COVID Realities:**
  - Limited Public Access to Legislative Process: few people in Capitol, testimony by Zoom, etc.
  - Fewer bills per legislator. (Not necessarily a bad thing).
  - Leadership and Committees may further limit which bills get heard.
Outlook for 2021

Economic recovery depends on getting COVID under control.

- State’s response: erratic, constantly changing criteria.
- Vaccine rollout: underwhelming, likely through the end of the year.
- Many small businesses harmed.
- Low-income workers hurt most.
- School children falling behind.
- Biden Administration should bring improved coordination and resources.
Outlook for 2021

• Mortgage forbearance programs, rental non-payment eviction laws, and generous unemployment/stimulus (all helpful, but masking deeper economic problems).

• US economy declined 3.5% in 2020, most since 1946.

• CA Population decline. 135k more left state than moved here.

• Exodus of high wage tech workers, as companies embrace remote work.

• Impact of e-commerce on local “brick and mortar” retail, and local sales tax distribution.

• Lingering health concerns effects on city centers and using transit.

• Tourism may take years to recover.
Outlook for 2021

• **State Budget: Much Better than Expected:** $15 billion one-time surplus, but projected growing deficits (*gap between projected spending and revenue*) in out years. ($11b structural deficit FY 24-25).

• **Improved Relationship With Washington**
  • Prospect of additional federal stimulus, including assistance for local governments.
  • Increased collaboration on range of issues and policies.

• **Potential Recall:** Signature gatherers have until mid-March to qualify recall election for Governor. If successful, recall election would be in mid to late summer.
Outlook for 2021

State Policy Issues:

✓ Continued focus on housing
✓ Preparing for and combatting wildfires.
✓ Climate change, including Governor’s Executive Orders. More efforts to limit use of fossil fuels, address sea level rise, increase alternative energy, energy efficiency, etc. A CA Green New Deal?
✓ Economic development. Gov’s budget proposes expanded business assistance, affordable housing and infrastructure funding.
✓ Land use: What is the future of transit-oriented development, with companies converting to “work from home,” increased demand for suburban homes, and COVID concerns?
✓ Tax Increases? No mention in state budget proposal, but out-year imbalances may lead to discussions.
Outlook for 2021

Local level:

- Recent Court’s decisions on several SF tax cases, open door to local majority vote “special tax” measures.
- Could spur more local transportation, affordable housing, public safety, parks, fire, measures for local 2022 ballots.
- May also trigger state anti-tax initiative for 2022.
**Governor’s Budget**

**Economic Development Proposals:**
- $550m for COVID-impacted small business grants
- State licensing fee relief for COVID-impacted small businesses
- $270m for Cal Competes tax credits (for two fiscal years)
- $250m for new CAL Competes grants.
- $100m split between IBank loan & guarantee programs
- $35m for small business micro grants in underserved communities

**Housing & Infrastructure:**
- $500m housing tax credits
- 500m infill infrastructure grants
- $1.75b for various homeless programs
SB 91 Eviction Moratorium Extension

- Extends eviction protections from January 31 to June 30 for tenants” suffering COVID-19 financial related distress” agreeing to pay 25% of rent.
- Allocates $1.5 billion federal rental relief as follows:
  - $150 million small counties less than 200k population.
  - $150 million for state admin.
  - $1.2 billion go to larger counties. (These counties already received $1.1 billion separately from feds). Can apply for block grant subject to various conditions, or have the state allocate within their community.
- HCD to contract with vendor to administer. Website by March 15.
- Landlords can be repaid lost rent, but must agree to take 20% haircut.
- Need to monitor whether such measures--combined with recent state cap on rent increases (5%, Plus inflation)--chills investor interest in CA apartment rental housing.
CALED’s EIFD/CRIA Improvement Bill SB ___(Cortese)

Provides helpful clarifications to improve functioning of two tax increment tools:

- EIFDs (Enhanced Infrastructure Finance Districts)
- CRIAs (Community Revitalization Investment Authorities)

- Changes include allowing: consolidated boards when multiple agencies join, the designation of project areas, and facilitating amendments to established plans.
- Would also facilitate creation of CRIAs by having protest process mirror EIFDs.

- When bill is introduced, send support letters! CALED will have sample letter available.
Thank You!