



March 16, 2021

TO: Members, Assembly Revenue and Taxation Committee

**SUBJECT: AB 62 (GRAY) INCOME TAXES: CREDITS: COSTS TO COMPLY WITH COVID-19 REGULATIONS
SUPPORT – AS INTRODUCED DECEMBER 7, 2020
SCHEDULED FOR HEARING – MARCH 22, 2021**

The California Chamber of Commerce and the organization listed are pleased to **SUPPORT AB 62 (Gray)** since it will facilitate and assist with California’s economic recovery. Businesses of all sizes are reeling from the catastrophic impacts of COVID-19 and the state’s new burdensome regulatory requirements aim to make this situation unmanageable. **AB 62** begins to address these pervasive issues by providing a tax credit for struggling businesses seeking to comply with costly new COVID-19 regulations.

Specifically, the Division of Occupational Safety and Health (DOSH), better known as Cal/OSHA, has adopted emergency regulations that small businesses must implement with their own money. The standards require employers to have a written COVID-19 prevention plan that addresses communication systems, provide employee symptom screening, provide worksite testing and PPE at the employer’s expense, implement distancing and sanitizing protocols, and remove exposed employees from the workplace with pay and benefits.

Based upon these new requirements, costs for a three-week course of testing at a work site with as few as 20 employees could cost a small employer an enormous sum of money – all while revenues are reduced or nonexistent. These onerous requirements could be financially ruinous for struggling small businesses. However, **AB 62** offers much needed relief.

AB 62 would provide a dollar-for-dollar state tax credit for any costs a small essential business incurs to comply with these Cal/OSHA regulations. Such costs would include testing, physical barrier installation,

masks, and ventilation systems. The bill creates a public-private partnership and allows the state government to serve as a safety net during this tumultuous time. **AB 62** will allow small businesses to balance the difficult chore of paying for mandated regulatory changes while simultaneously determining how to pay their taxes – taxes that are paid at some of the highest rates in the country.

In California, small businesses are struggling to make payroll and a significant number are closing altogether. As recently reported in the Los Angeles Times, California's small business revenue was down by 29.3% in November compared with January 2020, and the number of small businesses open has dropped by 28.8%. Struggling businesses will welcome the assistance **AB 62** offers when they are forced to comply with more state mandates.

For these reasons, we are pleased to **SUPPORT AB 62 (Gray)**.

Sincerely,



Preston Young
Policy Advocate
California Chamber of Commerce

Beverly Hills Chamber of Commerce
Brea Chamber of Commerce
Carlsbad Chamber of Commerce
Chino Valley Chamber of Commerce
Folsom Chamber of Commerce
Garden Grove Chamber of Commerce
Greater Coachella Valley Chamber of Commerce
Greater High Desert Chamber of Commerce
Greater Riverside Chamber of Commerce
Hawthorne Chamber of Commerce
Lodi Chamber of Commerce
Long Beach Area Chamber of Commerce
North Orange County Chamber
North San Diego Business Chamber
Murrieta/Wildomar Chamber of Commerce
Pleasanton Chamber of Commerce

Redondo Beach Chamber of Commerce
Roseville Area Chamber of Commerce
Sacramento Metropolitan Chamber of Commerce
San Gabriel Valley Economic Partnership
Santa Barbara South Coast Chamber of
Commerce
Santa Maria Valley Chamber of Commerce
Santa Rosa Metro Chamber
Simi Valley Chamber of Commerce
South Bay Association of Chambers of
Commerce
South Orange County Economic Coalition
Torrance Area Chamber of Commerce
Tulare Chamber of Commerce
Oceanside Chamber of Commerce
Oxnard Chamber of Commerce

cc: Legislative Affairs, Office of the Governor
Consultant, Assembly Revenue and Taxation Committee
Taylor Giroux, Office of Assemblymember Gray
Julia King, Assembly Republican Caucus

PY:ldl