

COVID-19 Update From EKA – March 21, 2020

During the COVID-19 public health crisis, EKA continues to monitor local, state and federal lawmakers efforts to soften the economic blow. As the COVID-19 pandemic spreads, and life as we know it is changing rapidly, our commitment to providing you with up to date information you can use has not changed. There have been countless updates this week by a variety of elected officials as we navigate the constantly-evolving crisis. Below are some of the significant government-related developments over the past 24 hours.

Stay at Home Orders

- With the state, Los Angeles County and several cities issuing stay at home orders except to get food, prescriptions, and health care, care for a friend or relative, walking the dog, etc., there is confusion about the various stay at home orders. Below is a general overview of the various orders that all make it clear that when people do go out, they should practice social distancing.
- As detailed in a six-page order, Los Angeles County is [ordering](#) non-essential retailers to close and for residents to stop gathering in groups of 10 or more as it hustles to stop the community spread of COVID-19.
- Most businesses and business venues such as indoor malls will be closed to the public. According to state health officials, they include dine-in restaurants; bars, nightclubs and other entertainment places where people gather, along with gyms and fitness studios. Convention centers and public events are also out of bounds.
- Businesses that provide essential services will remain open. They include grocery stores, farmers markets, food banks, convenience stores, pharmacies and other health care providers, news outlets, banks and laundromats. Restaurants can still provide take-out food and make deliveries. Businesses involved in construction and “essential infrastructure” such as plumbers, electricians, gas stations, auto repair shops and hardware stores also are exempt. Public transportation and utilities will continue to provide service.
- Misdemeanor penalties apply to those who ignore the orders. Elected officials have said they hope law enforcement won’t need to enforce the order and believes social pressure will encourage people to do the right thing.

Note: EKA’s media, government, public relations and crisis support services will continue. EKA provides important media services to our clients. EKA will be fully operational with no impact on our virtual communications and operational capabilities. We are fully operational and can buy equipment and services as needed to resolve any client issues. EKA is not a law firm and the information contained in our daily update is intended for general information purposes only and should not be considered legal advice.

Regulatory Relief for Food/Beverage Industry

The Department of Alcoholic Beverage Control [issued a notice](#) that they are temporarily suspending enforcement of specific legal prohibitions identified below. This regulatory relief is designed to support the alcoholic beverage industry in its efforts to assist California in slowing the spread of the virus while assisting the industry in dealing with the economic challenges it is facing as a result.

Resources for CA Business Community

Employers

- The United States Small Business Administration is offering loans to small businesses affected by COVID 19 with [loans up to 2 million dollars](#). The interest rate is 3.75 percent for small businesses. The interest rate for private non-profit organizations is 2.75 percent. These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of COVID 19's impact. For questions, please contact the SBA disaster assistance customer service center at 1-800-659-2955.
- The [California Small Business Finance Center](#) (SBFC) helps businesses create and retain jobs, and encourages investment in low- to moderate-income communities. The SBFC has a Jump Start Loan Program, a Small Business Loan Guarantee Program, and a Farm Loan Program. The SBFC is [offering options](#) to those affected by the current pandemic with support and financing options.
- The City of Los Angeles has established an [emergency microloan program](#) for small businesses affected by the COVID-19 outbreak. Borrowers must be microenterprises or small businesses in the city that are low-income or will retain low-income jobs. Further eligibility is based on the following factors: good credit, sufficient cash flow, primary location in the city of Los Angeles, use of funds for reasonable and eligible working capital expenses, a requirement for job retention, and all business owners who hold 20 percent or more ownership must guarantee the loan and a co-signer with good credit and sufficient income. There are no application fees. Loans from \$5,000 to \$20,000 are available at zero percent interest for 6 months to 1 year or 3-5 percent for up to 5 years.
- Employers experiencing a slowdown in their businesses or services as a result of the coronavirus impact on the economy may apply for the [Unemployment Insurance Work Sharing Program](#). This program allows employers to seek an alternative to layoffs — retaining their trained employees by reducing their hours and wages that can be partially offset with UI benefits. Workers of employers who are approved to participate in the Work Sharing Program receive the percentage of their weekly UI benefit amount based on the percentage of hours and wages reduced, not to exceed 60 percent.

Employees

- [State Disability Insurance](#) is expanded to those who are unable to work due to COVID-19 infection or those who have been exposed to COVID-19 (certified by a medical professional). DI provides short-term benefit payments to eligible workers who have a full or partial loss of wages due to a non-work-related illness, injury, or pregnancy. Benefit amounts are approximately 60-70 percent of wages (depending on income) and range from \$50-\$1,300 a week. The Governor's Executive Order waives the one-week

unpaid waiting period, so they can collect DI benefits for the first week you are out of work. If you're unable to work due to having or being exposed to COVID-19 (certified by a medical professional), you can [file a Disability Insurance \(DI\) claim](#).

- Any employee who has reduced your hours or whose company shut down operations due to COVID-19 can file an Unemployment Insurance (UI) claim. UI provides partial wage replacement benefit payments to workers who lose their job or have their hours reduced, through no fault of their own. Workers who are temporarily unemployed due to COVID-19 and expected to return to work with their employer within a few weeks are not required to actively seek work each week. However, they must remain able and available and ready to work during their unemployment for each week of benefits claimed and meet all other eligibility criteria. Eligible individuals can receive benefits that range from \$40-\$450 per week. The Governor's Executive Order waives the one-week unpaid waiting period, so you can collect UI benefits for the first week you are out of work. The EDD processes and issues payments within a few weeks of [receiving a claim](#).
- If you're unable to work because you are caring for an ill or quarantined family member with COVID-19 you may qualify for [Paid Family Leave \(PFL\)](#).

CA Infrastructure and Economic Development Bank (IBANK)

- [California Infrastructure and Economic Development Bank](#) is a resource for businesses. IBank offers loan programs for businesses affected by disasters in California. IBank, a unit within California Governor's Office of Business and Economic Development (GO-Biz), offers the following loan programs for businesses from one to 750 employees. Access to IBank's [Disaster Relief Loan Guarantee Program](#) and Jump Start Loan Program can be made through its partner Financial Development Corporations (FDCs) For more information on how to apply, visit the [IBANK website](#).

County of Los Angeles

- Los Angeles County Emergency Operations Center issues updates on Covid-19. The latest update can be [found here](#).
- Public Health has issued the following guidance during this time of increased spread: If you are mildly sick, stay home for at least seven days or until 72 hours after being fever free, whichever is longer. Call your doctor if you are concerned and/or your symptoms worsen. Individuals who are elderly, have underlying health conditions or pregnant should consider contacting their providers earlier when they are sick.
- Through March 31, L.A. County parks will be "outdoor-only facilities" where buildings and indoor spaces are closed to the public and avoiding close contact with others.
- Los Angeles County health officials advised doctors to give up on testing patients in the hope of containing the coronavirus outbreak, instructing them to test patients only if a positive result could change how they would be treated.

Los Angeles

- Los Angeles Mayor Eric Garcetti announced a new portal run by the city to help out-of-work and struggling Angelenos find work. Via the new [LA Jobs Portal](#), residents facing an uncertain employment situation can turn to a wide range of resources to connect with jobs available throughout the city.
- Mayor Garcetti's Safer at Home order and FAQ [here](#). Mayor Garcetti announced \$11 million for a new small business microloan program to provide small businesses with no-fee microloans to help pay payroll, rent, and retain employee and a moratorium on evictions for commercial tenants.
- The Mayor said street vendors who do not possess a valid health permit will be prohibited and announced a new order calling for the use of 42 city facilities to temporarily shelter homeless individuals.
- The LAUSD announced 60 Grab N Go centers are open across the district. Students may pick up 2 meals daily per student. Visit [lausd.net](#) for more information, or call the following phone hotlines:

Long Beach

- The City issued clarifying information regarding the [amended Long Beach order](#) which identifies personal grooming services as **non-essential**. Personal grooming services that are not considered essential include, but are not limited to:
 - Hair salons/barber shops
 - Nail salons
 - Waxing services
 - Cosmetology
 - Spa services, such as facials, massages, and body scrubs
 - Electrolysis
- The City also provided clarification regarding the classification of the following businesses/services:
 - Gyms and fitness centers – **Non-essential business**
 - Medical cannabis dispensaries – **Essential business**
 - Bakeries – **Essential business**
 - Businesses that provide death care services, such as the removal, care and preparation, and interment of deceased persons or animals – **Essential business**
- The closure of all Long Beach Unified School District Schools will extend through at least May 3 due to the ongoing coronavirus situation. Schools had originally been scheduled to reopen as soon as April 20. Schools may reopen on Monday, May 4, but an additional extension of the closure beyond that date is possible.

Culver City

- In coordination with the City and County of Los Angeles, the City Manager of the City of Culver City issued [a supplemental Public Order](#) called on residents to stay in their residences and limit all activities outside of their homes beyond what is absolutely necessary for essential tasks.
- A [City Order](#) prohibits eviction of commercial tenants due to circumstances related to COVID-19. The [City Order](#) includes the following provisions to assist businesses:
 - Extension of the deadline for submission of Culver City business taxes approximately 60 days to June 1, 2020.
 - Waiver of outdoor dining license fees
 - Waiver of valet parking license fees
 - In order to allow businesses to communicate they are open for pick-up and/or delivery of food, applicable CCMC restrictions related to outdoor business signage (including “sandwich board” signs and temporary banners) are suspended. All signs must be placed preferably on private property or in such a manner to allow for pedestrian access along the public right-of-way.
- A [City Order](#) includes the following provisions to facilitate food delivery and pickup:
 - Temporary parking is permitted in loading zones and special rideshare pickup zones solely for the purpose of food delivery and pickup.
 - Parking fees for all meters and pay machines for on-street parking spaces are waived for the first 15 minutes.

Sacramento

- The Franchise Tax Board (FTB) announced updated special tax relief for all California taxpayers due to the COVID-19 pandemic. FTB is postponing until July 15 the filing and payment deadlines for all individuals and business entities for:
 - 2019 tax returns
 - 2019 tax return payments
 - 2020 1st and 2nd quarter estimate payments
 - 2020 LLC taxes and fees
 - 2020 Non-wage withholding payments
- FTB is following the federal relief described in [Notice 2020-17PDF Download](#). Since California conforms to the underlying code sections that grant tax postponements for emergencies, FTB is extending the relief to all California taxpayers. Taxpayers do not need to claim any special treatment or call FTB to qualify for this relief. FTB previously extended the due dates for filing and payment last week for affected taxpayers until June 15, with the qualification that the deadlines may be extended further if the IRS grants a longer relief period. This announcement supersedes last week’s announcement.
- Gov. Gavin Newsom signed [Executive Order N-31-20](#), greatly reducing the number of Worker Adjustment and Retraining Notification (WARN) Act requirements needed for

mass layoffs and firings. Gov. Newsom enacted the Executive Order in direct response to the COVID-19 coronavirus outbreak. While the specifics of the order still require California employer's to give ample notice prior to such actions, it no longer carries the standard 60 days in advance period. Under the temporary WARN Act measures, mass layoffs and firings can be given on a notice of only a day if wanted. While the WARN Act measures would only be temporary, wording in Newsom's order would have the reduced notice period apply until the [state of emergency](#) ends in California.

- Gov. Gavin Newsom has [directed the National Guard](#) to be on alert and ready to step in, if needed, to help communities across state grapple with the fast-moving spread of the coronavirus.
- Gov Gavin Newsom [issued an executive order](#) to permit vote-by-mail procedures for upcoming elections amid the coronavirus pandemic.

National

- Phase 3 of the [Coronavirus Aid, Relief and Economic Security Act](#) legislation was introduced by Senate Majority Leader Mitch McConnell. To pass this legislation, the Senate needs approval from the House of Representatives. If passed into law, this Act would authorize the Internal Revenue Service to:
 - For individuals with incomes up to \$75,000, the Act provides a \$1,200 payment, phasing out at a rate of 5 percent for every \$100 in income above \$75,000. The payment is thus phased out entirely for an individual making \$99,000. Married couples with combined incomes up to \$150,000 would receive \$2,400, subject to the same phaseout as that applying to individuals. Thus, for married couples making \$198,000, the payment would be phased out. The provision also provides an additional \$500 per child, though also subject to phaseout. The payments would be based on 2018 tax return filings.
 - Delay the April 15 personal income tax filing deadline to July 15. This provision complements actions already taken by the Treasury to allow taxpayers to delay any tax payments due.
 - In an effort to encourage donations, the legislation would allow individuals to deduct up to \$300 in charitable contributions, regardless of whether they itemize their returns or utilize the standard deductions.
 - The legislation would also waive the 10% early-withdrawal penalty from qualifying retirement savings accounts for disbursements worth up to \$100,000, if individuals are responding to “coronavirus-related purposes.”
 - The legislation would also allow employers and self-employed workers to pay their 6.2% payroll tax obligations over the next two years. Employers that choose to defer payment must provide half of the total amount by Dec. 31, 2021 and the other half by Dec. 31, 2022. Under current law, employers pay a 6.2 percent rate on covered employee payroll. Under the proposal, employers would be able to defer the payment for the remainder of the year and pay back the liability over the next two years.
 - Push back 2020 estimated tax payments for corporations and deferring employers' portions of Social Security taxes. The legislation would allow individuals to postpone

- paying their estimated tax obligations until Oct. 15 in an effort to stimulate the economy.
- The bill also provides that businesses can carry back losses from 2018, 2019 and 2020, for up to five years as in the past. Also, net operating losses would temporarily not be subject to a taxable income limitation, meaning they could fully offset income. Thus a firm could use a loss realized in 2020 to reduce a tax liability as far back as 2015.
 - Businesses would also be able to increase the amount of interest expense they can deduct for the 2019 and 2020 tax years by raising the 30% limitation on adjusted taxable income to 50%.

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