

## COVID-19 Update From EKA – May 7, 2020

### Stay At Home Order Day 50

Today is day 50 of the [statewide "Stay-at-Home" Order](#). 58 days ago, the World Health Organization declared COVID-19 a Pandemic. Safer at Home orders have been in place in Los Angeles since March 19 and are set to expire May 15.

If you have any COVID-19 government or communications questions, please reach out to any member of the EKA team. As always, feel free to share our COVID-19 updates. EKA's previous COVID-19 updates can be found [here](#).

## LOS ANGELES COUNTY

### L.A. County Confirms Business Openings Friday

Select businesses and retail shops in Los Angeles County will reopen Friday. Los Angeles County officials confirmed that some "non-essential" retail businesses will be allowed to reopen Friday with curbside pickup only and other safety measures, as will trails and golf courses. Beaches, however, will remain closed, although county Public Health Director Barbara Ferrer said a plan for reopening the coastline has been developed and could be implemented in the very near future. [According to the County](#) businesses that will be allowed to reopen beginning Friday include florists, car dealers, toy stores, bookstores, clothing retailers, sporting-goods stores and music shops. As detailed in the May 8 update, the health order will only allow curbside pickup for retail, and in-store shopping will still be on hold for the time being. Car dealership showrooms will be allowed to reopen, but with strict physical-distancing and infection-control requirements. County trails will also reopen, but people using them will have to wear face coverings and adhere to physical distancing requirements. Golf courses will also be allowed to open, but pro shops will remain closed, and golf course restaurants will be restricted to carry-out only.

Specific reopening guidelines for various business sectors are expected to be posted on the County's website before Friday so business owners can make proper arrangements, but in general they require measures to protect employees and customers. The County outlined a series of stages in which businesses will be permitted to reopen in the future, noting that facilities such as museums, cultural centers and galleries are among those expected to be allowed to open soon. The next stage will involve higher-risk businesses such as massage companies, tattoo shops and movie theaters, followed later by the highest-risk venues, such as concert halls, convention centers and sports arenas. No time frame was given on when such businesses would be cleared to reopen. County officials noted that the opening of select retail businesses does not include authorization for shopping malls to reopen. As we previously reported, the Governor announced that the state will also be relaxing its stay-at-home order at the end of the week, allowing lower-risk retail businesses to reopen with limited operations, primarily restricted to curbside pickup. He is expected to discuss guidelines for business

openings later today. To view the Roadmap to Recovery graphic, click [here](#). To read the detailed phased approach document, click [here](#).

## **CITY OF LOS ANGELES**

### **City to Allow Some Businesses to Reopen Friday**

During his daily coronavirus briefing, Mayor Garcetti said car dealership showrooms will be allowed to reopen, but with strict physical-distancing and infection-control requirements. He said the popular Runyon Canyon Park trails and Los Angeles beaches will remain closed, and face coverings will be required to be worn at all city trails and golf courses. Golf courses will reopen, but pro shops will remain closed, and golf course restaurants will be restricted to carry-out only. The City is going to follow the specific reopening guidelines for various business sectors which are expected to be posted on the County's website later today so business owners can make proper arrangements, but in general they will require measures to protect employees and customers.

### **Coronavirus-Face Coverings**

The City Council unanimously voted to have the City Attorney's Office draft an ordinance that would require people to wear face coverings in public during the COVID-19 pandemic. The council also voted to have health experts make recommendations on the proposed requirement. In a related development, the Mayor said that travelers at LAX and riders on the DASH, Cityride and Commuter Express buses will be required to wear face coverings starting Monday.

### **Rent Increases**

The City Council voted to halt rent increases for units protected by the City's Rent Stabilization Ordinance for 360 days to help tenants through COVID-19 pandemic. Councilman John Lee also moved to have a report conducted on the temporary ordinance to find a way to make sure landlords can be made whole once the pandemic subsides, as they may need to increase rents to make improvements to their buildings. Councilman Gil Cedillo said he also wanted to make sure gardeners, janitors and other people employed by a housing complex are not furloughed or laid off as a result of the temporary ordinance, as they likely have to pay rent too. About 624,000 units are covered by the City's Rent Stabilization Ordinance. Initially, motions were filed in April by Councilmen David Ryu, Mike Bonin and Marqueece Harris-Dawson that would have put a temporary stop to rent increases on all residential rental units, not just the ones protected by the stabilization ordinance. However, Deputy City Attorney David Michaelson said that may not be legal under the state law limiting rent control, the Costa-Hawkins Rental Housing Act. The council voted in favor of a resolution to call on state lawmakers and the Governor to temporarily suspend the Costa-Hawkins law until the end of the pandemic. The City's orders require people to pay back the rent they owed within 12 months of the end of the pandemic (commercial tenants have three months).

Below is a chart regarding other Council actions yesterday.

Description	Council File	Council Action
Renew Mayor's Declaration of a Local Emergency	<a href="#">20-0291</a>	Passed w/no discussion
Consideration of motion relative to establishing the Senior Meal Delivery fund as a temporary loan for COVID-19 response.	<a href="#">20-0530</a>	Passed as amended
Motion and Resolution relative to establishing a grant program for local equity applicants or licensees to assist with startup and ongoing costs, provide technical and business development assistance, and to provide workforce development assistance to local Social Equity Program applicants and participants.	<a href="#">20-0521</a>	Passed w/no discussion

Present and adopt an Ordinance to prohibit rent increases for rental units subject to the Rent Stabilization Ordinance (RSO)	<a href="#">20-0407</a>	Approved as amended
Motion to request City Attorney to prepare and present Ordinance that will provide tenants with a private right of action against any landlord who violates the City's residential tenant protection ordinance and prohibits landlords from trying to take tenants' stimulus money.	<a href="#">20-0522</a>	Passed
Communication from City Attorney and Ordinance First Consideration relative to amending the Los Angeles Municipal Code to: provide tenants with a private right of action against any landlord who violates the City's residential tenant protection ordinance, prohibit landlords from trying to take tenants' stimulus money, require landlords to use only the tenant notice form provided by HCIDLA, and provide penalties for violations of the same.	<a href="#">20-0147-S19</a> <a href="#">20-0479</a> <a href="#">20-0522</a>	adopted as amended
Consideration of motion that instructs LAHSA to explore opportunities for contracting with local restaurants to provide the meal catering services for the various homeless shelters and temporary housing coming online in response to the COVID-19 outbreak.	<a href="#">20-0487</a>	Approved as amended

<p>Adopt the Resolution to include in the City's 2019-20 Federal Legislative Program support for legislation and/or administrative action that would provide assistance to independently-owned restaurants and restaurant employees by: fixing the Paycheck Protection Program by extending the maximum loan amount to three months after restaurants can legally reopen to full capacity, reinstating the \$500 million gross revenue cap on Paycheck Protection Program loans, and increasing the length of time restaurant owners have to repay their loans to 10 years from two years; launching a Restaurant Stabilization Fund that provides up to \$100 billion in grants to independent restaurants; creating new tax rebates that encourage employment; and ensuring that business interruption insurance covers COVID-19 related interruptions.</p>	<p><a href="#">20-0002-S50</a></p>	<p>Approved as amended</p>
<p>Adopt the Resolution to include in the City's 2019-20 Federal Legislative Program support of an economic stimulus bill and/or any administrative action that would assist local and State governments in economic recovery as a result of the COVID-19 pandemic.</p>	<p><a href="#">20-0002-S51</a></p>	<p>Approved</p>
<p>Adopt the Resolution to include in the City's 2019-20 State Legislative Program SUPPORT for legislation to suspend or lift the provisions of Costa-Hawkins.</p>	<p><a href="#">20-0002-S53</a></p>	<p>Passed 14-1 (Lee)</p>
<p>Adopt the accompanying Resolution to include in the City's 2019-20 Federal Legislative Program SPONSORSHIP AND/OR SUPPORT for any legislation or administrative action that would suspend credit card interest, fees, and penalties for at least four months after the conclusion of the COVID-19 pandemic.</p>	<p><a href="#">20-0002-S54</a></p>	<p>Passed</p>
<p>Communication from CLA and Finance Dept relative to the budgetary impacts of a one-year gross receipts tax holiday for the restaurant industry.</p>	<p><a href="#">20-0147-S48</a></p>	<p>Approved amended - referred to budget</p>
<p>Consideration of Motion relative to overcrowded, multi-generational households for COVID-19 testing and availability of personal protective equipment.</p>	<p><a href="#">20-0486</a></p>	<p>Passed</p>
<p>Consideration of Motion relative to low-cost or no-cost changes to streamline City processes for various departmental approvals that the City requires for Food and Beverage businesses.</p>	<p><a href="#">20-0499</a></p>	<p>Passed</p>
<p>Consideration of Motion relative to hotels that have received economic incentives from the City and their participation in the Project Roomkey program.</p>	<p><a href="#">20-0478</a></p>	<p>Approved as amended</p>

Consideration of Motion relative to allowing the roll-over of Neighborhood Council (NC) funds, and expediting NC teleconference meetings and NC COVID-19 related grant processing.	<a href="#">20-0416</a>	Approved as amended
Consideration of Motion relative to requesting an Ordinance to require any person leaving their home to wear masks during the COVID-19 quarantine emergency situation.	<a href="#">20-0429</a>	Approved as amended
Consideration of Motion relative to the status of Project Roomkey and the strategy to reach the 15,000-room goal.	<a href="#">20-0488</a>	Passed

## SACRAMENTO

### Two New Executive Orders – Workers Comp & Taxes

The Governor signed an [Executive Order](#) extending workers’ compensation to essential workers who test positive for COVID-19. The Governor said during his daily press conference that the last thing the state needs is for healthcare workers to get sick but continue to go to work because they cannot afford to not get paid. Benefits apply to essential employees who have been infected anytime since March 19th and will extend for 60 days, kicking in when people have exhausted other federal or state benefits. Employers can rebut the claims under a “strict” criteria. The Governor also signed an [Executive Order](#) that waives penalties for property taxes paid after April 10 for taxpayers who demonstrate they have experienced financial hardship due to the COVID-19 pandemic through May 6, 2021. This will apply to residential properties and small businesses. Additionally, the Executive Order will extend the deadline for certain businesses to file Business Personal Property Statements from tomorrow to May 31, 2020, to avoid penalties. The text of the Executive Orders can be found [here](#) and [here](#) and copies can be found [here](#) and [here](#).

### Testing Website

The Governor announced a new website that focuses on getting California residents tested. The website allows state residents to make direct reservations for getting tested. California is now testing about 30,000 people a day for the novel coronavirus and has conducted a total of 800,000 tests. To access the website, click [here](#).

### California Pandemic Roadmap

The Governor’s Office released an updated road map PowerPoint. Currently the state is in Phase 1 and we will soon be moving into Phase 2. Phase 1 is making sure local government have enough PPE/testing supplies to test those who are most vulnerable. Stage 2 is opening some businesses for curbside pickup etc. this can include some non-essential businesses. To view the PowerPoint, click [here](#).

### Unemployment Benefits

Many business groups led by the California Chamber are opposing [AB 1107](#) by Assemblymember Chu because it is essentially a massive tax increase on employers who will be

forced to foot the bill for a massive increase in unemployment benefits precisely when businesses are struggling to recover from a state-mandated shutdown that has led many companies to bankruptcy. AB 1077 would add \$600/week to California's unemployment payments when the federal CARES Act \$600/week addition expires on July 31. As we have reported in our updates, the CARES Act, the federal government provided an additional \$600 a week to unemployment insurance (UI) benefit payments. This \$600/week was a massive increase – raising benefits to a maximum of \$1050/week, or approximately \$4200/month. Moreover, this increase applied no matter the amount of unemployment an applicant was set to receive – meaning even applicants who would previously have received only \$250/week received the flat \$600/week bonus. Importantly, this massive increase in unemployment was, under the CARES Act, entirely federally funded with no additional cost to employers. The cost of extending this additional \$600 under AB 1107 will be paid entirely by California employers through a payroll tax increase

### **Pandemic: Temporary Benefits**

[AB 3329](#) by Assemblymember Daly is a different, lighter version of AB 1107. It would add \$100/week instead of \$600 when the federal \$600 benefits end, for roughly one year. The California Legislative Analyst Office estimates this to cost about \$6 billion for employers in California. As amended, the legislation will impose a significant tax increase on California's employers. In addition to increasing California's unemployment payments benefits by \$100/week/applicant when the federal CARES Act \$600/week addition expires, it would increase the minimum payments per week from \$40 to \$167.

### **Employees Time Off**

[SB 1383](#) by Senator Jackson will impact employers by greatly expanding a provision of existing law requiring certain employers to provide unpaid leave for certain school or childcare related issues. SB 1383 dramatically expands Labor Code section 230.8 permanently to apply to all employers. Labor Code section 230.8 prohibits employers who employ 25 or more employees working at the same location from taking adverse action against an employee for taking off up to 40 hours each year for specified child-related activities. This limitation to employers with 25 or more employees represents the Legislature's acknowledgment that a leave provision such as this may more significantly impact smaller employers. SB 1383 proposes to permanently expand Labor Code section 230.8 to apply to employers of any size. This language is not limited to the current COVID-19 crisis, nor is it limited to the need to take time off work for school or childcare issues related to the COVID-19 crisis. Instead, SB 1383 seeks to permanently expand the law to apply to employers of all sizes for any of the reasons under Labor Code section 230.8. EKA is flagging this legislation because it will likely burden employers well beyond the impact of the current Labor Code provision, and will do so permanently.

### **Annual Report: Pay Data**

While not directly COVID-19 related, we wanted to flag [SB 973](#) by Senator Jackson. The legislation would require employers to collect pay data in the aggregate. Specifically, SB 973 seeks to collect pay data according to job title, not according to whether the jobs are "substantially similar" for purposes of comparison. The bill requires employers to provide pay

data regarding an employee's total earnings as shown on the Internal Revenue Service's Form W-2. However, a W-2 form does not take into account an employee's own decisions and actions that can also create wage disparity that has nothing to do with the discriminatory intent of an employer.

### **Contact Tracing**

As [detailed by the CDC](#), contact tracing enables the state to suppress the spread of the virus to avoid outbreaks and is part of the basis the Governor for the Governor to modify the Stay At Home Order. The Governor announced a partnership with the USF and UCLA to immediately begin training workers for a [contact tracing program](#). The partnership will include a virtual training academy for contact tracers. The first 20-hour training will begin Wednesday, May 6 with the goal of training 20,000 individuals in two months.

## **NATIONAL**

### **Treasury Makes A Restaurant-Requested Tweak In The PPP's Forgiveness Rules**

EKA received a question regarding our last update regarding how PPP loan forgiveness is impacted by employees who refuse to return to work? As we mentioned, the SBA recently provided guidance on this issue in its updated FAQs on the PPP. The short answer to the question is that a borrower's PPP loan forgiveness will not be reduced if the borrower laid off an employee, and makes a written offer of re-employment to the employee which the employee refuses and which refusal is documented by the borrower. Under the PPP, a loan can turn into a grant if at least 75% of the funds are spent on payroll within eight weeks of being granted. Restaurateurs have found that some of the experienced staff they've invited back to work have declined the job offer because they've found new employment or are making more in unemployment aid and other forms of relief. Finding a replacement within the eight-week time frame has sometimes proven difficult. Employees beware – employees who reject good-faith offers of re-employment may find themselves ineligible for continued unemployment benefits. Prior to the rule change, the amount of forgiveness would be lowered as a result of the former employee's decision. But Treasury exercised its legislated "de minimus" authority—the power to make changes in the program of minimal consequence—to allow the pay for that unfilled job to be included in the forgiveness calculation. Under the interim rule change revealed yesterday, employers are required to make the job offer in writing and document that it was declined by the employee. To review the 15 page FAQ, click [here](#). To read the Interim Rules, click [here](#).

### **IRS Issues Guidance Regarding PPP Loan Forgiveness and Deductibility of Expenses**

Last month the Internal Revenue Service issued [Notice 2020-32](#) in which it substantially changed the common understanding of the tax consequences of Payroll Protection Program loan forgiveness. Taxpayers who obtain a PPP loan should talk to their accountants regarding the effects on their 2020 taxable income because this guidance may lead to an increased 2020 tax obligation.

## **WHAT WE'RE READING**

### **California Wires Mask Dealer Half A Billion Dollars, Then Claws It Back**

California's massive deal with novice medical supplier Blue Flame mysteriously fell apart within hours. It's a case study of a pandemic-stricken state scrambling to navigate a chaotic marketplace — and the potential for fraud. To read the full story, click [here](#).

### **California Is Spending Billions On No-Bid Coronavirus Contracts, With Little Accountability**

In a frantic effort to secure face masks and respond to the coronavirus crisis, California has committed to spend more than \$3.7 billion on no-bid contracts, scores of them with businesses that have no track record with the state. A Times data analysis found that nearly a third of those funds — about \$1.2 billion — has been earmarked for suppliers of goods and services that do not appear in the state's database of contracts prior to the COVID-19 outbreak. To read the full story, click [here](#).

### **To Mask Or Not To Mask? Going Out In Public During The COVID-19 Pandemic**

Many people are staying at home as much as possible, avoiding mass gatherings and practicing social distancing. They haven't shown any symptoms that would indicate they have COVID-19. But should they wear a mask when they make that quick trip to the grocery store? According to a new research study from Arizona State University, the answer is yes. To read the full story, click [here](#).

### **Reopening Proposal Gives Peek Into Big Changes Coming for California Restaurants**

California restaurants have drafted a plan to allow the industry to reopen for sit-down dining with an array of safeguards while avoiding possible requirements imposed in other states that customers have their temperature taken or the number of tables be dramatically limited. The recommendations, obtained by The Associated Press, are to be submitted to Gov. Gavin Newsom on Thursday. They envision a changed world within dining rooms, as an industry built on face-to-face contact and crowded tables looks for ways to safely conduct business and avoid the spread of coronavirus. To read the full story, click [here](#).

### **Details Start To Emerge About House Democrats' Coronavirus Relief Bill**

Speaker Nancy Pelosi on Tuesday previewed additional small-business relief that Democrats plan to include in their next coronavirus bill, including an extension of the loan forgiveness period of the so-called Paycheck Protection Program. "We're going to be again strengthening PPP, expanding support beyond the PPP as it has been originally presented, and then having more resources," the California Democrat said during a webinar with the Small Business Roundtable.

### **Are California Businesses Getting A Fair Share Of Coronavirus Loans?**

California businesses have received \$66.6 billion in federal Paycheck Protection Program loans so far, about 13% of the nation's total, according to federal loan data. Gov. Gavin Newsom said the state's businesses didn't receive a proportional share of the federal money in the first round, but that it is now "punching above its weight" in the second round, so it's starting to balance out. The federal loan program is administered by the Small Business Administration to



help cover payroll and expenses during the coronavirus pandemic. To read the full story, click [here](#).

### **USC Sued Over Non-Refunding Of Campus Fees**

A lawsuit filed Tuesday in Los Angeles federal court alleges that USC is profiting from the coronavirus pandemic by refusing to refund unused portions of students' spring semester fees. The complaint alleges breach of contract for USC's stated refusal to reimburse pro-rated portions of students' payments after the university was forced to close its campus due to the public health crisis. USC issued a statement saying the university was aware of the proposed class-action complaint, which names student Latisha Watson on behalf of all USC students who paid spring fees. To read the full story, click [here](#).

### **Looking to the Future of Air Travel**

As the battle against the SARS-CoV-2 virus takes its toll on the global economy, no industry has been harder hit than aviation. In the United States, the major carriers have seen passenger numbers and revenue plummet. In 2019, the United States transportation security administration (TSA) [screened](#) around 2.5 million passengers every day across the U.S., with some variation according to the day of the week. In April 2020, that dropped to between 90,000 and 130,000 passengers. To read the full story, click [here](#).

### **Businesses Wait In Wings As LA County, City Cautiously Plot Gradual Reopening**

Many businesses have already found ways to stay afloat, even as leaders mull easing up on restrictions. But it hasn't been easy. To read the full story, click [here](#).

### **Hundreds Of Airport Workers At LAX And SFO Were Just Laid Off Due To Travel Decline**

About 700 workers at the bottom rungs of the airline industry lost jobs at Los Angeles International Airport and San Francisco International Airport in the past four days, as the impact of the coronavirus crisis has largely eliminated their work. The workers at LAX were sent home Friday and workers at SFO were sent home Monday, according to the Service Employees International Union, which represents them. To read the full story, click [here](#).

### **Here's What You Need To Know About Booking California Vacation Rentals Right Now**

The summer is coming and the Bay Area's coronavirus [shelter-in-place order is relaxing](#). Many residents' shutdown daydreams of sitting by a pool with a cocktail in a sunny vacation home may turn into a reality in the coming months. While taking a flight to a faraway country or booking a stay in a hotel may be still [a long way off](#), vacations by car within the state may be back this summer. We looked into if, how and when this could happen. To read the full story, click [here](#).

### **Fed Policymakers See Slow, Uneven US Recovery After Coronavirus Downturn**

The U.S. economy could start to recover in the second half of the year after what is shaping up to be the worst recession in decades, but growth is likely to be slow and uneven, several top Federal Reserve policymakers indicated on Tuesday. To read the full story, click [here](#).

**What Will California Do About The Rent?**

While both landlords and renters agree emergency rental assistance is needed, they clash on what strings should be attached to the funds. To read the full story, click [here](#).

**'Smart' Helmets Check Travelers' Temperatures At Rome Airport**

Rome's Leonardo da Vinci-Fiumicino Airport is using "smart" helmets to conduct temperature checks on travelers. To read the full story, click [here](#).

**In Turnaround, Trump Denies Plan to Abort Virus Task Force**

The White House Coronavirus Task Force isn't going anywhere, President Donald Trump [tweeted](#) Wednesday, overturning an announcement his administration made less than 24 hours earlier. To read the full story, click [here](#).

**Note:** This update has been prepared for informational purposes and is compiled from publicly available sources and is not intended to be legal or tax advice. All hyperlinks are live and will bring you to the information mentioned.