



May 5, 2023

The Honorable Anthony Portantino
 Chair, Senate Appropriations Committee
 1021 O Street, Suite 412
 Sacramento, CA 95814

RE: SB 375 COVID-19 Regulatory Compliance Tax Credit – SUPPORT

Dear Senator Portantino:

This letter is in SUPPORT of SB 375 which would reimburse employers for the cost of compliance with the new COVID-19 Prevention Non-Emergency Regulations in 2023 and 2024. Our organizations represent a broad cross section of private sector employers and public agencies alike who are proud to support SB 375.

California Association of Winegrape Growers
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Our support for this bill is in part based on the following:

- The public notice from President Biden on February 10, 2023 stated, “I anticipate terminating the national emergency concerning the COVID-19 pandemic on May 11, 2023. This notice shall be published in the Federal Register and transmitted to the Congress.”
- On October 17, 2022, Governor Newsom stated, “Today, Governor Gavin Newsom announced that the COVID-19 State of Emergency will end on February 28, 2023, charting the path to phasing out one of the most effective and necessary tools that California has used to combat COVID-19.”
- Contrary to the promise of “phasing out” COVID-19 regulations and restrictions, on February 4, 2023, the Department of Industrial Relations announced, “The COVID-19 Prevention Non-Emergency Regulations requiring employers to protect workers from hazards related to COVID-19 are now in effect, following their approval yesterday by the Office of Administrative Law. The new regulations will remain in effect through February 3, 2025, with recordkeeping requirements in effect through February 3, 2026.”

The new COVID-19 regulations are very similar to the emergency COVID-19 regulations which were in effect in 2021 and 2022. The new regulations include requirements for testing, monitoring close contacts, notification and reporting, ventilation, housing, transportation, exclusion of employees, and much more.

Putting aside the debate about whether this new regulation is needed or provides any measurable protection for employees, we believe, given that both Governor Newsom and President Biden have stated they are terminating the respective state of emergencies in California and the U.S, this regulation primarily serves a public health purpose as opposed to addressing an inherent health risk directly associated with the workplace.

Therefore, the costs associated with that purpose should be borne by the State of California, not by individual employers. The statewide cost of compliance will likely approach \$3 billion annually.

California employers simply cannot continue to serve as the social safety net for a community spread virus. Keeping that public policy approach in place will no doubt put additional employers out of business as many are still recovering from the pandemic and struggling to keep their doors open.

In rural communities and for small employers, this new regulation is incredibly burdensome. Small public agencies simply don't have the budgetary margins to incur two more years of COVID-19 regulatory compliance costs while federal and state COVID-19 financial support are falling by the wayside. Additionally, small employers in rural California don't have the ability to increase prices or expand markets to recover the costs of compliance with the new regulations. This is especially troublesome when mixed with the challenging realities of economic slowdown, global inflation, an uneasy stock market, and an evolving monetary situation.

In this legislation, we support an effort to make sure that the State of California recognizes that employers cannot be the deep pockets that fund the public health public policy purpose of protecting against the community spread of COVID-19.

Thank you for considering this important legislation.

Sincerely,



Michael Miller
Director of Government Relations
California Association of Winegrape Growers

California Chamber of Commerce
Acclamation Insurance Management Services
Agricultural Council of California
Allied Managed Care
California Apartment Association
California Assisted Living Association
California Assn. for Health Services at Home
California Assn. of Boutique & Breakfast Inns
California Association of Health Facilities
California Assn. of Sheet Metal & Air
Conditioning Contractors' National Assn.
California Attractions and Parks Association
California Craft Brewers Association
California Credit Union League
California Farm Bureau Federation
California Grocers Association
California Hotel & Lodging Association
California League of Food Producers
California New Car Dealers Association
California Restaurant Association
California Retailers Association
California Self Storage Association

California Staffing Professionals
California State Association of Counties
California Travel Association
California Trucking Association
Family Winemakers of California
Monterey County Vintners & Growers Assn.
San Gabriel Valley Economic Partnership
Western Electrical Contractors Association
Western Growers Association

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