

California Passes Bill to Extend COVID-19 Sick Pay, Provide Small Business Relief

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California could soon extend its [COVID-19 supplemental paid sick leave \(SPSL\)](#) through the end of 2022 and provide relief to small businesses incurring the costs of such leave if Governor Gavin Newsom signs a bill sent to his desk on August 31, 2022. [Assembly Bill \(AB\) 152](#) would extend California's COVID-19 SPSL to December 31, 2022. The current California SPSL law, passed in February 2022, is set to expire on September 30, 2022.

Testing Requirements

The current law, which created California Labor Code Section 248.6, provides 40 hours of COVID-19 SPSL for full-time employees. Employees who are not employed full-time but scheduled to work regularly are entitled to the number of hours that an employee regularly works in one week. Full-time employees may further receive an additional 40 hours of SPSL if they themselves test positive for COVID-19 and cannot work remotely.

Section 248.6 currently allows an employer to require that an employee who has received additional SPSL to submit to a second diagnostic test on or after the fifth day after the positive test that allowed the leave. However, AB 152 would amend the law to allow an employer in cases where the second test is positive, to require a third test within 24 hours. Employers would further be allowed to deny additional COVID-19 SPSL to an employee who refuses to submit to the tests.

The bill would require the employer to provide the additional tests at no cost to the employee. Additionally, employers are not required to provide new or additional SPSL to employees who have already used their 2022 COVID-19 sick pay allotment.

Small Business Relief

AB 152 would also establish the California Small Business and Nonprofit COVID-19 Relief Grant Program within the Governor's Office of Business and Economic Development (GO-Biz). The program would provide grants of up to \$50,000, but "no more than the actual costs incurred for" SPSL between January 1, 2022 and December 31, 2022," to qualified small businesses and

nonprofit organizations.

The grants would be available to businesses in the states that have provided COVID-19 SPSL under Section 248.6 and that are:

- Incorporated as a “C” corporation, “S” corporation, cooperative, limited liability company, partnerships, or limited partnership or registered as a 501(c)(3), 501(c)(6), or 501(c)(19),
- Began operation before June 1, 2021,
- Are currently in operation, and
- Have 26 to 49 employees.

The bill would also impose ownership restrictions and other exceptions to qualify for the grant relief program.

Governor Newsom has until September 30, 2022, to sign or veto the bills.

Key Takeaways

The extension of California’s COVID-19 SPSL, if approved, would continue employers’ SPSL obligations through the end of 2022. The leave extension comes as similar paid leave requirements in [most other states have expired](#). However, the bill would provide support for small businesses incurring costs of COVID-19 SPLS through the California Small Business and Nonprofit COVID-19 Relief Grant Program. Further, employers would not be obligated to provide additional COVID-19 SPSL to employees who have already used their allotment for 2022 or if an employee refuses to submit to additional tests. Employers may want to evaluate whether they are covered by the SPSL obligations and whether they qualify for the small business grant relief.

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