



## Does California Governor Jerry Brown Have Love for the “Innovation” Economy?

Insights

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It’s difficult to glean much from a veto message. However, in vetoing a recent California bill meant to regulate certain aspects of the “innovation” economy, Governor Jerry Brown used some pointed language that some in the innovation or gig economy are viewing favorably as a signal of possible broader support by the Governor.

First, some background. Assembly Bill 1461 (Thurmond) was a bill that sought to require employees of California food facilities that offer meal subscription plans to obtain “food handler” cards under existing state law. The bill was sponsored by the United Food and Commercial Workers Union (UFCW) and was aimed primarily at new food delivery services (such as Blue Apron and others) that deliver food and recipes for meal preparation directly to consumers. UFCW and other stakeholders have expressed concern that these new business models threaten traditional grocery stores and the employees that UFCW represents in that industry. Although the policy arguments raised by this legislation were centered on public health issues, AB 1461 was really a shot across the bow by labor regarding this new business model and the innovation economy in general.

On this one, Governor Brown sided with the innovation economy and against labor in vetoing the bill, which is somewhat surprising in itself. But Governor Brown also used some pointed language in vetoing the bill:

*“I am returning Assembly Bill 1461 without my signature.*

*This bill requires employees of a food facility that offers a meal subscription plan to obtain food handler cards if they work with unpackaged food.*

*This bill attempts to regulate a **burgeoning new business model** of home food delivery. **I’m not convinced, however, that the existing regulatory scheme for food facilities is suitable for this new industry.** I encourage the Legislature to continue to work on this issue with the Department of Public Health and interested stakeholders to ensure food safety is protected and **innovation is encouraged.**”*

So does this language indicate that Governor Brown is a fan of the innovation or gig economy? It’s hard to predict. But this veto message uses language that should at least be encouraging to this industry. He used favorable language to describe the industry, and used catch phrases like

“innovation” that the industry favors. He also indicated that “existing regulatory schemes” may not be suitable for new business models, which has been an argument many in this industry have made on a number of regulatory fronts.

Next year might be a big one for the innovation economy in California. Bills are expected to be introduced to allow gig economy workers to organize (similar to an ordinance enacted in Seattle aimed at on-demand drivers) and/or to allow gig economy workers to access “portable benefits” that they can take from job to job.

Does the veto message for AB 1461 give any indication of how the Governor might act on future legislation? It’s hard to tell. But at least there’s some positive language there for the industry to hang their hat on. So chalk this one up to the innovation economy. We’ll see what this portends for future legislation in this area.

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