

Date of Hearing: April 6, 2026

ASSEMBLY COMMITTEE ON BANKING AND FINANCE

Avelino Valencia, Chair

AB 2607 (Nguyen) – As Amended March 9, 2026

SUBJECT: California Americans with Disabilities Act Small Business Capital Access Loan Program

SUMMARY: Specifically, **this bill:**

1. Increases the cap for qualified loans under the California Americans with Disabilities Act Small Business Capital Access Loan Program to \$250,000.
2. Requires the authority to transfer the money from the California Seismic Safety Capital Access Loan Program Fund to the California Americans with Disabilities Act Small Business Capital Access Loan Program Fund, as of the operative date.
3. Provides that money in the California Americans with Disabilities Act Small Business Capital Access Loan Program Fund may additionally be used for financial assistance to eligible projects, as specified.
4. Changes the limit for administrative expenditures from the California Americans with Disabilities Act Small Business Capital Access Loan Program Fund to 5% of the initial appropriation plus 5% of all interest earned and money recaptured.
5. Requires the regulations adopted for the California Americans with Disabilities Act Small Business Capital Access Loan Program to increase the 5-year term and recapture limits to 15 years.

EXISTING LAW:

Pertaining to the California Americans with Disabilities Act Small Business Capital Access Loan Program,

1. Establishes the California Americans with Disabilities Act Small Business Capital Access Loan Program to assist small businesses in complying with the Americans with Disabilities Act. Health and Safety Code, section 44559.13(a).
2. Requires the Capital Programs and Climate Financing Authority to adopt regulations to establish and regulate new loss reserve accounts for qualified loans made by participating lenders to small businesses for eligible products, as specified, including regulations limiting terms of loans and recaptures from loss reserve accounts to 5 years, as specified. HSC §44559.13(a).
3. Caps qualified loans under the program at \$50,000. HSC §44559.13(b)(5)
4. Establishes the California Americans with Disabilities Act Small Business Capital Access Loan Program Fund, a continuously appropriated fund to be administered by the authority for the purposes of the program. HSC §44559.13(c)(1).

5. Defines “eligible costs” to mean and include all or any part of the price of construction, purchase price of real or personal property, the price of demolishing or removing any buildings or structures, the price of all machinery and equipment, the amount of financing charges and interest before, during, and for a period not to exceed the later of one year or one year following completion of construction, as determined by the authority, the price of insurance during construction, the amount of funding or financing noncapital expenses, the amount of reserves for principal and interest and for extensions, enlargements, additions, replacements, renovations, and improvements, the price of engineering, financial, and legal services and other service contracts, the price of plans, specifications, studies, surveys, estimates, administrative expenses, and any other expenses of funding or financing, that are necessary and allocable to the eligible project. HSC §44559.13(b)(3)(A).
6. Defines “eligible project” to mean the physical alterations or retrofits to an existing small business facility of less than 10,000 square feet necessary to ensure that facility is in compliance with the Americans with Disabilities Act, and the financing necessary to pay eligible costs of the project. HSC §44559.13(b)(4).
7. Defines “small business” or “qualified business” to mean a business that is independently owned and operated and not dominant in its field that meets both of the following additional criteria:
 - a. It has 30 or fewer full-time equivalent employees, or it has less than five million dollars (\$5,000,000) in total gross annual income from all sources.
 - b. It does not provide overnight accommodations. HSC §44559.13(b)(6)
8. Limits administrative expenditures to 5% of the initial appropriation plus 5% of all moneys recaptured. HSC §44559.13(c)(2).

Pertaining to the California Seismic Safety Capital Access Loan Program:

1. Establishes the California Seismic Safety Capital Access Loan Program, which is similar to the California Americans with Disabilities Act Small Business Capital Access Loan Program, to assist residential property owners with and small business owners seismically retrofitting residences and small businesses, as specified. HSC §44559.14.
2. Establishes the California Seismic Safety Capital Access Loan Program Fund, a continuously appropriated fund to be used for the purposes of the program, as specified. HSC §44559.14(c)(1).
3. Defines “eligible costs” to mean the costs paid or incurred on or after January 1, 2017, for an eligible project, including any engineering or architectural design work necessary to permit or complete the eligible project less the amount of any grant provided by a public entity for the eligible project. HSC §44559.14(b)(2).
4. Expressly excludes the following from the definition of “eligible costs”:
 - a. Maintenance, including abatement of deferred or inadequate maintenance, and correction of violations unrelated to the seismic retrofit construction.

- b. Repair, including repair of earthquake damage.
 - c. Seismic retrofit construction required by local building codes as a result of addition, repair, building relocation, or change of use or occupancy.
 - d. Other work or improvement required by local building or planning codes as a result of the intended seismic retrofit construction.
 - e. Rent reductions or other associated compensation, compliance actions, or other related coordination involving the qualified residential property owner or qualified small business and any other party, including a tenant, insurer, or lender.
 - f. Replacement of existing building components, including equipment, except as needed to complete the seismic retrofit construction.
 - g. Bracing or securing nonpermanent building contents.
 - h. The offset of costs, reimbursements, or other costs transferred from the qualified residential property owner or qualified small business to others. HSC §44559.14(b)(2).
5. Defines “eligible project” to mean seismic retrofit construction that is necessary to ensure that the qualified building is capable of substantially mitigating seismic damage, and the financing necessary to pay eligible costs of the project. §44559.14(b)(3).
 6. Defines “qualified building” to mean a residential or commercial building that is identified by the local building code official for the jurisdiction in which the building is located as a building in need of seismic retrofitting and is either a building of a type that is potentially vulnerable in the event of a catastrophic earthquake or a building constructed before 1981. §44559.14(b)(4).

FISCAL EFFECT: This bill is keyed Fiscal by Legislative Counsel.

COMMENTS:

Statement from the Author

Small businesses are the backbone of communities like South Sacramento and Elk Grove. Many operate in older buildings that were built long before the Americans with Disabilities Act [] making accessibility upgrades can be costly for small businesses already operating on tight margins.

AB 2607 strengthens the CalCAP ADA program so small businesses and property owners can access financing for these improvements. By increasing the loan limit and making the program more workable for lenders, this bill helps ensure small businesses have a realistic path to making their spaces accessible.

Improving accessibility supports both our small businesses and the communities they serve.

Statement of Support

Established in 1994, CalCAP provides credit enhancement programs that encourage financial institutions to lend to small businesses and nonprofits. California Americans with Disabilities

Act Small Business Capital Access Loan Program (CalCAP/ADA) helps small businesses to finance retrofitting their facilities to be ADA compliant.

However, small businesses and property owners often still struggle to secure financing for safety and accessibility improvements. ADA upgrades can be expensive, and traditional lenders may view these projects as higher risk, especially for smaller or independently owned businesses.

AB 2607 expands on the existing CalCAP ADA structure to increase access to financing for ADA upgrades. This bill builds on the current loss reserve structure to support loans. The program would support loans of up to \$250,000 to businesses with 30 or fewer employees or less than \$5 million in annual gross income, for ADA retrofits in existing facilities under 10,000 square feet. Recognizing that ADA improvements are long-term investments, the bill also extends the risk-mitigation coverage period for loans to up to 15 years, allowing businesses to choose repayment terms with manageable debt service.-- Fiona Ma, California State Treasurer (Sponsor)

Background

1. The issues faced by small businesses and ADA compliance.

In 2023, CalMatters reported¹ on a growing trend; serial litigants who file federal disability rights lawsuits against businesses that are out of compliance with the Americans with Disabilities Act. According to data collected by Seyfarth Shaw, a law firm that tracks federal disability lawsuits, there were 8,667 ADA Title III lawsuits filed in, or removed to federal district courts in 2025 – 2% fewer than in 2024. Despite the slight decline, the number is still three times higher than the number of filings in 2013, when it first started compiling this data at roughly 3,000 cases. In California, 3,252 ADA lawsuits were filed in 2025. The CalMatters reporting highlighted two important, but polarizing considerations to these claims:

First, according to attorneys for the plaintiffs, litigants in these cases are doing “basic code enforcement”. Evelyn Clark, a Washington, D.C., attorney who uses a wheelchair and authored a prominent paper in law school on serial litigants states, “Something that’s really small for you that just looks like, oh it’s just one little step, could be a total barrier for someone like me trying to get in.”

On the defense’s side, there is another perception: “that these lawsuits find the poorest store owners least able to defend themselves in a country where they may not speak the language or understand the legal system, with offers to settle that just so happen to be a little cheaper than mounting a defense.” In criticizing a large law firm for filing multiple boilerplate abusive complaints, Los Angeles County District Attorney George Gascon and former San Francisco City and County Attorney Chesa Boudin in an April 2022 state court filing said the lawsuits not only threaten small businesses, but also “unfairly taint the reputation of other innocent disabled consumers.”²

¹ Duara, N. (2023, March 7). “He’s filed more than 2,000 disability lawsuits in California. This case could set precedent” *CalMatters*. <https://calmatters.org/justice/2023/03/california-disabled-access-lawsuits/>

² *Id.*

In January 2025, Senators Niello, Ashby, and Caballero introduced SB 84, which would prohibit a construction-related accessibility claim for statutory damages from being initiated in a legal proceeding against a defendant who employs 50 or fewer individuals unless the defendant has been served with a letter specifying each alleged violation, and the alleged violations have not been corrected within 120 days of service of the letter. According to Senator Niello “[the] intention is to protect the right of the people with disabilities to have physical access while also protecting the rights of the business owners to have meaningful access to justice, equal representation, and protection from meritless litigation.” The bill has since gained additional bipartisan support from 18 coauthors from both houses.

2. *California Capital Access Programs.*

The California Pollution Control Financing Authority (CPCFA) administers programs which encourage capital investment in projects advancing California's environmental, economic, and climate policy goals. One program offered is the California Capital Access Programs (CalCAP) which is thereby composed of multiple co-programs, including the Americans with Disabilities Act Financing Program (CalCAP ADA) and the California Seismic Safety Financing Program. The CalCAP programs incentivize participating financial institutions to make loans for a wide array of small business borrower financing needs, as well as very specific small business capital needs. The CalCAP programs use two different mechanisms, loan loss reserve and collateral support. This helps build a safety net for participating financial institutions when they do the important work of making capital available to small business borrowers.³

In 2016, Assembly Bill 1230, appropriated \$10 million to the CPCFA to establish the California Americans with Disabilities Act Small Business Capital Access Loan Program (CalCAP ADA). This program provides financial assistance to small businesses for the purpose of altering or retrofitting existing facilities to improve accessibility and maintain compliance with the federal Americans with Disabilities Act of 1990.⁴ Loans enrolled in this program may be used for the cost of surveying facilities for non-compliance, estimating and planning eligible alterations, construction costs, and other related expenses but excluding business expansion. This program includes a recapture mechanism to encourage financial sustainability of the program.

In 2017, Assembly Bill 1553, revised the small business eligibility criteria for the CalCAP ADA program to include entities with total gross annual income of less than \$5 million, broadening the scope of businesses qualifying for financial support. The measure further authorized the CPCFA to deploy Small Business Assistance Fund (SBAF) resources to bolster participation in the CalCAP ADA loan loss reserve program, specifically by facilitating the reimbursement of costs associated with required Certified Access Specialist reports.

In 2018, Assembly Bill 1547, further refined the definition of an eligible small business under the CalCAP ADA program, specifying that an entity must be independently owned and operated, not dominant in its field, and either employ 30 or fewer full-time employees or maintain a total gross annual income of less than \$5 million. Although the authority has conducted extensive outreach to small businesses statewide, low participation rates are frequently attributed to the reluctance of tenant-based small businesses to incur debt for improvements on leased facilities. There have been no loans enrolled in this program to date.

³ <https://www.treasurer.ca.gov/cpcfca/calcap/>. Last accessed March 31, 2026.

⁴ CalCAP 2024 Annual Report, page 9

3. *The Loss Reserve Account*

CalCAP is not itself a loan program, rather, it is an established incentivizer framework that supports participating financial institutions who provide loans to small business borrowers. After a financial institution applies and is approved to be a participating financial institution, CalCAP establishes a loan loss reserve account for the institution's CalCAP Small Business portfolio. All loan loss reserve contributions for the institution's CalCAP for Small Business portfolio are pooled in its loan loss reserve account. The purpose of the loan loss reserve account is to provide reimbursement to the participating financial institution in the case of certain loan defaults, up to 100%, subject to the loan loss reserve account balance. The next step is for the participating financial institution to enroll eligible loans in CalCAP for Small Business loan loss reserve program. With each CalCAP for Small Business loan enrollment, the participating financial institution determines the loan loss reserve contribution percentage which can be between 2-3.5% of the enrolled loan amount. The participating financial institution contributes that percentage to the loan loss reserve account, the borrower contributes the matching percentage, and CalCAP matches both the participating financial institution and the borrower's contributions with federal State Small Business Credit Initiative funds. The more loans a participating financial institution makes, the more dollars are deposited into the loss reserve account for its CalCAP portfolio.

4. *What will this bill do?*

Currently, CalCAP ADA limits loans to \$50,000, limits the term of loss coverage for each qualified loan to five years, and allows recapture by the granting authority from the loss reserve account upon the maturation of such loan or after five years from the date of enrollment, whichever happens first. The sponsor of the bills, the State Treasurer, believes that expanding the terms of the existing structure to better reflect the current economic climate will encourage more participation in CalCAP ADA. This bill will increase the loan limits 5x to \$250,000 which may better meet the needs of small businesses that qualify or need ADA retrofitting. This bill will use a one-time transfer of funds from the California Seismic Safety Capital Access Loan Program Fund to the CalCAP ADA fund to accomplish the proposed loan limit increase. According to the sponsor, another feature of the bill recognizes that ADA retrofits are changes which will take place over the long-term, and thereby increases the maximum term for which a loan is covered by risk mitigation to 15 years. This coupled with the extended recapture time to 15 years should give lenders greater confidence to lend larger amounts to small business borrowers in need of this important retrograding.

5. *What about the CalCAP Seismic Safety Financing program?*

CalCAP Seismic Safety was launched in January 2017. Senate Bill 837, appropriated \$10 million to the CPCFA to establish the California Seismic Safety Capital Access Loan Program.⁵ This program incentivizes private lending for California small business and residential property owners to finance the cost of seismic retrofits for existing buildings and homes vulnerable to earthquake activity. Like CalCAP ADA, CalCAP Seismic Safety is also a loan loss reserve that provides a post-disbursement risk management tool for financial institutions when they make loans (in this case, up to \$250,000) for seismic retrofit construction on existing commercial or residential buildings.

⁵ *Id.*

A qualified borrower is: 1) California small business which employs 500 or fewer full-time employees and owns a qualified building for business operations; 2) California commercial property owner which owns a qualified commercial building or a small business which owns one or more qualified commercial buildings; or 3) California residential property owner which owns a qualified residential building or a small business which owns one or more qualified residential building. A qualifying loan is limited to a loan for the purpose of seismic retrofit construction on an existing commercial or residential building and only costs specific to a seismic retrofit of the existing building to mitigate seismic damage in a future earthquake can be included.

Since 2016, CalCAP Seismic Safety has enrolled four loans for multi-unit buildings in the greater Los Angeles area for a total of \$385,000. CPCFA paid contributions in the amount of \$43,000. CalCAP did not enroll a loan in the CalCAP Seismic Safety Program in 2024.⁶

REGISTERED SUPPORT / OPPOSITION:

Support: Last verified 4/2/2026

California State Treasurer

Opposition: Last verified 4/2/2026

None received.

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⁶ *Id.* at 25