

Date of Hearing: April 24, 2017

ASSEMBLY COMMITTEE ON BANKING AND FINANCE

Matthew Dababneh, Chair

AB 1553 (Gomez) – As Amended March 30, 2017

SUBJECT: Economic development: Capital Access Loan Program

SUMMARY: Makes changes to the capital access program for small business as specified. Specifically, **this bill:**

- 1) Authorizes the use of moneys in the California Americans with Disabilities Act Small Business Capital Access Loan Program (ADA program) fund for payments to participating financial institutions or borrowers to provide incentives to participate in the ADA program, as specified.
- 2) Requires the appropriate authority to adopt related regulations, as specified.
- 3) Allows small business assistance funds to include contributions and nonreimbursable payments made directly to borrowers or participation programs administered by the authority as part of the California Capital Access Loan Program (CalCAP).

EXISTING LAW: Provides for CalCAP, administered by the authority (Health and Safety Code Section 44559 et seq.). Authorizes the authority to contract with eligible financial institutions; requires the authority to establish a loan loss reserve account for each financial institution with which the authority enters into a contract; requires participating borrowers, participating financial institutions, and the authority to pay specified amounts into a financial institution's loan loss reserve account when that institution makes a qualified loan to a qualified borrower, as specified; and caps the amount that may be deposited by any single participating financial institution into any individual loan loss reserve account over a three-year period, in connection with any single borrower or any group of borrowers among which a common enterprise exists, at \$100,000.

Provides that all moneys in a loan loss reserve account are the exclusive property of and solely controlled by the authority (Health and Safety Code Section 44559.3)

FISCAL EFFECT: Unknown

COMMENTS: CalCAP was authorized in 1994, to help small businesses obtain loans for which they would otherwise be ineligible. Originally, CalCAP included only one program. Over the years, five other programs were added to CalCAP, including the Collateral Support Program, Air Resources Board On-Road Heavy-Duty Vehicle Air Quality Loan Program, Electric Vehicle Charging Station Financing Program, Americans with Disabilities Act Financing Program, and California Seismic Safety Financing Program (<http://www.treasurer.ca.gov/cpcfa/calcap/index.asp>).

Prior to 2010, CalCAP was funded through the sale of bonds issued by the authority. In 2010, the program was augmented with a \$6 million infusion of General Fund money (AB 1632, John A. Pérez, Chapter 731, Statutes of 2010) and \$84 million in federal funds, via the State Small Business Credit Initiative in the Small Business Jobs Act of 2010. CalCAP for Small Business

and the Collateral Support Program shared in the \$84 million in federal funds (\$19.5 million for CalCAP and \$64.5 million for the Collateral Support Program). The other programs have been funded separately through the State Budget and other state programs.

REGISTERED SUPPORT / OPPOSITION:

Support

The Office of the California State Treasurer, John Chiang

Opposition

None on file

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