

ASSEMBLY BILL

No. 959

Introduced by Assembly Member Soto

February 22, 2007

An act to amend Section 19630.5 of the Welfare and Institutions Code, relating to blind persons, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 959, as introduced, Soto. Blind Vendor Revolving Loan Fund.

Existing state and federal laws provide for the establishment of vending facilities to be operated by blind vendors on state and federal property. The program is administered by the Director of Rehabilitation, and requires the director to establish the Business Enterprises Program for the Blind, and to encourage and establish these vending facilities.

Existing law also provides for the Blind Vendor Revolving Loan Fund in the State Treasury, and continuously appropriates moneys in the fund to the department, for the purpose of providing loans for the purchase of inventory and equipment by existing blind vendors, in accordance with specified criteria.

Existing law permits the department to promulgate regulations as necessary to implement the above-mentioned provisions.

This bill would delete the provision granting authority to the department to promulgate regulations as necessary to administer these provisions.

The bill would, instead, require the department to serve as a state loan guarantee agency, which would administer a guarantee loan program to provide guarantee loans through eligible lenders, as defined, and would make conforming technical changes. The bill would require the department, in determining eligibility for a loan guarantee from this

fund, to make any loan guarantee contingent upon a determination that the blind vendor reasonably can be expected to repay the loan based on the vendor’s expected income. The bill would require the department to establish the ratio of reserve funds to loans outstanding, and would establish the interest rate, as specified. The bill would also require the department to prepay the difference between the participating lender’s interest rate and the interest rate charged by the department for any loan guarantee application approved by the department, and would permit the department, in the event that the amount of loans applied for exceeds the amount of the loans that may be guaranteed, to establish a system of priorities for the approval of loans.

This bill would transfer \$100,000 from the Rehabilitation-Huelsman Trust Account in the Special Deposit Fund to the department for deposit in the Blind Vendor Revolving Loan Fund.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 19630.5 of the Welfare and Institutions
- 2 Code is amended to read:
- 3 19630.5. (a) The Blind Vendor Revolving Loan Fund is hereby
- 4 created in the State Treasury, and, notwithstanding Section 13340
- 5 of the Government Code, is continuously appropriated without
- 6 regard to fiscal years to the department for the purposes specified
- 7 in subdivision (c). The fund shall be interest bearing.
- 8 (b) The Blind Vendor Revolving Loan Fund shall consist of
- 9 moneys appropriated to that fund by the Legislature, moneys
- 10 collected pursuant to the repayment of loans made pursuant to
- 11 subdivision (c), and, notwithstanding Section 16305.7 of the
- 12 Government Code, all interest, dividends, and pecuniary gains
- 13 from investments or deposits of moneys in the fund.
- 14 (c) (1) Moneys in the fund shall be used by the department for
- 15 the purpose of providing loans, *made by eligible lenders*, to existing
- 16 blind vendors for the purchase of inventory and equipment.
- 17 (2) An eligible individual may hold only one loan at a time from
- 18 the fund.
- 19 (3) The maximum loan amount ~~from the fund~~ *that may be*
- 20 *guaranteed* shall be ten thousand dollars (\$10,000).

1 (4) All loans from the fund shall accrue interest at the rate of
2 the Pooled Money Investment Account plus 1 percent, as issued
3 annually by the Department of Finance.

4 ~~(d) Pursuant to Sections 19006 and 19016, the department shall~~
5 ~~promulgate regulations necessary to implement the requirements~~
6 ~~of this section, in consultation with the appropriate stakeholders.~~
7 *In determining eligibility for a loan guarantee from this fund, the*
8 *department shall make any loan guarantee contingent upon a*
9 *determination that the blind vendor reasonably can be expected*
10 *to repay the loan based on the vendor's expected income.*

11 *(e) For purposes of this section, "eligible lender" means a*
12 *financial institution organized, chartered, or holding a license or*
13 *authorization certificate under a law of this state or in the United*
14 *States to make loans or extend credit and subject to supervision*
15 *by an official or agency of this state or the United States.*

16 *(f) The department shall serve as a state loan guarantee agency*
17 *to guarantee loans and to administer a guaranteed loan program*
18 *established pursuant to this section. The department shall*
19 *guarantee any loan made pursuant to this section at 100 percent*
20 *of the total amount of principal and interest of the loan in default.*
21 *The department shall establish a ratio of reserve funds to loans*
22 *outstanding.*

23 *(1) The effective interest rate to the borrower shall be a percent*
24 *per annum, which is less than the fair market interest rate at the*
25 *time the loan guarantee is approved by the department, the*
26 *differential interest between the percent per annum approved by*
27 *the department, and the rate charged by the participating lender*
28 *shall be prepaid by the department to the participating lender out*
29 *of the Blind Vendor Revolving Loan Fund.*

30 *(2) If the borrower defaults on any loan guaranteed by this*
31 *program, the participating lender shall reimburse the department*
32 *for any interest not accrued, after deduction for any unavoidable*
33 *loss suffered by the lender.*

34 *(g) Loans guaranteed pursuant to this section shall be made*
35 *without regard to race, religion, creed, or sex.*

36 *(h) The total amount of all outstanding debts, obligations, and*
37 *liabilities which may be incurred or created under this section is*
38 *limited to the amount contained in the Blind Vendor Revolving*
39 *Loan Fund, and the state shall not be liable beyond the amount*
40 *contained in that fund for these debts, obligations, and liabilities.*

1 *(i) In the event that the amount of loans applied for under this*
2 *section exceeds the amount of the loans that may be guaranteed*
3 *pursuant to this section, the department may establish a system of*
4 *priorities for the approval of loans.*

5 SEC. 2. The sum of one hundred thousand dollars (\$100,000)
6 is hereby transferred from the Rehabilitation-Huelsman Trust
7 Account in the Special Deposit Fund to the Department of
8 Rehabilitation for deposit in the Blind Vendor Revolving Loan
9 Fund created pursuant to Section 19630.5 of the Welfare and
10 Institutions Code.

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