

AMENDED IN SENATE JUNE 25, 2008

AMENDED IN SENATE JUNE 2, 2008

AMENDED IN ASSEMBLY JANUARY 7, 2008

AMENDED IN ASSEMBLY APRIL 24, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 1418

Introduced by Assembly Member Arambula

February 23, 2007

An act to add Section 14385 to the Financial Code, and to add Section ~~13997.5~~ 13997.8 to the Government Code, relating to community development.

LEGISLATIVE COUNSEL'S DIGEST

AB 1418, as amended, Arambula. Community development: banks and credit unions.

(1) Existing law provides for regulation of credit unions by the Commissioner of Financial Institutions.

This bill would require the commissioner, by November 1, 2009, to develop a Credit Union Membership Investment Model that would serve as a framework for the Department of Financial Institutions to identify credit union best practices relating to community development, small business and microenterprise financing, and investments of credit union capital. The bill would require the best practices to meet specified objectives for credit unions. The bill would require the Credit Union Membership Investment Model to be posted on the department's Internet Web site and updated as appropriate. The bill would require the commissioner to report annually on the progress in implementing the

model and highlight new best practices identified and shared during the year.

(2) Existing law makes the Business, Transportation and Housing Agency the primary state agency responsible for facilitating economic development in the state.

This bill would require the agency to cause a list to be prepared of significant commitments made by federally and state chartered banks related to community development, as specified. The bill would require the list, or a link to the list, to be posted on the agency’s Internet Web site and to be reviewed at least annually and updated as necessary.

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

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

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) California administers several programs to encourage
4 investments by conventional banks and state regulated insurers in
5 underserved communities and in small business and
6 microenterprise, such as the California Capital Access Program,
7 administered by the Treasurer, and the California Organized
8 Investment Network, certified Community Development Financial
9 Institutions, administered by the Department of Insurance.

10 (b) A variety of credit unions throughout the state have
11 established programs that serve credit union members in
12 communities that have been historically underserved by private
13 equity, debt markets, and banks.

14 (c) As personal savings is one of the greatest sources of startup
15 capital for small businesses and microenterprises, credit unions
16 are in a position to assist credit union members in establishing
17 savings accounts and accessing reasonable interest rates on personal
18 loans and can play a foundational role in supporting
19 entrepreneurship and community economic development.

20 (d) To promote economic development among credit union
21 members in historically underserved communities, also known as
22 emerging domestic markets, the Legislature intends to encourage
23 state chartered credit unions to identify best practices within the
24 credit union industry, and to deploy those practices, consistent

1 with statutory and regulatory authorizations as may be provided
2 by the Legislature or the Commissioner of Financial Institutions.

3 SEC. 2. Section 14385 is added to the Financial Code, to read:

4 14385. (a) On or before November 1, 2009, the commissioner
5 shall develop a Credit Union Membership Investment Model. The
6 model shall serve as a framework for the Department of Financial
7 Institutions to identify and distribute information on credit union
8 best practices. The model shall include best practices relating to
9 community development, small business and microenterprise
10 financing, and investments of credit union capital, that are
11 consistent with the laws and regulations applicable to credit unions.
12 The model shall provide for updating the best practices on a regular
13 basis. The best practices shall meet the following objectives:

14 (1) Provide capital to revitalize lower income communities
15 through targeted lending.

16 (2) Promote community ownership of assets and savings.

17 (3) Provide financial instruments to increase entrepreneurial
18 capacity and wealth in low-income communities.

19 (4) Use credit unions as financial and community intermediaries
20 that help communities where credit union members live and work
21 to leverage other forms of private capital for community
22 development purposes.

23 (5) Make the variety of credit union products and services more
24 transparent as a means to encourage community and economic
25 development partnerships.

26 (b) The Credit Union Membership Investment Model, including,
27 but not limited to, the process by which the best practices will be
28 identified and the current best practices themselves, shall be posted
29 on the department's Internet Web site and updated as appropriate.

30 (c) The commissioner shall, as part of the Credit Union
31 Membership Investment Model, identify and post best practices
32 in a manner that distinguishes best practices appropriate for credit
33 unions according to their asset size, type of charter, and field of
34 membership.

35 (d) The commissioner may consult with ~~stakeholder groups~~ *the*
36 *Credit Union Advisory Committee* and may use links to other Web
37 sites of responsible organizations in order to provide information
38 on best practices in the most cost-effective manner.

39 (e) The commissioner shall annually report, as part of any other
40 previously required annual report, on the progress in implementing

1 the model and highlight new best practices identified and shared
2 during the year.

3 SEC. 3. Section ~~13997.5~~ 13997.8 is added to the Government
4 Code, to read:

5 ~~13997.5.~~

6 13997.8. (a) The Secretary of Business, Transportation and
7 Housing shall cause to be prepared a list of significant
8 commitments made by federally and state chartered banks related
9 to community development.

10 (b) The list shall include commitments with an estimated ~~valued~~
11 *value* over five million dollars (\$5,000,000) that could reasonably
12 be foreseen to be applied to California communities and
13 California-based businesses. The list shall include the date of the
14 commitment, the name of the financial institution making the
15 commitment, the type of commitment made, and contact
16 information for the financial institution. Other information may
17 be added, but is not required, in order to meet the requirements of
18 this section.

19 (c) The list shall be posted on the Business, Transportation and
20 Housing Agency Internet Web site or, if the list is available from
21 another responsible source, a link to that site. The list shall be
22 reviewed at least annually and updated to the extent necessary.

23 (d) The Business, Transportation and Housing Agency, pursuant
24 to its duties to facilitate economic development activities in the
25 state, may promote the list through local and regional economic
26 development organizations.

27 (e) The duties imposed by this section may be assigned to any
28 department, board, or other entity within the oversight and
29 jurisdiction of the Business, Transportation and Housing Agency.