

AMENDED IN ASSEMBLY SEPTEMBER 4, 2009

SENATE BILL

No. 66

**Introduced by ~~Committee on Budget and Fiscal Review~~ Senator
Price**

(Coauthors: Assembly Members Block and V. Manuel Perez)

January 20, 2009

An act relating to the ~~Budget Act of 2009~~. An act to repeal, add, and repeal Section 14044 of the Corporations Code, relating to corporations, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 66, as amended, ~~Committee on Budget and Fiscal Review~~ *Price*.
~~Budget Act of 2009~~. *California Small Business Expansion Fund.*

The California Small Business Financial Development Corporation Law authorizes the formation of small business financial development corporations to grant loans or loan guarantees for the purpose of stimulating small business development. The California Small Business Expansion Fund, which is a continuously appropriated fund created under that law, provides funds to be used to pay for defaulted loan guarantees and administrative costs of these corporations, among other investments. Existing law authorizes moneys in that fund to be paid out to a lending institution or financial company that will act as trustee of the funds, as specified. Existing law, effective July 28, 2009, makes state money, as defined, in the California Small Business Expansion Fund and the trust fund unavailable for new loans, loan guarantees, or other investments and requires state money not needed to guarantee existing loans, to administer existing loans, or for other existing investments, as determined by the Director of Finance, to revert to the General Fund.

This bill would specify that upon the reversion to the General Fund of a total of \$8,300,000, the prohibition on the use of state money in these funds and the reversion requirement shall become inoperative. By making money in excess of that amount available from the fund for purposes of loans, loan guarantees, and other investments, the bill would make an appropriation.

This bill would declare that it is to take effect immediately as an urgency statute.

This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2009:

Vote: majority^{2/3}. Appropriation: no-yes. Fiscal committee: no-yes. State-mandated local program: no.

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

1 *SECTION 1. Section 14044 of the Corporations Code is*
2 *repealed.*

3 ~~14044. (a) As of the effective date of the act adding this~~
4 ~~section, notwithstanding any other provision of this chapter, state~~
5 ~~money in the expansion fund or the trust fund shall not be available~~
6 ~~to corporations or to the state to enter into new loans, loan~~
7 ~~guarantees, or other investments authorized by this chapter.~~

8 ~~(b) State money in the expansion fund and the trust fund that is~~
9 ~~not needed to guarantee existing loans, to administer existing loans,~~
10 ~~or for other existing investments authorized under this chapter, as~~
11 ~~determined by the Director of Finance, shall revert to the General~~
12 ~~Fund.~~

13 ~~(c) For purposes of this section, “state money” means money~~
14 ~~that can be reverted to the General Fund.~~

15 *SEC. 2. Section 14044 is added to the Corporations Code, to*
16 *read:*

17 *14044. (a) As of July 28, 2009, notwithstanding any other*
18 *provision of this chapter, a total of eight million three hundred*
19 *thousand dollars (\$8,300,000) of state money in the expansion*
20 *fund, or the trust fund, or both, as determined by the Director of*
21 *Finance, shall not be available to corporations or to the state for*
22 *any purposes authorized by this chapter, and shall instead revert*
23 *to the General Fund.*

24 *(b) For purposes of this section, “state money” means money*
25 *that can be reverted to the General Fund.*

1 (c) *This section shall become inoperative as of the date upon*
2 *which the reversion pursuant to subdivision (a) is completed, and*
3 *shall be repealed on January 1 of the next succeeding calendar*
4 *year.*

5 *SEC. 3. This act is an urgency statute necessary for the*
6 *immediate preservation of the public peace, health, or safety within*
7 *the meaning of Article IV of the Constitution and shall go into*
8 *immediate effect. The facts constituting the necessity are:*

9 *In order to ensure that revenue intended by the Legislature is*
10 *available in the General Fund to support vital programs, it is*
11 *necessary that this act take effect immediately.*

12 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
13 ~~changes relating to the Budget Act of 2009.~~

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