

AMENDED IN ASSEMBLY MAY 27, 2011

AMENDED IN ASSEMBLY MAY 5, 2011

AMENDED IN ASSEMBLY APRIL 25, 2011

AMENDED IN ASSEMBLY MARCH 31, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 750**

---

---

**Introduced by Assembly Member Hueso  
(Coauthors: Assembly Members Gatto, Roger Hernández, Lara,  
and Perea)**

February 17, 2011

---

---

An act to add and repeal Division 5 (commencing with Section 64160) of Title 6.7 of the Government Code, relating to finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 750, as amended, Hueso. Finance: investment trust blue ribbon task force.

The California Constitution provides for the election by the people of the Treasurer and the Controller. Existing law requires the Treasurer to receive and keep in the vaults of the treasury or to deposit in banks or credit unions all moneys belonging to the state, as specified. Existing law requires the Controller to superintend the fiscal concerns of the state. Existing law requires the Controller to audit all claims against the state, and authorizes the Controller to audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment.

This bill would establish the investment trust blue ribbon task force to consider the viability of establishing the California Investment Trust,

which would be a state bank receiving deposits of state funds. The task force would be required to consider how the investment trust could strengthen economic and community development, provide financial stability to individuals and businesses, reduce the cost paid by state government for banking services, and provide for excess earnings of the trust to be used to supplement General Fund purposes. The bill would establish the membership of the task force, which would include the Secretary of Business, Transportation and Housing, or his or her designee, and specified individuals with a background in finance appointed by the Legislature, and the Governor, Controller, and Treasurer, or their designees, and would require the task force to be staffed from existing resources of the Business, Transportation and Housing Agency. The bill would require the task force to report to the Legislature by December 1, 2012, on specified issues relative to the California Investment Trust, including, among other things, its recommendations relating to the viability of establishing the trust, as specified. The bill’s provisions would become inoperative, and would be repealed, on January 1, 2017.

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 communities have suffered greatly since the
- 4 financial crisis of 2007. During the last several years, monthly
- 5 unemployment levels have remained above 10 percent leaving
- 6 millions of Californians out of work. Bankruptcies among small
- 7 businesses and individuals are up, capital markets are tight, and
- 8 local communities have limited resources to address their economic
- 9 and community development challenges.
- 10 (b) While Californians have been especially hard hit in this
- 11 recession, residents of other states have also suffered. In responding
- 12 to the sluggish capital markets, several states, including Maine,
- 13 Oregon, Rhode Island, and Washington, are examining the
- 14 appropriateness of creating a state bank.
- 15 (c) The creation of the California Investment Trust could serve
- 16 to more effectively meet the financial needs of the state, including,
- 17 but not limited to, the following:

1 (1) Supporting the economic development of California by  
2 increasing access to capital for businesses in the state.

3 (2) Providing financing for housing development, public works  
4 infrastructure, educational infrastructure, student loans, and  
5 community quality of life projects.

6 (3) Providing stability to the local financial sector.

7 (4) Reducing the cost paid by state government for banking  
8 services.

9 (5) Lending capital to banks, credit unions, and nonprofit  
10 community development financial institutions to assist in meeting  
11 their goals of increasing access to capital and providing banking  
12 services.

13 SEC. 2. Division 5 (commencing with Section 64160) is added  
14 to Title 6.7 of the Government Code, to read:

15  
16 DIVISION 5. INVESTMENT TRUST BLUE RIBBON TASK  
17 FORCE  
18

19 64160. (a) There is hereby established the investment trust  
20 blue ribbon task force. The task force shall be convened by the  
21 Secretary of Business, Transportation and Housing.

22 (b) The task force shall be composed of the following members:

23 (1) The Secretary of Business, Transportation and Housing or  
24 his or her designee.

25 (2) The Senate Committee on Rules shall appoint two  
26 individuals representing and having a background in one or more  
27 areas of finance, including, but not limited to, individuals working  
28 in for-profit and nonprofit financial and academic institutions, and  
29 economic development practitioners.

30 (3) The Speaker of the Assembly shall appoint two individuals  
31 representing and having a background in one or more areas of  
32 finance, including, but not limited to, individuals working in  
33 for-profit and nonprofit financial and academic institutions, and  
34 economic development practitioners.

35 (4) The Governor shall appoint five members representing and  
36 having a background in one or more areas of finance, including,  
37 but not limited to, individuals working in for-profit and nonprofit  
38 financial and academic institutions, and economic development  
39 practitioners.

1 (5) The Controller, Treasurer, and Governor, or their designees,  
2 shall be members of the task force.

3 (c) (1) The task force shall choose its chair from among its  
4 membership. The Secretary of Business, Transportation and  
5 Housing and the members of the task force shall convene the initial  
6 meeting of the task force on or before February 1, 2012.

7 (2) A quorum shall constitute a majority plus one of the  
8 members serving on and appointed to the task force at the time the  
9 meeting is convened.

10 (3) A quorum is not necessary for conducting meetings except  
11 for meetings where the draft report and final report are to be voted  
12 upon.

13 (d) The purpose of the task force shall be to consider the viability  
14 of establishing the California Investment Trust, which would be  
15 a state bank receiving deposits of state funds, and to report to the  
16 Legislature pursuant to Section 64161.

17 (e) In undertaking its work, the task force shall consider one or  
18 more models for structuring the California Investment Trust.  
19 Among other things, the task force shall do the following:

20 (1) Undertake a general assessment of the state’s current network  
21 of public and private financial resources for the purpose of  
22 identifying potential areas of state trust focus. Among other  
23 resource issues, the task force shall consider, at a minimum, how  
24 a state trust could be designed to do the following:

25 (A) Strengthen the economic and community development needs  
26 of California.

27 (B) Provide greater financial stability to individuals and  
28 businesses.

29 (C) Reduce the cost paid by state government for banking  
30 services.

31 (D) Generate earnings beyond those necessary for continued  
32 operation of the trust, which could be used to supplement the  
33 General Fund.

34 (2) Consider the types of financial products that could be offered  
35 to address currently unmet financial needs and more efficiently  
36 deliver existing financial resources and products. The task force  
37 shall take a broad view in assessing individual-, business-, and  
38 community-level financial needs, including, but not limited to,  
39 products that improve access to capital for businesses, farmers,  
40 homeowners, students, the unbanked, and local governments.

1 (3) Examine various administrative and operational structures  
2 for organizing a trust, including, but not limited to, boards of  
3 directors, sources of deposits, oversight and audit of financial  
4 activities, and guarantees of financial products.

5 (4) Consider options for integrating a state trust model into the  
6 existing state financial resource network, including, but not limited  
7 to, ideas such as lending capital to banks, credit unions, and  
8 nonprofit community development financial institutions.

9 (f) (1) The task force shall be staffed ~~from existing resources~~  
10 ~~of the Business, Transportation and Housing Agency.~~ *by an*  
11 *organization selected by the task force that shall be a nonprofit*  
12 *corporation or other private organization that has specific*  
13 *expertise in public finance and public institutions models and other*  
14 *expertise as necessary to provide the management, information,*  
15 *analysis, review, and reporting required to meet the goals of the*  
16 *task force.*

17 (2) Appointed task force members shall be reimbursed solely  
18 for the actual travel costs for attending meetings. Costs associated  
19 with state government officials attending meetings shall be paid  
20 by the respective government entities.

21 (g) The task force may consult with individuals from the public  
22 and private sector and establish an advisory committee to assist  
23 the task force in creating the report required under Section 64161.  
24 If the task force establishes an advisory committee, the members  
25 of the committee shall not be entitled to any expense  
26 reimbursement.

27 64161. (a) The task force shall, pursuant to Section 9795,  
28 report to the Legislature by December 1, 2012.

29 (b) The report shall address, at a minimum, all of the following:

30 (1) A recommendation on the viability of establishing the  
31 California Investment Trust.

32 (2) A list of issues and, to the extent determined, findings  
33 relative to the considerations identified in subdivision (e) of Section  
34 64160.

35 (c) To the extent that the task force recommendation is  
36 supportive of the establishment of the California Investment Trust,  
37 the task force shall also provide information on the next steps for  
38 establishing the trust, including, but not limited to,  
39 recommendations on the following:

40 (1) The administrative structure of the trust.

1 (2) The capital requirements for the trust’s initial capitalization  
2 and for ongoing operations.

3 (3) How the initial capitalization can be achieved and how  
4 operating costs could be paid.

5 (4) The oversight of the trust to protect the interests of the state  
6 and the rights of individuals and entities that may access the  
7 products or services, or both, of the trust.

8 (5) An outline of transition actions necessary for establishing  
9 the trust.

10 (6) A draft of statutory and constitutional changes that may be  
11 necessary to establish the trust.

12 64162. This division shall become inoperative and is repealed  
13 on January 1, 2017, pursuant to Section 10231.5.

O