

AMENDED IN SENATE JULY 13, 2011

AMENDED IN SENATE JUNE 27, 2011

AMENDED IN SENATE JUNE 21, 2011

AMENDED IN ASSEMBLY MAY 27, 2011

AMENDED IN ASSEMBLY MAY 10, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 901

Introduced by Assembly Member V. Manuel Pérez

February 17, 2011

An act to *amend Section 13997.2 of, and to add Chapter 12.9* (commencing with Section 7090) to Division 7 of Title 1 of, the Government Code, and to amend Sections 44559.1, 44559.2, ~~44559.3,~~ and 44559.6 of the Health and Safety Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 901, as amended, V. Manuel Pérez. Economic development: small business.

(1) Existing law establishes the California Economic Development Fund in the State Treasury to receive economic development funds and loan repayment and grant proceeds and authorizes the Secretary of Business, Transportation and Housing, upon appropriation by the Legislature, to expend the fund's revenue to provide matching funds for economic development purposes. *Existing law establishes certain definitions in this regard and defines a community development*

intermediary to include, among other things, microenterprise development organizations.

This bill would define a microenterprise development organization for these purposes to mean a nonprofit or public agency that provides self-employment training, technical assistance, and access to microloans to individuals seeking to become self-employed or to expand their business.

Existing federal law authorizes the federal Small Business Administration to make grants to a state to assist it in establishing small business development centers conditioned upon the grant applicant providing a matching amount.

This bill would establish the California Small Business Development Center Program in which a small business center overseen by an administrative lead center, defined as the entity contracting with the federal Small Business Administration, would assist the development and operation of small businesses. The bill would establish the SBA Account within the California Economic Development Fund and, upon appropriation by the Legislature, would authorize the Secretary of Business, Transportation and Housing to expend those funds for the sole purpose of providing matching funds for the federal grants made for small business development centers. The bill would require an administrative lead center to report to the ~~Governor, the Legislature,~~ ~~and the Business, Transportation and Housing Agency~~ for any year that state revenues are expended to support the program, *and would require the Secretary of Business, Transportation and Housing to compile those reports and submit a single report annually to the Legislature and the Governor, as specified.*

(2) Existing law establishes the Capital Access Loan Program, which is administered by the California Pollution Control Financing Authority, and defines the term “financial institution,” for purposes of that program. The authority is required to include specified terms in any contract that the authority enters into with a financial institution participating in the program, as specified. ~~Existing law requires the authority to establish a loss reserve account for each financial institution with which the authority makes a contract and prohibits the combined amount deposited by a participating financial institution in an individual loss reserve account over a 3-year period, in connection with a single borrower or a group of borrowers among which a common enterprise exists, from being more than \$100,000. Existing law requires the authority to report annually to the Governor and the Legislature that describes the financial~~

condition and the programmatic results of the Capital Access Loan Program for small businesses.

This bill would revise the definition of the term “financial institution” to include a small business financial development corporation or microenterprise development organization that meets standards that shall be established by the authority.

This bill would require that the form contract used by the authority when contracting with a participating financial institution include provisions requiring the financial institution to provide information to the authority on the number of jobs created and the number of jobs retained relative to loans made by the financial institution under the program. ~~The bill would provide that the combined amount deposited by a participating financial institution in an individual loss reserve account over a 3-year period, in connection with a single borrower or a group of borrowers among which a common enterprise exists, shall not exceed \$200,000 if matching contributions are made by the authority exclusively from funds made available pursuant to the federal Small Business Jobs Act of 2010.~~ The bill would also specify, for purposes of the annual report to the Governor and the Legislature, that programmatic results include, but are not limited to, the total number of businesses served, jobs created, jobs retained, the geographic distribution of the loans, and the breakdown of businesses served by industry sector, as specified.

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. (a) The Legislature finds and declares the
- 2 following:
- 3 (1) Small businesses are a vital part of the state’s economic
- 4 well-being, and documented evidence shows that small businesses
- 5 contribute to increased productivity and innovation.
- 6 (2) The prudent expansion of small businesses can expand
- 7 employment opportunities and contribute to the financial health
- 8 of the state.
- 9 (3) In order to maintain a healthy state economy and to aid
- 10 communities, entrepreneurship among small businesses must be
- 11 stimulated and supported.

1 (4) The California Small Business Development Center (SBDC)
2 facilitates the success of small business by creating and retaining
3 jobs, increasing sales and profits, securing business financing, and
4 creating new businesses.

5 (5) A SBDC provides one-on-one business management
6 counseling and assists small businesses with business plans,
7 marketing, financing, and other business issues that promote and
8 expand small businesses in the state.

9 (b) The Legislature intends all of the following:

10 (1) To stimulate the economy and to promote new job
11 opportunities by assisting all small businesses by expanding and
12 supporting the further development of the state’s network of
13 services to small businesses that shall include, among other things,
14 management assistance, business education and training, capital
15 formation assistance, economic and business data dissemination,
16 and technical assistance.

17 (2) To provide assistance to the state’s small businesses through
18 management and staff experienced and knowledgeable in small
19 business matters, which skills are not always readily available
20 within the civil service system.

21 (3) To establish a structure that provides funding to match the
22 federal funds provided to each SBDC.

23 (4) To include the following as goals for the SBDC program:

24 (A) Identifying appropriate sources of federal, state, and local
25 public and private funding to support a SBDC.

26 (B) Promoting and rendering client services available through
27 a SBDC to special emphasis groups in the community as well as
28 to the general population of potential and existing business owners.

29 SEC. 2. Chapter 12.9 (commencing with Section 7090) is added
30 to Division 7 of Title 1 of the Government Code, to read:

31

32 CHAPTER 12.9. CALIFORNIA SMALL BUSINESS DEVELOPMENT
33 CENTER PROGRAM

34

35 7090. The following definitions apply for purposes of this
36 chapter:

37 (a) “Administrative lead center” means the entity with which
38 the federal Small Business Administration contracts to administer
39 the federal program funds pursuant to federal law under the Small

1 Business Development Center Act of 1980 (15 U.S.C. Sec. 631 et
2 seq.).

3 (b) “SBDC” means a small business development center.

4 7091. (a) The California Small Business Development Center
5 Program is hereby established for the purpose of expanding and
6 supporting the further development of the state’s network of
7 services to small businesses.

8 (b) The duties of a SBDC shall include, but are not limited to,
9 the following:

10 (1) Making referrals and disseminating information regarding
11 topics such as general legal requirements for starting a business,
12 public and private financing opportunities, local business
13 development profiles, and site inventory, and providing listings
14 of professional service providers.

15 (2) Providing specialized one-on-one counseling and technical
16 assistance in the areas of business planning and management,
17 financing, and marketing for small businesses with the greatest
18 potential for job retention and creation.

19 (3) Conducting regional workshops and conferences, as well as
20 local “how to” workshops, courses, and seminars with local
21 cosponsors such as community colleges, grantees of the federal
22 Minority Business Development Agency, the federal Small
23 Business Administration, the California Community Colleges
24 Economic and Workforce Development Program, and chambers
25 of commerce.

26 (4) Coordinating with employee training and placement
27 programs.

28 (5) Providing services to link small businesses to research and
29 development institutions for the purposes of transferring new
30 technology to a new or an expanding small business.

31 (c) An administrative lead center shall oversee and provide
32 assistance to each SBDC within its area.

33 (d) The California Small Business Development Center Program
34 shall, to the extent feasible, work in collaboration with the activities
35 of the Small Business Advocate, the California Small Business
36 Board within the Business, Transportation and Housing Agency,
37 the California Economic Strategy Panel, the Employment Training
38 Panel, the California Workforce Investment Board, and other state
39 economic and workforce development programs.

1 7092. (a) In order to qualify for funding pursuant to this
2 section, a SBDC shall be eligible for, and receive funds from, the
3 federal government pursuant to federal law under the Small
4 Business Development Center Act of 1980 (15 U.S.C. Sec. 631 et
5 seq.).

6 (b) The SBA Account is hereby created within the California
7 Economic Development Fund, established pursuant to Section
8 13997.6. Upon appropriation by the Legislature, moneys in the
9 SBA Account may be expended by the Secretary of Business,
10 Transportation and Housing for the sole purpose of providing
11 matching funds for federal funds under the Small Business
12 Development Center Act of 1980 (15 U.S.C. Sec. 631 et seq.).

13 (c) A SBDC may institute a policy for charging reasonable fees
14 for the training services it provides.

15 (d) A SBDC shall make every effort to secure additional funds
16 from federal, state, and local governments and from private funding
17 sources to support the services and programs it provides to small
18 businesses.

19 7093. (a) In any year that state revenues are expended to
20 support the California Small Business Development Center
21 Program, the administrative lead center that oversees a region in
22 which the state revenues are expended for federal matching
23 purposes, pursuant to the Small Business Development Center Act
24 of 1980 (15 U.S.C. Sec. 631 et seq.), shall report by April 1 of the
25 following year, to the Governor, the Legislature, and the Business,
26 Transportation and Housing Agency on the activities of the
27 California Small Business Development Center Program in its
28 region. *The Secretary of Business, Transportation and Housing*
29 *shall annually compile any reports received from regional*
30 *administrative lead centers pursuant to this section into a single*
31 *report, which shall be submitted to the Legislature, pursuant to*
32 *Section 9795, and to the Governor by May 1 of each year.*

33 (b) ~~The~~ *To the extent this information is available, the report*
34 *shall include, at a minimum, the number of businesses assisted,*
35 *the number of employees employed by those businesses, the*
36 *number of jobs created, the number of jobs retained, the amount*
37 *of state tax dollars generated from those businesses, the industry*
38 *sectors of the businesses assisted, and the amount of federal*
39 *funding allocated to the regional center during the reporting period.*
40 *This information shall be posted on the Internet Web site of the*

1 Business, Transportation and Housing Agency no later than three
2 months after the end of the report period.

3 *SEC. 3. Section 13997.2 of the Government Code is amended*
4 *to read:*

5 13997.2. (a) The Legislature finds and declares all of the
6 following:

7 (1) California’s economic development organizations and
8 corporations are an integral component of the state job creation
9 effort because they are a critical link between state economic
10 development activities and the statewide business community,
11 providing an excellent opportunity to leverage state resources.

12 (2) Economic development corporations and organizations
13 provide broad public benefits to the residents of this state by
14 alleviating unemployment, encouraging private investment, and
15 diversifying local economies.

16 (3) Economic development corporations engage in a wide range
17 of programs and strategies to attract, retain, and expand businesses,
18 including marketing the community, small business lending, and
19 other financial services, a wide range of technical assistance to
20 small business, preparation of economic data, and business
21 advocacy.

22 (4) By using public sector resources and powers to reduce the
23 risks and costs that could prohibit investment, the public sector
24 often sets the stage for employment-generating investment by the
25 private sector.

26 (b) For purposes of this chapter, all of the following definitions
27 apply:

28 (1) “Local economic development organization” means a public
29 or public-private job creation activity recognized by cities and
30 counties as the lead agency within that city or county for planning
31 and implementation of job creation involving business expansion,
32 business retention, and new business development.

33 (2) “Regional economic development organization” means an
34 organization comprised of any of the following:

35 (A) A single county.

36 (B) More than one county.

37 (C) A subregion within a county established by the cities and
38 county within that subregion.

39 (D) An economic development corporation.

1 (3) “Economic development corporation” means a local or
2 regional nonprofit public-private economic development
3 organization recognized in a defined region by the public and
4 private sector as the lead agency for the planning and
5 implementation of job creation involving business retention and
6 new business development.

7 (4) “Regional economic development corporation” means a
8 corporation comprised of any of the following:

- 9 (A) A single county.
- 10 (B) More than one county.
- 11 (C) A subregion within a single county established by a group
12 of cities and counties.

13 (5) “Economic development” means any activity that enhances
14 the factors of productive capacity, such as land, labor, capital, and
15 technology, of a national, state, or local economy. “Economic
16 development” includes policies and programs expressly directed
17 at improving the business climate in business finance, marketing,
18 neighborhood development, small business development, business
19 retention and expansion, technology transfer, and real estate
20 redevelopment. “Economic development” is an investment program
21 designed to leverage private sector capital in such a way as to
22 induce actions that have a positive effect on the level of business
23 activity, employment, income distribution, and fiscal solvency of
24 the community.

25 (6) “Local economic development” is a process of deliberate
26 intervention in the normal economic process of a particular locality
27 to stimulate economic growth of the locality by making it more
28 attractive, resulting in more jobs, wealth, better quality of life, and
29 fiscal solvency. Prime examples of economic development include
30 business attraction, business expansion and retention, and business
31 creation.

32 (7) “Emerging domestic market” means people, places, or
33 business enterprises with growth potential that face capital
34 constraints due to systemic undervaluations as a result of imperfect
35 market information. These markets include, but are not limited to,
36 ethnic-owned and women-owned firms, urban and rural
37 communities, companies that serve low-income or
38 moderate-income populations, and other small and medium-sized
39 businesses.

1 (8) “Financial intermediary” means an institution, firm,
2 organization, or individual who performs intermediation between
3 two or more parties in a financial context, such as connecting
4 sources of funds with users of funds. A financial intermediary is
5 typically an entity that facilitates the channeling of funds between
6 lenders, investors, foundations, or other entities that have money
7 and are interested in connecting with businesses or communities
8 where their money can be deployed. Financial intermediaries
9 include, but are not limited to, banks, financial development
10 corporations, economic developers, or microenterprise development
11 organizations, and community development organizations.

12 (9) “Community development intermediary” means an
13 institution, firm, organization, or individual that performs
14 intermediation between two or more parties in a community
15 development context, such as connecting people and organizations
16 that have a stake in the future well-being of communities and
17 individuals who may not easily have access to these stakeholders.
18 A community development intermediary is typically an entity that
19 channels financial and nonfinancial resources between government
20 and foundations and other nonprofit organizations that have
21 resources and are interested in connecting with small- and
22 medium-size businesses and low- and moderate-income households
23 and communities. Community development intermediaries include,
24 but are not limited to, community development corporations,
25 microenterprise development organizations, and community
26 development financial institutions.

27 (10) “Triple bottom line” means the economic, environmental,
28 and social benefits arising from a project, investment, or
29 community and economic development activity.

30 (11) “Small businesses” means a business with less than 100
31 employees and with a gross revenue of less than five million dollars
32 (\$5,000,000), or a business that is otherwise targeted by or
33 participating in a federal or state program engaged in programs or
34 services for small businesses. Application of this definition may
35 only be used pursuant to a direct reference.

36 (12) “Community development” means a process designed to
37 create conditions of economic and social prosperity for the whole
38 community, or a targeted subset of the whole community, with the
39 fullest possible reliance on the community’s initiative and active
40 participation.

1 (13) “Financial institution capital” means resources of a financial
2 institution, including, but not limited to, a bank or credit union,
3 that are legally available to be used to generate wealth for the
4 financial institution.

5 (14) “California Council on Science and Technology” means
6 the council established by California academic research institutions,
7 including the University of California, the University of Southern
8 California, the California Institute of Technology, Stanford
9 University, and the California State University, in support of
10 Assembly Concurrent Resolution No. 162 (Res. Ch. 148, Stats.
11 1988).

12 (15) “*Microenterprise development organization*” means a
13 nonprofit or public agency that provides self-employment training,
14 technical assistance, and access to microloans to individuals
15 seeking to become self-employed or to expand their current
16 business.

17 ~~SEC. 3.~~

18 SEC. 4. Section 44559.1 of the Health and Safety Code is
19 amended to read:

20 44559.1. As used in this article, unless the context requires
21 otherwise, all of the following terms have the following meanings:

22 (a) “Authority” means the California Pollution Control
23 Financing Authority.

24 (b) “California Capital Access Fund” means a fund created
25 within the authority to be used for purposes of the program.

26 (c) “Executive director” means the Executive Director of the
27 California Pollution Control Financing Authority.

28 (d) (1) “Financial institution” means a federal- or state-chartered
29 bank, savings association, credit union, not-for-profit community
30 development financial institution certified under Part 1805
31 (commencing with Section 1805.100) of Chapter XVIII of Title
32 12 of the Code of Federal Regulations, or a consortium of these
33 entities. A consortium of those entities may include a nonfinancial
34 corporation, if the percentage of capitalization by all nonfinancial
35 corporations in the consortium does not exceed 49 percent.

36 (2) “Financial institution” also includes a lending institution
37 that has executed a participation agreement with the Small Business
38 Administration under the guaranteed loan program pursuant to
39 Part 120 (commencing with Section 120.1) of Chapter I of Title
40 13 of the Code of Federal Regulations and meets the requirements

1 of Section 120.410 of Chapter I of Title 13 of the Code of Federal
2 Regulations, a small business investment company licensed
3 pursuant to Part 107 (commencing with Section 107.20) of Chapter
4 I of Title 13 of the Code of Federal Regulations, and a small
5 business financial development corporation, *as defined in Chapter*
6 *1 (commencing with Section 14000) of Part 5 of Division 3 of Title*
7 *1 of the Corporations Code*, or microenterprise development
8 organization, *as defined in Section 13997.2 of the Government*
9 *Code*, that meets standards that shall be established by the
10 authority. For loans where all or part of the fees and matching
11 contributions are paid by an entity participating in the program
12 pursuant to subdivision (e) of Section 44559.2, “financial
13 institution” also includes financial lenders, as defined in Section
14 22009 of the Financial Code, making commercial loans, as defined
15 in Section 22502 of the Financial Code.

16 (3) A financial institution described in paragraph (2) shall be
17 domiciled or have its principal office in the State of California.

18 (e) “Loss reserve account” means an account in the State
19 Treasury or any financial institution that is established and
20 maintained by the authority for the benefit of a financial institution
21 participating in the Capital Access Loan Program established
22 pursuant to this article for the purposes of the following:

23 (1) Depositing all required fees paid by the participating
24 financial institution and the qualified business.

25 (2) Depositing contributions made by the state and, if applicable,
26 the federal government or other sources.

27 (3) Covering losses on enrolled qualified loans sustained by the
28 participating financial institution by disbursing funds accumulated
29 in the loss reserve account.

30 (f) “Participating financial institution” means a financial
31 institution that has been approved by the authority to enroll
32 qualified loans in the program and has agreed to all terms and
33 conditions set forth in this article and as may be required by any
34 applicable federal law providing matching funding.

35 (g) “Passive real estate ownership” means ownership of real
36 estate for the purpose of deriving income from speculation, trade,
37 or rental, but does not include any of the following:

38 (1) The ownership of that portion of real estate being used or
39 intended to be used for the operation of the business of the owner
40 of the real estate.

- 1 (2) The ownership of real estate for the purpose of construction
 2 or renovation, until the completion of the construction or renovation
 3 phase.
- 4 (h) “Program” means the Capital Access Loan Program created
 5 pursuant to this article.
- 6 (i) “Qualified business” means a small business concern that
 7 meets both of the following criteria, regardless of whether the
 8 small business concern has operations that affect the environment:
- 9 (1) It is a corporation, partnership, cooperative, or other entity,
 10 whether that entity is a nonprofit entity or an entity established for
 11 profit, that is authorized to conduct business in the state.
- 12 (2) It has its primary business location within the boundaries of
 13 the state.
- 14 (j) (1) “Qualified loan” means a loan or a portion of a loan
 15 made by a participating financial institution to a qualified business
 16 for any business activity that has its primary economic effect in
 17 California. A qualified loan may be made in the form of a line of
 18 credit, in which case the participating financial institution shall
 19 specify the amount of the line of credit to be covered under the
 20 program, which may be equal to the maximum commitment under
 21 the line of credit or an amount that is less than that maximum
 22 commitment. A qualified loan made under the program may be
 23 made with the interest rates, fees, and other terms and conditions
 24 agreed upon by the participating financial institution and the
 25 borrower.
- 26 (2) “Qualified loan” does not include any of the following:
- 27 (A) A loan for the construction or purchase of residential
 28 housing.
- 29 (B) A loan to finance passive real estate ownership.
- 30 (C) A loan for the refinancing of an existing loan when and to
 31 the extent that the outstanding balance is not increased.
- 32 (D) A loan, the proceeds of which will be used in any manner
 33 that could cause the interest on any bonds previously issued by
 34 the authority to become subject to federal income tax.
- 35 (k) “Severely affected community” means any area classified
 36 as an enterprise zone pursuant to the Enterprise Zone Act (Chapter
 37 12.8 (commencing with Section 7070) of Division 7 of Title 1 of
 38 the Government Code), any area, as designated by the executive
 39 director, contiguous to the boundaries of a military base designated
 40 for closure pursuant to Section 2687 of Title 10 of the United States

1 Code, as amended, and any other comparable economically
2 distressed geographic area so designated by the executive director
3 from time to time.

4 (l) “Small Business Assistance Fund” means a fund created
5 within the authority pursuant to Section 44548.

6 (m) “Small business concern” has the same meaning as in
7 Section 632 of Title 15 of the United States Code, or as otherwise
8 provided in regulations of the authority.

9 ~~SEC. 4.~~

10 *SEC. 5.* Section 44559.2 of the Health and Safety Code is
11 amended to read:

12 44559.2. (a) The authority may contract with any financial
13 institution for the purpose of allowing the financial institution to
14 participate in the Capital Access Loan Program established by this
15 article.

16 (b) For purposes of this section, the authority may contract with
17 participating financial institutions and shall utilize a standard form
18 of contract that is reviewed and approved by the Department of
19 General Services. The standard form of contract shall provide for
20 all of the following:

21 (1) The creation of a loss reserve account by the authority for
22 the benefit of the financial institution.

23 (2) The financial institution, qualified business, and the authority
24 will deposit moneys to the credit of the institution’s loss reserve
25 account when the financial institution makes a qualified loan to a
26 qualified business.

27 (3) The liability of the state and the authority to the financial
28 institution under the contract is limited to the amount of money
29 credited to the loss reserve account of the institution.

30 (4) The financial institution shall provide the information that
31 the authority may require, including financial information that is
32 identifiable with, or identifiable from the financial records of a
33 particular customer who is the recipient of a qualified loan. In
34 addition to any other information that the authority may require,
35 the financial institution shall provide the complete North American
36 Industry Classification System (NAICS) for the qualified business,
37 the number of jobs created, the number of jobs retained, and
38 information that provides the precise geographic location of both
39 the qualified business and the borrower, if different.

1 (5) The financial institution will file a report with the executive
2 director setting out a full description of the board of directors,
3 including size, race, ethnicity, and gender.

4 (6) The participating financial institution will require each
5 borrower, prior to receiving a loan under the program, to sign a
6 written representation to the participating financial institution that
7 the borrower has no legal, beneficial, or equitable interest in the
8 nonrefundable premium charges or any other funds credited to the
9 loss reserve account established by the authority for the
10 participating financial institution.

11 (7) Other terms that the authority may require for purposes of
12 this article.

13 (c) A financial institution is not subject to laws restricting the
14 disclosure of financial information when the financial institution
15 provides information to the authority as required by paragraph (4)
16 of subdivision (b).

17 (d) A credit union operating pursuant to a certificate issued
18 under the California Credit Union Law (Division 5 (commencing
19 with Section 14000) of the Financial Code) may participate in the
20 Capital Access Loan Program established pursuant to this article
21 only to the extent participation is in compliance with the California
22 Credit Union Law. Nothing in this article shall be construed to
23 limit the authority of the Commissioner of Financial Institutions
24 to regulate credit unions subject to the commissioner’s jurisdiction
25 under the California Credit Union Law.

26 (e) Any individual, company, corporation, institution, utility,
27 government agency, or other entity, including any consortium of
28 these persons or entities, whether public or private, may participate
29 in the Capital Access Loan Program established pursuant to this
30 article by depositing funds in the California Capital Access Fund
31 under those terms and conditions as may be deemed appropriate
32 by the authority.

33 ~~SEC. 5. Section 44559.3 of the Health and Safety Code is~~
34 ~~amended to read:~~

35 ~~44559.3. (a) The authority shall establish a loss reserve~~
36 ~~account for each financial institution with which the authority~~
37 ~~makes a contract.~~

38 ~~(b) The loss reserve account for a financial institution shall~~
39 ~~consist of moneys paid as fees by borrowers and the financial~~
40 ~~institution, moneys transferred to the account from a small business~~

1 assistance fund, any matching federal moneys, and any other
2 moneys provided by the authority or other source.

3 (e) Notwithstanding any other provision of law, the authority
4 may establish and maintain loss reserve accounts with a financial
5 institution under such policies as the authority may adopt.

6 (d) All moneys in a loss reserve account established pursuant
7 to this article are the exclusive property of, and solely controlled
8 by, the authority. Interest or income earned on moneys credited to
9 the loss reserve account shall be deemed to be part of the loss
10 reserve account. The authority may withdraw from the loss reserve
11 account all interest or other income that has been credited to the
12 loss reserve account. A withdrawal made pursuant to this
13 subdivision may be made prior to paying any claim and shall be
14 used for the sole purpose of offsetting costs associated with
15 carrying out the program, including administrative costs and loss
16 reserve account contributions.

17 (e) (1) Except as provided in paragraph (2), the combined
18 amount to be deposited by the participating financial institution
19 into an individual loss reserve account over a three-year period,
20 in connection with a single borrower or a group of borrowers
21 among which a common enterprise exists, shall be not more than
22 one hundred thousand dollars (\$100,000).

23 (2) The combined amount to be deposited by the participating
24 financial institution into an individual loss reserve account over a
25 three-year period, in connection with a single borrower or any
26 group of borrowers among which a common enterprise exists, shall
27 not exceed two hundred thousand dollars (\$200,000), if the
28 matching contribution made by the authority is funded exclusively
29 from funds made available pursuant to the federal Small Business
30 Jobs Act of 2010 (Public Law 111-240).

31 SEC. 6. Section 44559.6 of the Health and Safety Code is
32 amended to read:

33 44559.6. The authority shall annually prepare a report to the
34 Governor and the Legislature that describes the financial condition
35 and programmatic results of the capital access loan program for
36 small businesses authorized under this article. Programmatic results
37 shall include, but not be limited to, for all outstanding loans on
38 the date the report is issued and new loans issued since the report
39 from the prior year, the total number of businesses served, jobs
40 created, jobs retained, the geographic distribution of the loans, and

- 1 the breakdown of businesses served by industry sector *for all loans*
- 2 *outstanding as of the end of the authority's fiscal year, and for*
- 3 *new loans issued since the report for the prior year.*

O