

AMENDED IN ASSEMBLY MARCH 15, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1207

Introduced by Assembly Member Furutani

February 18, 2011

~~An act to amend Section 305 of the Business and Professions Code, relating to the Department of Consumer Affairs. An act to amend Section 14010 of the Corporations Code, relating to small businesses.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1207, as amended, Furutani. ~~Department of Consumer Affairs. Small business.~~

Existing law, the California Small Business Financial Development Corporation Law, provides for a program to provide loans and loan guarantees to small businesses, as specified, and defines certain terms for its purposes.

This bill would define “microenterprise” as an entity that has 5 or fewer employees and lacks sufficient access to conventional loans, equity, or other banking services.

~~Existing law authorizes the Director of Consumer Affairs to administer and enforce those provisions relating to consumer affairs and a designee of the director to exercise a power or duty of the director.~~

~~This bill would make a technical, nonsubstantive change to that provision.~~

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

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

1 *SECTION 1. Section 14010 of the Corporations Code is*
2 *amended to read:*

3 14010. Unless the context otherwise requires, the definitions
4 in this section govern the construction of this part.

5 (a) “Corporation” or “the corporation” means any nonprofit
6 California small business financial development corporation created
7 pursuant to this part.

8 (b) “Financial institution” means banking organizations
9 including national banks and trust companies authorized to conduct
10 business in California and state-chartered commercial banks, trust
11 companies, and savings and loan associations.

12 (c) “Financial company” means banking organizations including
13 national banks and trust companies, savings and loan associations,
14 state insurance companies, mutual insurance companies, and other
15 banking, lending, retirement, and insurance organizations.

16 (d) “Expansion Fund” means the California Small Business
17 Expansion Fund.

18 (e) Unless otherwise defined by the director by regulation,
19 “small business loan” means a loan to a business defined as an
20 eligible small business as set forth in Section 121.3-10 of Part 121
21 of Chapter 1 of Title 13 of the Code of Federal Regulations,
22 including those businesses organized for agricultural purposes that
23 create or retain employment as a result of the loan. From time to
24 time, the director shall provide guidelines as to the preferred ratio
25 of jobs created or retained to total funds borrowed for guidance to
26 the corporations.

27 (f) “Employment incentive loan” means a loan to a qualified
28 business, as defined in subdivision (h) of Section 7082 of the
29 Government Code, or to a business located within an enterprise
30 zone, as defined in subdivision (b) of Section 7072 of the
31 Government Code.

32 (g) “Loan committee” means a committee appointed by the
33 board of directors of a corporation to determine the course of action
34 on a loan application pursuant to Section 14060.

35 (h) “Board of directors” means the board of directors of the
36 corporation.

37 (i) “Board” means the California Small Business Board.

1 (j) “Agency” means the Business, Transportation and Housing
2 Agency.

3 (k) “Director” means the person designated to this title by the
4 secretary.

5 (l) “Secretary” means the Secretary of Business, Transportation
6 and Housing Agency.

7 (m) “Trust fund” means the money from the expansion fund
8 that is held in trust by a financial institution or a financial company.
9 A trust fund is not a deposit of state funds and is not subject to the
10 requirements of Section 16506 of the Government Code.

11 (n) “Trust fund account” means an account within the trust fund
12 that is allocated to a particular small business financial
13 development corporation for the purpose of paying loan defaults
14 and claims on bond guarantees for a specific small business
15 financial development corporation.

16 (o) “Trustee” is the lending institution or financial company
17 selected by the office to hold and invest the trust fund. The
18 agreement between the agency and the trustee shall not be
19 construed to be a deposit of state funds.

20 (p) “Microenterprise” means a sole proprietorship, partnership,
21 limited liability company, or corporation that meets all of the
22 following requirements:

23 (1) Has five or fewer employees, including the owner.

24 (2) Generally lacks sufficient access to conventional loans,
25 equity, or other banking services.

26 ~~SECTION 1.—Section 305 of the Business and Professions Code~~
27 ~~is amended to read:~~

28 ~~305. The director shall administer and enforce the provisions~~
29 ~~of this chapter. Every power granted or duty imposed upon the~~
30 ~~director under this chapter may be exercised or performed in the~~
31 ~~name of the director by a deputy or assistant director or the chief~~
32 ~~of the department’s Division of Consumer Services, subject to~~
33 ~~those conditions and limitations as the director may prescribe.~~