

AMENDED IN ASSEMBLY APRIL 30, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 201

Introduced by Assembly Member Holden

January 29, 2013

An act to amend ~~Sections 14010, 14021, and~~ *Section* 14025 of the Corporations Code, relating to corporations.

LEGISLATIVE COUNSEL’S DIGEST

AB 201, as amended, Holden. Small business financial development corporations.

~~Existing law, the~~

~~The California Small Business Financial Development Corporation Law, creates the California Small Business Board and the California Small Business Expansion Fund. Existing law authorizes the formation of small business financial development corporations to grant loans from, or guarantee loans made by a financial institution or financial company against, moneys awarded to the corporation from the expansion~~ *a specified* fund for the purpose of stimulating small business development. ~~Existing That~~ law authorizes or requires the director designated by the Secretary of Business, Transportation and Housing, ~~as designated~~, to perform specified duties.

This bill would require the director to ~~cause the names of the financial institutions and financial companies making direct loans under the program to be posted on the agency’s~~ *maintain an* Internet Web site *that would include, in a specified manner, information on the programs administered through the statewide network of small business financial development corporations, including loan guarantees, direct lending, surety bond guarantees, and disaster loans.* This bill would also make

conforming changes based on the Governor's Reorganization Plan Number 2 of 2012.

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. 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.~~

1 ~~(g) “Loan committee” means a committee appointed by the~~
2 ~~board of directors of a corporation to determine the course of action~~
3 ~~on a loan application pursuant to Section 14060.~~

4 ~~(h) “Board of directors” means the board of directors of the~~
5 ~~corporation.~~

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

7 ~~(j) “Agency” means the Business and Consumer Services~~
8 ~~Agency.~~

9 ~~(k) “Director” means the person designated to this title by the~~
10 ~~secretary.~~

11 ~~(l) “Secretary” means the Secretary of Business and Consumer~~
12 ~~Services.~~

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

17 ~~(n) “Trust fund account” means an account within the trust fund~~
18 ~~that is allocated to a particular small business financial~~
19 ~~development corporation for the purpose of paying loan defaults~~
20 ~~and claims on bond guarantees for a specific small business~~
21 ~~financial development corporation.~~

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

26 ~~SEC. 2. Section 14021 of the Corporations Code is amended~~
27 ~~to read:~~

28 ~~14021. The board consists of the following membership:~~

29 ~~(a) The Secretary of Business and Consumer Services or his or~~
30 ~~her designee.~~

31 ~~(b) Six members appointed by the Governor, one of whom will~~
32 ~~serve as chair of the board, who are actively involved in the~~
33 ~~California small business community.~~

34 ~~(c) Two persons actively involved in the business or agricultural~~
35 ~~communities, one appointed by the Speaker of the Assembly and~~
36 ~~one appointed by the Senate Committee on Rules.~~

37 ~~(d) Two Members of the Legislature or their designees, one~~
38 ~~appointed by the Speaker of the Assembly and one appointed by~~
39 ~~the Senate Committee on Rules, shall serve on the board insofar~~
40 ~~as it does not conflict with the duties of the legislators.~~

1 ~~SEC. 3.~~

2 ~~SECTION 1.~~ Section 14025 of the Corporations Code is
3 amended to read:

4 14025. The director shall do all of the following:

5 (a) Administer this part.

6 (b) In accordance with program resources, stimulate the
7 formation of corporations and the use of branch offices for the
8 purposes of making this program accessible to all areas of the state.

9 (c) Expeditiously approve or disapprove the articles of
10 incorporation and any subsequent amendments to the articles of
11 incorporation of a corporation.

12 (d) Require each corporation to submit an annual written plan
13 of operation.

14 (e) Review reports from the Division of Financial Institutions
15 within the Department of Business Oversight, and inform
16 corporations as to what corrective action is required.

17 (f) Examine, or cause to be examined, at any reasonable time,
18 all books, records, and documents of every kind, and the physical
19 properties of a corporation. The inspection shall include the right
20 to make copies, extracts, and search records.

21 ~~(g) Cause the names of the financial institutions and financial~~
22 ~~companies making direct loans under the program to be posted on~~
23 ~~the agency's Internet Web site.~~

24 (g) *Maintain or cause to be maintained an Internet Web site*
25 *that includes information on the programs administered through*
26 *the statewide network of small business financial development*
27 *corporations. Programs covered shall include loan guarantees,*
28 *direct lending, surety bond guarantees, and disaster loans.*
29 *Information shall be presented in a manner appropriate to address*
30 *the needs of both small businesses and existing and potential*
31 *financial institutions and financial companies.*