

Senate Bill No. 66

CHAPTER 637

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.

[Approved by Governor November 2, 2009. Filed with
Secretary of State November 2, 2009.]

LEGISLATIVE COUNSEL'S DIGEST

SB 66, Price. 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.

Appropriation: yes.

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

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 Section 14044 of the Corporations Code is repealed.

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

14044. (a) As of July 28, 2009, notwithstanding any other provision of this chapter, a total of eight million three hundred thousand dollars (\$8,300,000) of state money in the expansion fund, or the trust fund, or both,

as determined by the Director of Finance, shall not be available to corporations or to the state for any purposes authorized by this chapter, and shall instead revert to the General Fund.

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

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shall become inoperative as of the date upon which the reversion pursuant to subdivision (a) is completed, and shall be repealed on January 1 of the next succeeding calendar year.

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

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