

ASSEMBLY BILL

No. 1298

Introduced by Assembly Member Gipson

February 27, 2015

An act to amend Section 63088.6 of the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 1298, as introduced, Gipson. Small business financial assistance.

The Small Business Financial Assistance Act of 2013 requires a corporation, as defined, to implement its responsibilities under the act by, among other things, performing outreach to low-resource small businesses and microbusinesses, and collaborating with other organizations and lenders to identify and assist businesses that are creditworthy but face impediments to accessing conventional sources because of reasons, such as low equity, inadequate collateral, and unacceptable legal structure.

This bill would make nonsubstantive changes to these provisions.

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 63088.6 of the Government Code is
- 2 amended to read:
- 3 63088.6. To implement its responsibilities, a corporation shall
- 4 undertake program activities that shall include, but not be limited
- 5 to, *all of* the following:

1 (a) Outreach to low-resource small businesses and
2 microbusinesses. The corporations located in rural areas shall give
3 priority to low-resource farmers and rural and agriculturally related
4 businesses.

5 (b) Collaboration with other organizations and lenders to identify
6 and assist ~~those~~ businesses that are creditworthy but face
7 impediments to accessing conventional sources because of reasons,
8 such as low equity, inadequate collateral, unacceptable legal
9 structure ~~(such, such as a co-op or nonprofit organization);~~
10 *organization*, management inadequacies, and language problems.

11 (c) To the extent possible, bringing all possible financial
12 resources to bear on the borrower's problems, including, but not
13 limited to, low-interest lenders, business and industrial
14 development corporations (BIDCOs), minority enterprise small
15 business investment companies (MESBICs), and other financial
16 institutions, financial companies, and grantors.

17 (d) Technical assistance to businesses receiving loans or
18 guarantees that will maximize the probability of loan repayment.

19 (e) Ongoing strategies for increasing program resources through
20 private sector involvement and nonstate funds.

21 (f) A program for collecting and liquidating defaulted loans so
22 that the corporations can qualify to become full-service lenders
23 under the Small Business Administration. Corporations located in
24 rural areas shall, in addition, try to qualify for lender status under
25 the United States Department of Agriculture's Rural Development
26 and Farm Services Agency.

27 (g) Become an agent for other financial institutions and financial
28 companies.

29 (h) Become an agent for other state or federal governmental
30 agencies that need a qualified financial service provider, including,
31 but not limited to, the State Energy Resources Conservation and
32 Development Commission.