
JEDE AMENDMENTS

AB 2376 (Petrie-Norris): As Amended March 17, 2022

Submitted by: Toni Symonds, JEDE Committee Staff

Summary of the Amendments:

1. Change the administrator from GO-Biz to the Office of the Small Business Advocate.
2. Relocate the code sections to reflect the new administrator.
3. Designate the Office of the Small Business Advocate as the lead state government entity for helping small businesses become finance-ready relative to state programs utilizing SSBCI funds.
4. Brand the One-Stop-Shop as a tool for creating a pipeline of finance-ready small businesses.
5. Narrow the scope of the One-Stop-Shop to debt finance.
6. Expand the primary client base of the One-Stop-Shop to include small business technical and financial assistance providers.
7. Provide that information related to grants, investment capital, procurement, and other activities are linked to the One-Stop-Shop platform.
8. Clarify that the platform builds on the existing requirements for the Office of the Small Business Advocate to maintain a robust website.
9. Modify the reporting requirements so that the information can be included within an already required annual report of the Office of the Small Business Advocate, as specified.

Mock-up of the Proposed Amendments:

SECTION 1. The Legislature finds and declares as follows:

- (a) Small businesses are the backbone of California's economy, employing nearly one-half of all workers in the state.
- (b) Access to capital is central to the longevity of any small business and programs aimed at increasing such access have been in place for years.
- (c) Still, eliminating barriers in access to affordable capital, especially for small business owners from underrepresented backgrounds, remains a challenge.
- (d) Further, record levels of small business registrations were filed during the pandemic as the needs and wants of the workforce shifted, further increasing the amount of capital needed to keep small businesses open.
- (e) Access to affordable capital remains a stumbling block for many small business owners in starting or expanding their business, particularly those business owners from underrepresented backgrounds.
- (f) One of the barriers to accessing safe and transparent capital is the time-intensive process of researching and applying for various sources of funding one at a time, as many small business owners have little to no administrative support in this process.
- (g) Additionally, mission-driven and nonprofit community lenders may not have access to sophisticated technology and platforms enjoyed by for-profit lenders on the private market, creating an additional barrier for small business owners to access affordable capital.
- (h) While there are numerous programs, tools, and organizations supporting small businesses in meeting their needs for capital, a lack of coordination among these sources increases the time and resources required for a small business to ultimately secure the capital they seek.

SEC. 2. Section 12098.61 is added to read:

Article 7.5 (commencing with Section 12100.70) is added to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code, to read:—

~~Article 7.5. One Stop Capital Shop Act of 2022—~~

~~12100.70. For purposes of this article:~~

~~(a) “Office” means the Governor’s Office of Business and Economic Development.~~

~~(b) “SBIC” or “small business investment company” means a privately owned and managed investment fund that is licensed and regulated by the United States Small Business Administration.—~~

12098.61 12100.71. (a) The Office shall serve as the lead state government entity for helping California small businesses become finance-ready relative to state programs utilizing federal funds received by the state from the State Small Business Credit Initiative (Public Law 111-240). In creating this pipeline of finance-ready small businesses, the office shall prioritize businesses enterprises owned and controlled by socially and economically disadvantaged individuals as defined in Section 5701(15) of Title 12 of the United States Code. The One-Stop-Shop, launched pursuant to subdivision (c), shall serve as one of the tools used by the office to facilitate their work in coordinating, integrating, and amplifying outreach to qualifying small businesses throughout the state.

(b) The Office may engage with the federal [Comptroller of the Currency](#), Federal Reserve Board, Federal Deposit Insurance Corporation, and the [Equity Hub of the US Treasury](#), and other federal and state entities with similar missions to identify and mitigate barriers to accessing capital by small businesses in underserved communities, including rural areas and inner cities, and undercapitalized small business owners. The office may seek other federal, state, regional, and local public and private partners as appropriate and necessary to creating a robust pipeline of finance-ready small businesses.

(c) On or before July 1, 2023, the office shall ~~create~~ launch a “one-stop capital shop” online platform to assist small businesses in accessing safe funding opportunities and to reduce barriers in access to affordable capital. The one-stop capital shop platform shall include all of the following ~~provisions~~:

(1) ~~(a) Creation of a~~ A small business loan marketplace that allows small businesses and technical and financial assistance providers to access information on public and private loan products and credit enhancement opportunities compare and shop, both from government programs and affordable private programs. , with actual loan structures and annual percentage rates in one place. In the initial phase of the rollout, the platform shall include financial institutions participating in state loan guarantee and loss reserve programs that are funded with federal State Small Business Credit Initiative funding.

(2) Functionality that supports small businesses sending messages and connecting with small business technical assistance providers who are participating in the State Small Business Technical Assistance Program, pursuant to Article 7 commencing with Section 12100.60. ~~(b) Consolidation of grant, SBIC, and other small business grant and investment financing information in one place.—~~

(3) (A) Functionality that supports a small business credit-ready assessment tool. The credit-ready assessment tool shall be capable of providing a preliminary assessment of a business’ current credit readiness, identify areas a weakness based on a standardized list of credit-ready qualifications, and make direct referrals to the state’s network of small business technical and financial assistance providers who can provide training and one-on-one counseling to improve business fundamentals and other issues to assist a small business in becoming a stronger loan candidate.

(B) (e) Creation of a Functionality that allows a small business owner to establish a secure online account from which a standardized business profile can be stored and deployed by the business when submitting information to prospective lenders who have signed up to participate in the One-Stop-Shop marketplace.

~~who are us feature permitting small businesses to create a platform profile uploading basic information integrated into both (1) a universal intake form that may be submitted to multiple funding sources at once, including indicators of lender readiness and completed technical assistance, and (2) a database that is searchable by state agencies when soliciting small business submissions for procurement opportunities.~~

(4) (d) Educational materials, which include basic information describing and differentiating the various available funding mechanisms, shall be provided in a frequently asked questions (FAQ) and other easily digestible formats.

(5) (e) Linkages to reliable funding platforms, including but not limited to state- and federal-sponsored websites with information on grants, loans, venture funds, when available.

(6) (f) Linkages to reliable information, including, but not limited to, small business certification and state procurement opportunities, regulatory compliance, and climate adaptation and mitigation for small businesses.

(c) The “one-stop capital shop” shall build upon and help bring awareness to other small business resources which have been mandated to be available on the office’s website, including, but not limited to the requirements of subparagraph (2) of subdivision (c) of Section 12098.4 and Section 12098.6.

(d) The office shall include a summary of the activities they have undertaken pursuant to this section in the annual report the office submits pursuant to subdivision (b) of Section 12098.4.

12100.72. ~~(a) Notwithstanding Section 10231.5, the office shall submit a report to the Legislature on or before January 1, 2028, regarding its implementation of the one stop capital shop pursuant to this article.~~

~~(b) The report to be submitted pursuant to subdivision (a) shall be submitted in compliance with Section 9795.~~