

AMENDED IN ASSEMBLY APRIL 19, 2022

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2400**

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**Introduced by Assembly Member Cervantes**

February 17, 2022

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An act to amend Sections 44520, 44559.1, 44559.2, 44559.3, 44559.4, 44559.6, and 44559.11 of the Health and Safety Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 2400, as amended, Cervantes. California Pollution Control Financing Authority Act: Capital Access Loan Program for Small Businesses.

(1) The California Pollution Control Financing Authority Act establishes the California Pollution Control Financing Authority, with specified powers and duties, and authorizes the authority to approve financing for projects or pollution control facilities to prevent or reduce environmental pollution. The act requires the authority, in accordance with the Administrative Procedure Act, to adopt all necessary rules and regulations to carry out its powers and duties. The act expressly authorizes the authority, or any other agency implementing a small business or brownfield site financing assistance program pursuant to an interagency agreement with the authority, to adopt regulations related to small business or brownfield site financing as emergency regulations in accordance with the Administrative Procedure Act.

This bill would limit the above emergency rulemaking power of the authority or other agency to regulations relating to brownfield site ~~financing~~, *financing*, and *make conforming changes*.

(2) Existing federal law, the federal State Small Business Credit Initiative Act of 2010, provides funding to qualified state-run programs that support lending to small businesses, including state-run capital access loan programs and collateral support programs.

The California Pollution Control Financing Authority Act establishes the Capital Access Loan Program for Small Businesses, which is administered by the authority, to assist qualifying small businesses in the state access capital. The act authorizes the authority to enter into contracts with participating financial institutions, and prescribes requirements related to those contracts. The act authorizes a participating financial institution that experiences a default on a qualified loan enrolled in the program to obtain reimbursement from the authority, as specified. The act defines certain terms for purposes of the program, including “severely affected community,” which includes an area classified as an enterprise zone pursuant to the Enterprise Zone Act. Existing law repealed the authority to designate enterprise zones and designated program areas effective January 1, 2014.

This bill would delete the obsolete reference to enterprise zones from the definition of “severely affected community” and redefine the term, in part, to include an area in a census tract in the state that qualifies as eligible for designation by the United States Treasury as an Opportunity Zone, as provided.

This bill would prescribe additional requirements related to contracts between the authority and a participating financial institution, including, among other requirements, prohibiting the term of a contract between the authority and a participating financial institution, including renewals, from extending beyond July 1, 2032, and requiring the contract to include provisions for the dissolution of a loss reserve account created by the authority for the benefit of the participating financial institution. The bill would require a participating financial institution to request, but not require, that a customer who is the recipient of a qualified loan disclose their gender, race, and ethnicity. The bill would specify that these additional requirements apply only with respect to a contract between the authority and a participating financial institution entered into or renewed on or after January 1, 2023.

*This bill would authorize the authority to, when depositing specified fees to the credit of the loss reserve account for a participating financial institution, transfer to the loss reserve account an amount up to 150% of the amount of the fees paid by the participating financial institution, if matching funds are available under a federal capital access program*

*or other source and a higher fee amount is authorized under the federal program and if the qualified business is a business owned and controlled by socially and economically disadvantaged individuals, as defined.*

This bill would require the authority, when establishing a loss reserve account for each participating financial institution, to either establish a separate loss reserve account or require separate accounting of all deposits for enrolled loans where the state deposits funds that were derived from the State Small Business Credit Initiative after April 1, 2022. The bill would require, among other things, that a withdrawal from a loss reserve account that includes a deposit made by the authority from funds received from the United States Treasury through an agreement pursuant to the State Small Business Credit Initiative be deposited in an account exclusively for those funds and would prohibit the comingling of these funds with any other funds of the authority. *The bill would also prohibit the comingling of specified fee revenues received or recaptured by the authority with funds that were derived from the State Small Business Credit Initiative.* The bill would require that moneys received or derived from the *State* Small Business Credit Initiative be transferred, beginning July 1, 2031, and by no later than December 1, 2032, to the State Small Business Credit Initiative Account within the Small Business Expansion Fund. The bill would authorize the Board of Directors of the California Infrastructure and Economic Development Bank to set an earlier date for initiation of this transfer if the earlier date is consistent with the terms of a contract between the authority and the participating financial institution.

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 44520 of the Health and Safety Code is
- 2 amended to read:
- 3 44520. (a) The authority shall, in accordance with Chapter
- 4 3.5 (commencing with Section 11340) of Part 1 of Division 3 of
- 5 Title 2 of the Government Code, adopt all necessary rules and
- 6 regulations to carry out its powers and duties under this division.
- 7 The authority may call upon any state board or department for aid
- 8 and assistance in preparing plans and specifications and in
- 9 developing technology necessary to effectively control pollution.

1 (b) Notwithstanding subdivision (a), the authority, or any other  
2 agency implementing a brownfield site financing assistance  
3 program pursuant to an interagency agreement with the authority,  
4 may adopt a regulation relating to brownfield site financing as an  
5 emergency regulation in accordance with Chapter 3.5 (commencing  
6 with Section 11340) of Part 1 of Division 3 of Title 2 of the  
7 Government Code. For purposes of that Chapter 3.5, including  
8 Section 11349.6 of the Government Code, the adoption of the  
9 regulation shall be considered by the Office of Administrative Law  
10 to be necessary for the immediate preservation of the public peace,  
11 health and safety, and general welfare. The regulation shall be  
12 repealed 180 days after its effective date, unless the adopting  
13 authority or agency complies with that Chapter 3.5.

14 (c) Notwithstanding subdivision (a), the authority, or any other  
15 agency implementing a loan program pursuant to an interagency  
16 agreement with the authority, may adopt a regulation relating to  
17 the loans and grants authorized under subdivision (g) of Section  
18 44526 as an emergency regulation in accordance with Chapter 3.5  
19 (commencing with Section 11340) of Part 1 of Division 3 of Title  
20 2 of the Government Code. For purposes of that Chapter 3.5,  
21 including Section 11349.6 of the Government Code, the adoption  
22 of the regulation shall be considered by the Office of  
23 Administrative Law to be necessary for the immediate preservation  
24 of the public peace, health and safety, and general welfare. The  
25 regulation shall be repealed 180 days after its effective date, unless  
26 the adopting authority or agency complies with that Chapter 3.5.

27 SEC. 2. Section 44559.1 of the Health and Safety Code is  
28 amended to read:

29 44559.1. As used in this article, unless the context requires  
30 otherwise, the following terms have the following meanings:

31 (a) “Authority” means the California Pollution Control  
32 Financing Authority.

33 (b) “*Business enterprise owned and controlled by socially and*  
34 *economically disadvantaged individuals*” or “*business enterprise*  
35 *owned and controlled by SEDI*” has the meaning set forth in  
36 *Section 5701(15) of Title 12 of the United States Code.*

37 ~~(b)~~

38 (c) “California Capital Access Fund” means a fund created  
39 within the authority to be used for purposes of the program.

40 ~~(e)~~

1 (d) “Executive director” means the Executive Director of the  
2 California Pollution Control Financing Authority.

3 ~~(e)~~

4 (e) (1) “Financial institution” means a federal- or state-chartered  
5 bank, savings association, credit union, not-for-profit community  
6 development financial institution certified under Part 1805  
7 (commencing with Section 1805.100) of Chapter XVIII of Title  
8 12 of the Code of Federal Regulations, or a consortium of these  
9 entities. A consortium of those entities may include a nonfinancial  
10 corporation, if the percentage of capitalization by all nonfinancial  
11 corporations in the consortium does not exceed 49 percent.

12 (2) (A) “Financial institution” also includes a lending institution  
13 that has executed a participation agreement with the Small Business  
14 Administration under the guaranteed loan program pursuant to  
15 Part 120 (commencing with Section 120.1) of Chapter I of Title  
16 13 of the Code of Federal Regulations and meets the requirements  
17 of Section 120.410 of Chapter I of Title 13 of the Code of Federal  
18 Regulations, a small business investment company licensed  
19 pursuant to Part 107 (commencing with Section 107.20) of Chapter  
20 I of Title 13 of the Code of Federal Regulations, and a small  
21 business financial development corporation, which shall have the  
22 meaning of “corporation” set forth in subdivision (f) of Section  
23 14003 of the Corporations Code, or microbusiness lender, as  
24 defined in paragraph (15) of subdivision (b) of Section 12100 of  
25 the Government Code, that meets standards that shall be established  
26 by the authority. For loans where all or part of the fees and  
27 matching contributions are paid by an entity participating in the  
28 program pursuant to subdivision (e) of Section 44559.2, “financial  
29 institution” also includes finance lenders, as defined in Section  
30 22009 of the Financial Code, making commercial loans, as defined  
31 in Section 22502 of the Financial Code.

32 (B) A financial institution described in this paragraph shall be  
33 domiciled or have its principal office in the State of California.

34 (3) “Financial institution” also includes an insured depository  
35 institution, insured credit union, or community development  
36 financial institution, as these terms are defined in Section 4702 of  
37 Title 12 of the United States Code.

38 ~~(e)~~

39 (f) “Loss reserve account” means an account in the State  
40 Treasury or any financial institution that is established and

1 maintained by the authority for the benefit of a financial institution  
2 participating in the program for all of the following purposes:

3 (1) Depositing all required fees paid by the participating  
4 financial institution and the qualified business.

5 (2) Depositing contributions made by the state and, if applicable,  
6 the federal government or other sources.

7 (3) Covering losses on enrolled qualified loans sustained by the  
8 participating financial institution by disbursing funds accumulated  
9 in the loss reserve account.

10 ~~(f)~~

11 (g) “Participating financial institution” means a financial  
12 institution that has been approved by the authority to enroll  
13 qualified loans in the program and has agreed to all terms and  
14 conditions set forth in this article and as may be required by any  
15 applicable federal law providing matching funding.

16 ~~(g)~~

17 (h) “Passive real estate ownership” means ownership of real  
18 estate for the purpose of deriving income from speculation, trade,  
19 or rental, but does not include any of the following:

20 (1) The ownership of that portion of real estate being used or  
21 intended to be used for the operation of the business of the owner  
22 of the real estate.

23 (2) The ownership of real estate for the purpose of construction  
24 or renovation, until the completion of the construction or renovation  
25 phase.

26 ~~(h)~~

27 (i) “Program” means the Capital Access Loan Program created  
28 pursuant to this article.

29 ~~(i)~~

30 (j) “Qualified business” means a small business concern that  
31 meets both of the following criteria, regardless of whether the  
32 small business concern has operations that affect the environment:

33 (1) It is a corporation, partnership, cooperative, or other entity,  
34 whether that entity is a nonprofit entity or an entity established for  
35 profit, that is authorized to conduct business in the state.

36 (2) It has its primary business location within the boundaries of  
37 the state.

38 ~~(j)~~

39 (k) (1) “Qualified loan” means a loan or a portion of a loan  
40 made by a participating financial institution to a qualified business

1 for any business activity that has its primary economic effect in  
2 the state. A qualified loan may be made in the form of a line of  
3 credit, in which case the participating financial institution shall  
4 specify the amount of the line of credit to be covered under the  
5 program, which may be equal to the maximum commitment under  
6 the line of credit or an amount that is less than that maximum  
7 commitment. A qualified loan made under the program may be  
8 made with the interest rates, fees, and other terms and conditions  
9 agreed upon by the participating financial institution and the  
10 borrower.

11 (2) “Qualified loan” does not include any of the following:

12 (A) A loan for the construction or purchase of residential  
13 housing.

14 (B) A loan to finance passive real estate ownership.

15 (C) A loan for the refinancing of an existing loan when and to  
16 the extent that the outstanding balance is not increased.

17 (D) A loan, the proceeds of which will be used in any manner  
18 that could cause the interest on any bonds previously issued by  
19 the authority to become subject to federal income tax.

20 ~~(k)~~

21 (l) “Severely affected community” means any of the following:

22 (1) An area in a census tract in the state that qualifies as eligible  
23 for designation by the United States Treasury as an Opportunity  
24 Zone pursuant to Sections 1400Z-1 and 1400Z-2 of the Internal  
25 Revenue Code.

26 (2) An area, as designated by the executive director, contiguous  
27 to the boundaries of a military base designated for closure pursuant  
28 to Section 2687 of Title 10 of the United States Code, as amended.

29 (3) For program revenues derived from bond issuances, any  
30 other comparable economically distressed geographic area so  
31 designated by the executive director from time to time.

32 ~~(t)~~

33 (m) “Small Business Assistance Fund” means a fund created  
34 within the authority pursuant to Section 44548.

35 ~~(n)~~

36 (n) “Small business concern” has the same meaning as in Section  
37 632 of Title 15 of the United States Code, or as otherwise provided  
38 in regulations of the authority.

39 ~~(r)~~

1 (o) “Socially and economically disadvantaged individuals” or  
2 “SEDI” has the meaning set forth in Section 5701(18) of Title 12  
3 of the United States Code.

4 SEC. 3. Section 44559.2 of the Health and Safety Code is  
5 amended to read:

6 44559.2. (a) The authority may contract with any financial  
7 institution for the purpose of allowing the financial institution to  
8 participate in the program.

9 (b) For purposes of this section, the authority may contract with  
10 participating financial institutions and shall utilize a standard form  
11 of contract that is reviewed and approved by the Department of  
12 General Services. The standard form of contract shall provide for  
13 all of the following:

14 (1) The creation and dissolution of a loss reserve account by  
15 the authority for the benefit of the financial institution.

16 (2) The financial institution, qualified business, and the authority  
17 will deposit moneys to the credit of the institution’s loss reserve  
18 account when the financial institution makes a qualified loan to a  
19 qualified business.

20 (3) The liability of the state and the authority to the financial  
21 institution under the contract is limited to the amount of money  
22 credited to the loss reserve account of the institution.

23 (4) (A) The financial institution shall provide the information  
24 that the authority may require, including financial information that  
25 is identifiable with, or identifiable from the financial records of a  
26 particular customer who is the recipient of a qualified loan. In  
27 addition to any other information that the authority may require,  
28 the financial institution shall provide the complete North American  
29 Industry Classification System (NAICS) for the qualified business,  
30 the number of jobs created, the number of jobs retained, and  
31 information that provides the precise geographic location of both  
32 the qualified business and the borrower, if different.

33 (B) The financial institution shall request, but not require, that  
34 a customer who is the recipient of a qualified loan disclose their  
35 gender, race, and ethnicity.

36 (5) The financial institution will file a report with the executive  
37 director setting out a full description of the board of directors,  
38 including size, race, ethnicity, and gender.

39 (6) The participating financial institution will require each  
40 borrower, prior to receiving a loan under the program, to sign a



1 written representation to the participating financial institution that  
2 the borrower has no legal, beneficial, or equitable interest in the  
3 nonrefundable premium charges or any other funds credited to the  
4 loss reserve account established by the authority for the  
5 participating financial institution.

6 (7) The term of the contract, which may include renewals, but  
7 shall not extend beyond July 1, 2032.

8 (8) Provisions for the dissolution of the account, including, but  
9 not limited to, the distribution of funds within the account between  
10 the authority and the financial institution at the conclusion of the  
11 agreement. The agreement shall provide that no more than 50  
12 percent of the deposits remain with the financial institution upon  
13 dissolution of the account.

14 (9) Other terms that the authority may require for purposes of  
15 this article.

16 (c) A financial institution is not subject to laws restricting the  
17 disclosure of financial information when the financial institution  
18 provides information to the authority as required by paragraph (4)  
19 of subdivision (b).

20 (d) A credit union operating pursuant to a certificate issued  
21 under the California Credit Union Law (Division 5 (commencing  
22 with Section 14000) of the Financial Code) may participate in the  
23 program only to the extent the credit union's participation complies  
24 with the California Credit Union Law. Nothing in this article shall  
25 be construed to limit the authority of the Commissioner of Financial  
26 Institutions to regulate credit unions subject to the commissioner's  
27 jurisdiction under the California Credit Union Law.

28 (e) An individual, company, corporation, institution, utility,  
29 government agency, or other entity, including a consortium of  
30 these persons or entities, whether public or private, may participate  
31 in the program by depositing funds in the California Capital Access  
32 Fund under those terms and conditions as may be deemed  
33 appropriate by the authority.

34 (f) The changes made to the standard form of contract provisions  
35 required by subdivision (b) by the act adding this subdivision shall  
36 not be construed or implemented in a manner that impairs a  
37 contractual right or obligation that existed before January 1, 2023.

38 SEC. 4. Section 44559.3 of the Health and Safety Code is  
39 amended to read:

1 44559.3. (a) The authority shall establish a loss reserve  
2 account for each financial institution with which the authority  
3 makes a contract. The authority shall either establish a separate  
4 loss reserve account with a financial institution or require separate  
5 accounting of all deposits for enrolled loans where the state  
6 deposits funds that were derived from the State Small Business  
7 Credit Initiative (Public Law 111-240) on or after April 1, 2022.

8 (b) The loss reserve account for a financial institution shall  
9 consist of moneys paid as fees by borrowers and the financial  
10 institution, moneys transferred to the account from a small business  
11 assistance fund, any matching federal moneys, and any other  
12 moneys provided by the authority or other source.

13 (c) The authority may adopt policies to establish and maintain  
14 a loss reserve account with a financial institution.

15 (d) (1) All moneys in a loss reserve account established pursuant  
16 to this article, except as specified in paragraph (3), are the exclusive  
17 property of, and solely controlled by, the authority. Interest or  
18 income earned on moneys credited to the loss reserve account shall  
19 be deemed to be part of the loss reserve account.

20 (2) The authority may withdraw from the loss reserve account  
21 all, or a portion of, the interest or other income that has been  
22 credited to the loss reserve account. Any withdrawal made pursuant  
23 to this subdivision may be made prior to paying any claim and  
24 shall be used for the sole purpose of offsetting costs associated  
25 with carrying out the program, including administrative costs of  
26 the program and loss reserve account contributions.

27 (3) A withdrawal from an account that includes a deposit made  
28 by the authority from funds received from the United States  
29 Treasury through an agreement pursuant to the State Small  
30 Business Credit Initiative (Public Law 111-240), including interest  
31 income, shall be deposited in an account of the authority that only  
32 includes funds, including interest and other income, derived from  
33 the State Small Business Credit Initiative, as modified by the  
34 American Rescue Plan Act of 2021 (Public Law 117-2), and shall  
35 not be comingled with any other funds of the authority.

36 (e) The combined amount to be deposited by the participating  
37 financial institution into any individual loss reserve account over  
38 a three-year period, in connection with any single borrower or any  
39 group of borrowers among which a common enterprise exists, shall  
40 be not more than one hundred thousand dollars (\$100,000).

1     *SEC. 5. Section 44559.4 of the Health and Safety Code is*  
2 *amended to read:*

3     44559.4. (a) If a financial institution that is participating in  
4 the Capital Access Loan Program established pursuant to this  
5 article decides to enroll a qualified loan under the program in order  
6 to obtain the protection against loss provided by its loss reserve  
7 account, it shall notify the authority in writing on a form prescribed  
8 by the authority, within 15 days after the date on which the loan  
9 is made, of all of the following:

- 10     (1) The disbursement of the loan.
  - 11     (2) The dollar amount of the loan enrolled.
  - 12     (3) The interest rate applicable to, and the term of, the loan.
  - 13     (4) The amount of the agreed upon premium.
- 14     (b) The executive director may authorize an additional five days  
15 for a financial institution to submit the written notification  
16 described in subdivision (a) to the authority on a loan-by-loan basis  
17 for a reason limited to conditions beyond the reasonable control  
18 of the financial institution.
- 19     (c) The financial institution may make a qualified loan to be  
20 enrolled under the program to an individual, or to a partnership or  
21 trust wholly owned or controlled by an individual, for the purpose  
22 of financing property that will be leased to a qualified business  
23 that is wholly owned by that individual. In that case, the property  
24 shall be treated as meeting the requirements of paragraph (1) of  
25 subdivision (i) of Section 44559.1.
- 26     (d) When making a qualified loan that will be enrolled under  
27 the program, the participating financial institution shall require  
28 the qualified business to which the loan is made to pay a fee of  
29 not less than 2 percent of the principal amount of the loan, but not  
30 more than 3½ percent of the principal amount. The financial  
31 institution shall also pay a fee in an amount equal to the fee paid  
32 by the borrower. The financial institution shall deliver the fees  
33 collected under this subdivision to the authority for deposit in the  
34 loss reserve account for the institution. The financial institution  
35 may recover from the borrower the cost of its payments to the loss  
36 reserve account through the financing of the loan, upon the  
37 agreement of the financial institution and the borrower. The  
38 financial institution may cover the cost of borrower payments to  
39 the loan loss reserve account.

1 (e) When depositing fees collected under subdivision (d) to the  
 2 credit of the loss reserve account for a participating financial  
 3 institution, the authority shall do the following:

4 (1) If matching funds are not available under a federal capital  
 5 access program or other source, the authority shall transfer to the  
 6 loss reserve account an amount that is not less than the amount of  
 7 the fees paid by the participating financial institution. However,  
 8 if the qualified business is located within a severely affected  
 9 community, the authority shall transfer to the loss reserve account  
 10 an amount not less than 150 percent of the amount of the fees paid  
 11 by the participating financial institution.

12 (2) If matching funds are available under a federal capital access  
 13 program or other source, the authority shall transfer, on an  
 14 immediate or deferred basis, to the loss reserve account the amount  
 15 required by that federal program or other source. However, *if the*  
 16 *qualified business is a business owned and controlled by SEDI*  
 17 *and a higher fee amount is authorized under the federal program,*  
 18 *the authority may transfer to the loss reserve account an amount*  
 19 *up to 150 percent of the amount of the fees paid by the participating*  
 20 *financial institution. In no case shall the total amount deposited*  
 21 *into the loss reserve account shall not be less than the amount*  
 22 *which that would have been deposited in the absence of matching*  
 23 *funds.*

24 ~~(f) This section shall become operative on April 1, 2017.~~

25 ~~SEC. 5.~~

26 *SEC. 6.* Section 44559.6 of the Health and Safety Code is  
 27 amended to read:

28 44559.6. (a) Notwithstanding Section 10231.5 of the  
 29 Government Code, the authority shall annually prepare a report to  
 30 the Governor and, in compliance with Section 9795 of the  
 31 Government Code, to the Legislature that describes the financial  
 32 condition and programmatic results of the capital access loan  
 33 program for small businesses authorized under this article.  
 34 Programmatic results shall include, but not be limited to, the total  
 35 number of businesses served, jobs created, jobs retained, the  
 36 geographic distribution of the loans, and the breakdown of  
 37 businesses served by industry sector for all new loans issued since  
 38 the report for the prior year.

39 (b) The authority shall separately account for funds that were  
 40 received by the authority through an agreement with the United

1 States Treasury, or its designee, pursuant to the State Small  
2 Business Credit Initiative (Public Law 111-240), including any  
3 interest income and account withdrawals.

4 (c) (1) Notwithstanding any limitations in this article, moneys  
5 received or derived from the State Small Business Credit Initiative  
6 (Public Law 111-240) shall be transferred to the State Small  
7 Business Credit Initiative Account within the Small Business  
8 Expansion Fund beginning on July 1, 2031, and by no later than  
9 December 1, 2032.

10 (2) The Board of Directors of the California Infrastructure and  
11 Economic Development Bank may set an earlier date for the  
12 initiation of the transfer required pursuant to paragraph (1) if the  
13 earlier date is consistent with the terms of the contract between  
14 the authority and a participating financial institution pursuant to  
15 Section 44559.2.

16 ~~SEC. 6.~~

17 *SEC. 7.* Section 44559.11 of the Health and Safety Code is  
18 amended to read:

19 44559.11. (a) It is the intent of the Legislature to ensure that  
20 the state, through the authority, may make maximum, efficient use  
21 of capital access programs enacted by all federal and state agencies,  
22 as well as funding available from any governmental program whose  
23 goals may be advanced by providing funding to the Capital Access  
24 Loan Program.

25 (b) (1) In furtherance of this intent, and notwithstanding any  
26 other provision of this article, when the contributions required  
27 pursuant to Section 44559.4 are entirely funded by a public or  
28 quasi-public entity other than the authority's fee revenue under  
29 Sections 44525 and 44548, the authority may, by regulation  
30 adopted pursuant to ~~subdivision (b) of Section 44520 or subdivision~~  
31 (e) of Section 44559.14, establish alternate provisions as necessary  
32 to enable the authority to participate in the alternative funding  
33 source program, including implementing loan loss reserve programs  
34 to benefit any individual person engaged in qualifying activities  
35 in furtherance of the public or quasi-public entity's policy  
36 objectives in the state that require financing.

37 (2) If the authority establishes alternate provisions pursuant to  
38 paragraph (1), the authority shall separately account for and report  
39 on these programs. Fee revenues of the authority received pursuant  
40 to Sections 44525 and ~~44548~~ 44548, *or revenues recaptured from*

1 *loss reserve accounts where the initial deposit was derived from*  
2 *fee revenues received pursuant to Sections 44525 and 44548, shall*  
3 *not be comingled with ~~any other public or quasi-public funds~~*  
4 *~~received by the authority.~~ funds that were derived from the State*  
5 *Small Business Credit Initiative (Public Law 111-240).*

O