

JEDE Hearing on June 21, 2022

Item 5. SB 777 (Bradford) California Jump Start Act

Summary: This bill establishes the California Jumpstart Act, which authorizes the allocation of up to \$300 million in tax credits to Relief Funds to provide for an inclusive long-term recovery by attracting private sector investment into historically overlooked and underinvested communities and small businesses. Taxpayers may apply the credits against gross premiums tax liability beginning January 1, 2025, and before January 1, 2030.

Proposed Amendments:

1. Change the name of the California Pollution Control Financing Authority to the California Community Development Financing Authority, effective January 1, 2024. Authorize the authority to continue to use the name California Pollution Control Financing Authority for the issuance of bonds, federal reporting, and the continuance of any contracts in force or under development on January 1, 2024.
2. Delete the special authority to adopt and amend regulations using emergency regulatory authority. Retain the ability of the Authority to use the existing process for using emergency regulation authority.
3. Modify the specific dates for the commencement of accepting applications and claiming of credits to, instead, be triggered upon the Legislature approving full funding. Require the Authority to notify the Department of Insurance when full funding is approved.
4. Authorize a Relief Fund to request a modification of the credit usage schedule to the extent that the existing \$75 million annual cap per Relief Fund is maintained.
5. Require the Authority to prepare a written outreach plan to encourage investment in impact businesses. The mandate to undertake these activities is already in the bill, R&T Section 12275.
6. Require as a condition of receiving investment authority that the Relief Fund ask small businesses to self-identify demographic data on business ownership. Specify that no business shall be excluded from an investment due to a failure to provide this information.
7. Expand the definition of “flexible terms” to include a requirement that all terms and conditions of a loan be fair, equitable, and transparent.
8. Require the dollar amount of the application fee, specified in Section 12266, and the annual fee, specified in Section 12269.5, to be set by the Authority based on actual costs. The application fee should not exceed the actual cost of developing and awarding investment authority. The annual maintenance fee should not exceed the actual cost of monitoring and overseeing the program.
9. Authorize a 15-business day cure period for minor, nonsubstance errors and omissions in the application.
10. Include the annual report, mandated pursuant to the bill’s Section 41 provisions, to also be codified in the Revenue and Taxation Code and include the Assembly Committee on Jobs, Economic Development and the Economy as one of the entities that receive a copy of the annual report.
11. Update the legislative intent related to the impact of COVID-19 on Californians, in general, and individuals of color, specifically.
12. Clarify the 15-day time period for the reallocation of revoked or recovered investment authority to applicants who did not receive a full allocation means 15 business days.