

Date of Hearing: June 23, 2026

ASSEMBLY COMMITTEE ON ECONOMIC DEVELOPMENT, GROWTH, AND
HOUSEHOLD IMPACT

José Luis Solache, Jr., Chair

SB 700 (Grayson) – As Amended June 4, 2026

SENATE VOTE: 39-0

SUBJECT: Capital Programs and Climate Financing Authority Act: California Investment and Innovation Program

SUMMARY: SB 700 authorizes the establishment of small business assistance funds to provide grants to community development financial institutions through the California Investment and Innovation Program, expands eligible financial assistance under the program, and makes a continuous appropriation to support these activities.

Specifically, **this bill:**

- 1) Authorizes the authority to establish one or more small business assistance funds to fund a grant program for community development financial assistance pursuant to the California Investment and Innovation Program.
- 2) Includes in the list of allowed financial assistance that the authority may provide under the act grants made to community development financial institutions in furtherance of that program.
- 3) By expanding the purposes for which moneys in a continuously appropriated fund may be used, this bill would make an appropriation.

EXISTING LAW:

- 1) Authorizes the authority to establish one or more small business assistance funds to do various things, including fund a capital access program for small businesses pursuant to specified law, provide various forms of financial assistance, and make or acquire loans or guarantee commercial loans to participating parties eligible for assistance from those funds.
- 2) Requires any moneys repaid or returned to the authority in connection with or as a result of any loan or financial assistance made pursuant to these provisions to be deposited in the small business assistance fund from which the loan or assistance was originally provided.
- 3) For the purpose of establishing and maintaining small business assistance funds, the act authorizes the authority to levy fees or other charges on, or require deposits from, participating parties receiving financing for a project under the act, as specified.
- 4) Requires the authority to establish the California Investment and Innovation Program for the purpose of providing grants to enhance the capacity of community development

financial institutions to provide technical assistance and capital access to economically disadvantaged communities in the state, as specified.

FISCAL EFFECT: According to the author, SB 700 is expected to have minimal fiscal effect. It leverages existing revenue to support on-going operation of the Cal IIP program.

COMMENTS: CDFIs are mission-driven financial institutions that serve communities and borrowers that may have limited access to traditional sources of capital. This bill seeks to expand the state's existing economic development financing tools by authorizing the California Capital Access Program and Climate Financing Authority (CPCFA) to use small business assistance funds to support grants to community development financial institutions (CDFIs). By strengthening the capacity of CDFIs to provide capital access and technical assistance in economically disadvantaged communities, the bill could help address financing gaps faced by small businesses and entrepreneurs that may have limited access to traditional lending. The measure builds on an existing program structure rather than creating a new state entity, potentially allowing the state to leverage existing administrative expertise and financing infrastructure. Established in 2023 with an initial \$50 million allocation over three years, Cal IIP is administered by the State Treasurer's Office and serves as an innovative statewide program to advance economic development financing. In its first two years Cal IIP made 134 awards to CDFIs financing needs in the areas of community development, education, housing, non-profit lending, small business, childcare, and engaging the underbanked. With support from Cal IIP funding, CDFIs reported: 4,220 jobs created, 2,529 businesses created, and 1,886 housing units built or rehabilitated. The initial funding provided to Cal IIP in 2023 is running out and the flexibility provided by this bill will allow the Cal IIP program to continue funding the work of CDFIs. With every dollar of public support for CDFIs yielding additional private investment of \$8, California is facing a material disinvestment in underserved communities.

CDFIs exist to address historic patterns of exclusion and disinvestment in low-income communities and communities of color. CDFIs help bring investment and support to these communities in ways that traditional financial institutions are often unable or unwilling to do. CDFIs are able to provide flexible, affordable capital for projects and borrowers in low-income, rural, Tribal, immigrant, and other historically underserved communities. With programs like Cal IIP, CDFIs are able to expand lending, attract additional private and philanthropic capital, and meet growing community demand. The Legislature initially provided \$50 million for Cal IIP. That funding has demonstrated strong demand and impact, but it is now nearing exhaustion. Without continued funding, CDFIs will have fewer resources to finance projects and borrowers that are aligned with California's affordability and economic development goals.

Author's Statement: According to the author, "SB 700 is an important measure to show the state's continued support for Cal IIP – an effective and efficient program that leverages the knowledge, skills, and abilities of community development financial institutions (CDFIs) to achieve outcomes that the State would struggle to realize through existing public institutions. CDFIs help reach underserved communities and markets to deliver affordable housing financing, small business support, and loans to consumers who are overlooked by the traditional financial system. SB 700 helps to keep Cal IIP going at a time when budgetary resources are constrained."

REGISTERED SUPPORT / OPPOSITION:

Support

3core
Access Plus Capital
Altcapcalifornia
Ampac Business Capital
Bay Area Lisc
Beneficial State Bank
California Capital Financial Development Corporation
California Coalition for Community Investment
California Coalition for Community Investment (CCCI)
California Community Reinvestment Corporation
California Farmlink
Cameo Network
Century Housing Corporation
Civic Community Partners
Clearinghouse Cdfi
Community Vision Capital and Consulting
Excite Credit Union
Five Rivers Loan Fund, INC.
Genesis LA
Global Finance Cdfi LLC
Housing Trust Fund Ventura County
Housing Trust Silicon Valley
Inclusive Action for the City
Lendistry
Low Income Investment Fund
Main Street Launch
Neighborhood Partnership Housing Services, INC.
Nonprofit Finance Fund (NFF)
North Edge Business Financing and Community Development
Pacific Community Ventures
Pcr Business Finance
The Alliance Cdfi
Working Solutions

Opposition

None on file.

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