Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 700 (Grayson) – As Amended June 4, 2026

Policy Committee:	Banking and Finance	Vote:	8 - 0
	Economic Development, Growth, and Household Impact		8 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill authorizes a small business assistance fund (SBAF) established by the Capital Programs and Climate Financing Authority (CPCFA) to fund the California Investment and Innovation Program (Cal IIP), a grant program for community development financial institutions (CDFIs).

FISCAL EFFECT:

1) Cost pressures of an unknown amount, potentially in the millions of dollars, to appropriate additional money to CPCFA to support other SBAF-eligible programs, to the extent this bill results in the redirection of funds from those programs to provide Cal IIP grants (General Fund). The author is requesting another one-time appropriation of $50 million in the 2026-27 state budget to renew funding for Cal IIP grants. The Budget Act of 2026 (AB 109 (Gabriel), Chapter 19, Statutes of 2026, and related budget amendments and trailer bills) does not include this appropriation.

2) Likely absorbable costs to CPCFA to continue Cal IIP administration with SBAF funds.

COMMENTS:

1) **Purpose.** 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 [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.

This bill is sponsored by the California Coalition for Community Investment and supported by numerous CDFIs.

2) **Background.** ***Cal IIP.*** SB 193 (Committee on Budget and Fiscal Review), Chapter 68, Statutes of 2022, established the Cal IIP, administered by CPCFA, to provide grants to enhance the capacity of CDFIs to provide technical assistance and capital access to

economically disadvantaged communities in the state. CDFIs are financial institutions with federal certification to support individuals and communities underserved by traditional financial institutions and can include banks, credit unions, loan funds, and venture capital funds. Under the Cal IIP, when funding is available, CPCFA must make grants available in one more rounds of funding availability, not to exceed $15 million in total grants per calendar year, with 20% (or up to $3 million) set aside for eligible applicants that are small and emerging CDFIs.

The Budget Act of 2022 appropriated $50 million for Cal IIP and CPCFA has administered three rounds of awards to date, utilizing almost all of the appropriated funds. Most recently, program staff received 79 applications for the 2025-2026 cycle and awarded funds to 75 CDFIs focused on small business, housing, reaching the underbanked, and various other community development projects.

SBAF. Existing law authorizes CPCFA to establish one or more SBAFs for the following activities: (a) assist small businesses to achieve financing of pollution control facilities, (b) assist with financing the costs related to the clean-up and remediation of brownfield sites by providing loans, and (c) fund a capital access program for small businesses. Pursuant to this authority, CPCFA established a SBAF funded by fees associated with CPCFA's Tax-Exempt Bond Program. According to the Assembly Banking and Finance Committee's analysis of this bill, "Historically, when fund balances have exceeded anticipated demand for their primary purpose, those dollars have been used to support other Treasurer-administered economic development programs." This bill adds Cal IIP to the list of activities that may be funded by a SBAF.

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