Office of Senate Floor Analyses
(916) 651-4171

UNFINISHED BUSINESS

Bill No: SB 700
Author: Grayson (D)
Amended: 6/4/26
Vote: 27

SENATE BANKING & F.I. COMMITTEE: 5-0, 1/7/26
AYES: Grayson, Niello, Cervantes, Richardson, Strickland
NO VOTE RECORDED: Hurtado, Limón

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SENATE FLOOR: 39-0, 1/26/26 (Consent)
AYES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
NO VOTE RECORDED: Gonzalez

ASSEMBLY FLOOR: Passed, 8/24/26

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

SOURCE: California Coalition for Community Investment

DIGEST: This bill authorizes the Capital Programs and Climate Financing Authority to fund a grant program for community development financial assistance to the California Investment and Innovation Program.

Assembly Amendments replace the former version of the bill that passed the Senate and provide the authority summarized above.

ANALYSIS:

Existing law:

1) Establishes the Capital Programs and Climate Financing Authority ("the authority"), which among other things, may establish one or more small business assistance funds to undertake specified activities, including to fund a capital access program for small businesses. (Health and Safety Code Section 44548(a))

2) Permits the authority to provide financial assistance in specified forms, including interest rate subsidies, guarantees, and other forms of credit support. (Health and Safety Code Section 44548(b))

This bill:

1) Authorizes the authority to fund a grant program for community development financial institutions pursuant to the existing California Investment and Innovation Program.

2) Adds to the list of eligible financing assistance to include grants made to community development financial institutions in furtherance of the California Investment and Innovation Program.

Comments

This bill authorizes the State Treasurer to use existing sources of revenue to fund the California Investment and Innovation Program (Cal IIP), which supports community development financial institutions (CDFIs) operating in the state.

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 SB 700 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.

FISCAL EFFECT: Appropriation: Yes Fiscal Com.: Yes Local: No

According to the Assembly Appropriations Committee, 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.

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

SUPPORT: (Verified 8/24/26)

California Coalition for Community Investment (source)
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 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: (Verified 8/24/26)

None received

ARGUMENTS IN SUPPORT: California Coalition for Community Investment, as sponsor, writes in support:

> SB 700 provides an important bridge to ensure that CDFIs can continue serving communities while longer-term funding solutions are pursued. By authorizing the State Treasurer to utilize existing revenues generated through the Capital Programs and Climate Financing Authority's tax-exempt bond programs, SB 700 creates a practical and fiscally responsible mechanism to sustain Cal IIP without requiring a new General Fund appropriation.

Prepared by: Michael Burdick / B. & F.I. /
8/24/26 16:24:35

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