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INSURANCE CODE - INS

DIVISION 3. THE INSURANCE COMMISSIONER [12900 - 13813] (*Division 3 enacted by Stats. 1935, Ch. 145.)*

CHAPTER 2. Powers and Duties [12919 - 13555] (*Chapter 2 enacted by Stats. 1935, Ch. 145.)*

ARTICLE 1.1. The California Community Development Financial Institution Tax Credit Program [12939 - 12939.2] (*Article 1.1 added by Stats. 2006, Ch. 580, Sec. 1.)*

12939. The Legislature finds and declares all of the following:

(a) There are specialized financial institutions in California that are specifically dedicated to, and whose core purpose is to, provide financial products and services to people and communities underserved by traditional financial markets and to support renewable energy projects, energy efficiency improvements, economic development, and affordable housing in these communities. These community development financial institutions or CDFIs seek to bridge the growing gap that exists between the financial products and services, renewable energy generation, energy efficiency improvements, economic development, and affordable housing available to the economic mainstream and those offered to low-income people and communities, as well as the nonprofit institutions that serve them. In addition, they serve a critical role in addressing issues of poverty and access to credit in economically disadvantaged communities by providing services, including, but not limited to, credit counseling to consumers, financial literacy training, home ownership counseling, entrepreneurial education, and technical assistance to small business owners.

(b) These mission-driven financial institutions require additional capital in order to expand their ability to provide financial products and services, and to promote needed renewable energy generation projects, energy efficiency improvements, economic development, and affordable housing for low-income individuals and communities, and the businesses and nonprofit agencies that serve them. For example, some offer responsible alternatives to high-cost check-cashing services and payday lenders that have moved into low-income communities. Others help finance small businesses, affordable housing, and community services and facilities that, in turn, help stabilize low-income neighborhoods and alleviate poverty.

(c) In carrying out their mission, funding community development is given priority over providing high returns to investors.

(d) It is the intent of the Legislature to provide an incentive in the form of California tax credits to attract much needed additional private capital investments that would not otherwise be available to CDFIs without the benefit of such incentive. It is the expectation of the Legislature that CDFIs will leverage these new investment dollars for the direct benefit of economically disadvantaged communities and low-income people in California.

(Amended by Stats. 2010, Ch. 418, Sec. 4. (AB 1011) Effective January 1, 2011.)

12939.1. (a) The department, California Organized Investment Network (COIN), or any successor thereof, shall require the CDFIs receiving tax credit investments pursuant to Sections 12209, 17053.57, and 23657 of the Revenue and Taxation Code to submit reports to the department, COIN, or any successor thereof, on their use of the program and may specify by notice to those CDFIs the form, content, and manner of the reports.

(b) Biennially the department, COIN, or any successor thereof, shall include in the report required by Section 12922, information on the CDFI tax credit program based on the reports submitted by the CDFIs pursuant to subdivision (a).

(c) On or before December 31, 2010, the Legislative Analyst shall prepare an analysis, based upon data provided by the Franchise Tax Board, the Department of Insurance, and COIN, to the Legislative Analyst on or before September 30, 2010, of the tax credit investments provided for in Sections 12209, 17053.57, and 23657 of the Revenue and Taxation Code, including, but not limited to, the credits' fiscal impact, what programs, projects, and other uses were funded or carried out by the CDFIs that were supported in whole or in part by the tax credit investments, and the resulting benefits to economically disadvantaged communities and low income people in California.

(Added by Stats. 2006, Ch. 580, Sec. 1. Effective September 28, 2006.)

12939.2. (a) The commissioner may establish and appoint a California Organized Investment Network Advisory Board.

(b) For purposes of this section, all of the following shall apply:

(1) "Commissioner" means the Insurance Commissioner of this state.

(2) "Board" means the California Organized Investment Network Advisory Board.

(3) "Licensed attorney" means an attorney who resides in this state who has successfully passed the California bar examination and has been admitted to practice in this state or has otherwise been licensed to practice law in this state by the State Bar of California.

(c) The board shall include the commissioner, or the commissioner's designee, three executives in the insurance investment industry, and one volunteer from each of the following categories:

(1) A licensed attorney practicing insurance law.

(2) A member of the public, appointed by the Speaker of the Assembly.

(3) A member of the public, appointed by the Senate Committee on Rules.

(4) A member of a consumer advocacy group.

(5) An affordable housing practitioner.

(6) A local economic development practitioner.

(7) A member of a financial institution or a community development financial institution.

(8) A representative with experience seeking investments for underserved or low-to-moderate-income or rural communities.

(9) A representative with experience seeking investments that provide environmental benefits.

(d) The board shall elect, from among its members, a chair and vice chair.

(e) The term of each member shall be for two years.

(f) The board shall have all of the following powers and duties:

(1) To advise the California Organized Investment Network, or its successor, on the best methods to increase the level of insurance industry capital in safe and sound investments while providing fair returns to investors and social or economic benefits to underserved and low-to-moderate-income communities, as well as environmental benefits.

(2) To meet a minimum of three or more times per year, or as deemed necessary by the commissioner.

(3) To facilitate contacts among executives at insurance companies, community-based organizations, and community development financial institutions.

(4) To recommend programmatic guidelines, but not specific allocations of the tax credit amount, to the California Organized Investment Network program.

(g) The members of the board shall not receive compensation from the state for their services under this section, but, when called to attend a meeting of the board, may be reimbursed for their actual and necessary expenses incurred in connection with the meeting.

(h) This section shall remain in effect only until January 1, 2029, and as of that date is repealed.

(Amended by Stats. 2019, Ch. 186, Sec. 4. (AB 1099) Effective January 1, 2020. Repealed as of January 1, 2029, by its own provisions.)