



January 18, 2022

Hon. Chris R. Holden
Chair, Assembly Appropriations Committee
Committee on Revenue and Taxation
1021 O Street, #8220
Sacramento, CA 95814

Subject: AB 820 (Cooley), Small Business Recovery Act – SUPPORT

Dear Chair Holden:

On behalf of the organizations undersigned below, we enthusiastically support Assembly Bill 820 (Cooley), The Small Business Recovery Act, which proposes to incentivize California banks to provide loans to small businesses adversely impacted by the COVID-19 pandemic.

According to the Public Policy Institute of California, 56% of California small businesses have experienced “large negative” effects from the pandemic; 95% of these businesses are very small businesses with fewer than 50 employees. Collectively these businesses employ one-third of California’s workforce.

Throughout the pandemic public investment from the federal government and the state has tried to alleviate costs for businesses by providing grant and loan opportunities. However, only 46% of California small businesses applied for federal assistance through the Paycheck Protection Program (PPP), and only 17% received what they requested.

AB 820 provides small business more opportunities to seek lending from financial institutions by exempting from taxation the interest revenue California’s banks generate from lending to small businesses of 50 or fewer employees adversely impacted by the COVID-19 pandemic. By exempting the interest revenue, this bill will encourage financial institutions to provide more lending opportunities for qualifying businesses.

As recently noted by the Forbes Financial Council, having access to capital helps enable small businesses to recover faster, supporting the global recovery. A survey of 1,000 small-business owners commissioned by PayPal and conducted by Wakefield Research just before Labor Day found that “small-business owners need capital, have a plan for it and want to use it to grow their business. The challenge remains to access the capital as well as overcome the perception of lenders’ willingness to provide loans to small businesses.”¹

AB 820 is a recognition that there will never be enough public funds to address the capital needs of small businesses seeking to build back from the pandemic. AB 820 is a commonsense approach to leverage the financial resources, expertise and relationships of private institutions to address a critical public policy objective.

Sincerely,

David N. Butler
Advocate

On behalf of the following organizations:

Building Owners and Managers Association of California (BOMA Cal)
Innovating Commerce Serving Communities (ICSC)
California Attractions and Parks Association
California Business Properties Association (CBPA)
California Business Roundtable
California Chamber of Commerce
California Retailers Association
Five Star Bank
NAIOP California
NFIB California
United Chamber Advocacy Network
El Dorado County Chamber of Commerce
El Dorado Hills Chamber of Commerce
Elk Grove Chamber of Commerce
Folsom Chamber of Commerce
Rancho Cordova Area Chamber of Commerce
Roseville Area Chamber of Commerce
Yuba-Sutter Chamber of Commerce

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