



OFFICE OF ASSEMBLYMEMBER

Anna Caballero

THIRTIETH ASSEMBLY DISTRICT

ASSEMBLY BILL 778

Insurance: community development investments.

SUMMARY

Assembly Bill 778 ensures that underserved communities in California continue to receive critical investments through the California Organized Investment Network (COIN) program and increase transparency by highlighting the amount of capital that insurers hold in California community development investments, including high impact, community infrastructure, green, and rural investments.

BACKGROUND

Established in 1996, COIN is a collaborative effort between the California Department of Insurance (CDI), the insurance industry, and community economic development organizations to facilitate insurance industry investments in California's underserved urban and rural communities.

CDI administers the COIN program which may award up to \$10 million in tax credits, per year, to support \$50 million in capital from insurance companies and other investors for community development. These investments are made through Community Development Financial Institutions (CDFIs).

CDFIs are mission-driven community organizations dedicated to providing financial products and services to low-income communities underserved by traditional financial markets. CDFIs are required to obtain certification from CDI to participate in the COIN program and apply for the tax credit on behalf of the investors.

From 1997-2015, \$57 million in tax credits have been awarded through the COIN program supporting \$285.1 million in community development to create jobs, build

affordable housing and fund other projects, including green investments, that improve the quality of life in communities and neighborhoods throughout our state.

In addition to the tax credit, insurance companies with California premium of \$100 million or more (approximately 220 companies) report their community development investment holdings in California.

PROBLEM

AB 2728 (Atkins) which would have extended the CDFI Tax Credit Program for one additional year was vetoed. Consequently, the credit allowed against the insurance tax, personal income tax, and corporation tax for qualified investments in Community Development Financial Institutions (CDFIs) expires on December 1, 2017. As a result, low and moderate income communities in California have lost an effective program that incentivized critical investments in their communities.

AB 2128 (Gordon) only authorized COIN to conduct and report the results of an insurer survey covering 2013, 2014 and 2015, which was completed in July 2016. This survey is an integral part of COIN because it enables COIN to track and report the socially and/or environmentally responsible investments insurance companies are making in California's underserved communities. This authority expired on December 31, 2016.

SOLUTION

AB 778 would reauthorize the COIN tax credit program and insurer survey requirements until January 1, 2022.

SUPPORT

Capital Impact Partners (source)
California Department of Insurance

STATUS

Introduced 2/15/2017

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