

May 27, 2025

The Honorable Buffy Wicks, Chair
Assembly Appropriations Committee
1021 O Street, Suite 8220
Sacramento, CA 95814

The Honorable Kate Sanchez, Vice Chair
Assembly Appropriations Committee
1021 O Street, Suite 8220
Sacramento, CA 95814

RE: Support for AB 801 (Bonta)— California Community Reinvestment Act- SUPPORT

Dear Chair Wicks and Vice Chair Sanchez,

Small Business Majority is a small business organization with offices across California and throughout the United States that empowers diverse entrepreneurs to build a thriving and equitable economy. As a representative of the more than four million small businesses in California, we are pleased to support AB 801, legislation that will establish a state-level Community Reinvestment Act (CRA) to encourage financial institutions to meet the credit needs of all communities, including entrepreneurs in underserved communities.

Black and Latino entrepreneurs are more likely to be denied small business loans or receive loans with higher interest rates than their white counterparts. This limited availability of traditional capital leaves small business owners vulnerable to predatory lending products. Small business owners are experts in their businesses, but they don't have the experience or resources to sort through complex lending products designed to fool them. The federal CRA requires banks to lend and invest in the communities they serve, increase safe access to capital for Black, Latino and low-income small business owners. However, on March 28, 2025, the Trump administration announced its intention to withdraw the 2023 Community Reinvestment Act Final Rule.

That is why this state CRA is necessary. It will impose an obligation to provide equal access and reinvest in communities on state-chartered banks, state-chartered credit unions, state licensed independent mortgage companies and certain fintech firms that offer bank-like services and products. This will ensure that all financial institutions do their part to meet community credit and financial needs, including small business loans for entrepreneurs. Additionally, this state CRA will better position California to respond to any weakening of the federal CRA due to the administration's federal deregulatory efforts.

We urge you to support AB 801 so that financial service providers equitably meet their community's needs and so small business owners can safely access capital.

Sincerely,



Bianca Blomquist
California Director, Small Business Majority