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CALIFORNIA ARMS FINANCIAL DEVELOPMENT CORPORATIONS WITH \$50 MILLION TO HELP SMALL BUSINESSES

Michael A. Ocasio, President
The Association of Financial Development Corporations
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On April 2, Governor Gavin Newsom announced a \$50 million allocation to the California Infrastructure and Economic Development Bank (IBank) for loan guarantees through its Financial Development Corporations aimed at helping vulnerable small businesses.

The \$50 million falls under the California Disaster Relief Loan Guarantee program for businesses suffering losses related to COVID-19 and follows a decision on March 16 to increase the state's guarantee to 95% of qualified business loans made by local lenders. According to Governor Newsom, the funds are to be used to help eliminate barriers to capital for business owners who do not qualify for federal funds, including low wealth and undocumented immigrant communities. Seven Financial Development Corporations around the state administer the IBank's loan guarantee programs.

"This will go a long way to help so many of our small businesses suffering from COVID-19," said Michael Ocasio, president of the Association of Financial Development Corporations. The FDCs are on the front lines of helping businesses through this crisis and we are thankful for the infusion of dollars." California's small businesses are the backbone of the state's economy," continued Ocasio. "The FDCs are located throughout California and stand ready to help those who need our assistance."

The \$50 million outlay is among a series of actions Newsom took on April 2 to aid the state's workers and small businesses who have been decimated by the pandemic. Among the directives is a decision allowing small businesses to defer payment of sales and use taxes of up to \$50,000, for up to 12 months. Additionally, beginning April 3, eligible small businesses may apply for federal loans of up to \$10 million. The governor's release also noted an earlier executive order that grants a 90-day extension for tax returns and tax payments for all businesses filing a return for less than \$1 million in taxes.