

LEGISLATIVE COUNSEL'S DIGEST

AB 857, as amended, Chiu. ~~Firearms; unsafe handguns.~~ Public banks.

~~Existing law, subject to exceptions, generally makes it an offense to manufacture or sell a handgun that is not safe. Existing law establishes criteria for determining if a handgun is unsafe. Existing law generally requires manufacturers to submit samples of new handgun models for testing to determine if the new handgun models are unsafe or may be approved for sale, as specified. Existing law requires the Department of Justice to compile a roster listing all of the handguns that have been tested and determined not to be unsafe.~~

~~This bill would make a technical, nonsubstantive change to those provisions.~~

~~Existing law, the Financial Institutions Law, regulates the activities of various financial entities, including commercial banks, industrial banks, trust companies, credit unions, and savings associations. The Banking Law defines and regulates state banks and commits the enforcement of banking laws to the Commissioner of Business Oversight.~~

~~Existing law prohibits a county from giving or loaning its credit to, or in aid of, any person or corporation. Existing law requires a local agency, as defined, to deposit all money belonging to, or in the custody of that local agency, into specified state or national banks, as defined. Existing law regulates the investment of public funds by local agencies.~~

~~Existing law generally governs benefit corporations and requires that a benefit corporation make an annual report to shareholders, as specified. Existing law, the Social Purpose Corporations Act, generally governs social purpose corporations and requires that a social purpose corporation make a specified annual report to shareholders.~~

~~This bill would define the term "bank" for purposes of the Financial Institutions Law and the Banking Law to include a public bank. The bill would define the term "public bank" to mean a corporation, organized for the purpose of engaging in the commercial banking business or industrial banking business, that is wholly owned by a local agency, local agencies, a joint powers authority, or a special district.~~

~~The bill would require a public bank to comply with all requirements of the Financial Institutions Law and the Banking Law and to obtain and maintain insurance, subject to specified requirements. The bill would authorize a county to lend its credit to a public bank. The bill would also would authorize a local agency to deposit funds in a public bank, and to invest in a public bank, subject to certain requirements.~~



The bill would further require a public bank to identify in its articles of incorporation either a special purpose or a special public benefit. The bill would authorize, but not require, a public bank to incorporate as a benefit corporation or a social purpose corporation but would require a public bank to comply with the reporting requirements to which a social benefit or social purpose corporation are held, as specified.

The Corporation Tax Law imposes a franchise tax on financial corporations, but provides that the tax is in lieu of all other state and local taxes and licenses, with certain exceptions. That law also exempts specified classes of entities from the franchise and income taxes imposed by that law, including state-chartered credit unions.

This bill would additionally exempt from those franchise and income taxes any public bank. This bill would also exempt a public bank from all other state and local taxes and licenses, with certain exceptions.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

