

File No. 210430

Committee Item No. \_\_\_\_\_

Board Item No. 37

# COMMITTEE/BOARD OF SUPERVISORS

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Date: \_\_\_\_\_

Board of Supervisors Meeting

Date: April 27, 2021

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Prepared by: Lisa Lew

Date: April 23, 2021

Prepared by: \_\_\_\_\_

Date: \_\_\_\_\_

1 [Supporting California State Assembly Bill No. 1177 (Santiago) - The Public Banking Option  
2 Act]

3 **Resolution supporting California State Assembly Bill No. 1177, authored by Assembly**  
4 **Member Miguel Santiago, the California Public Banking Option, to expand access to**  
5 **banking services for unbanked and underbanked Californians by providing a zero-fee,**  
6 **zero-penalty public option for essential financial services.**

7

8 WHEREAS, Removing key barriers to financial stability is a touchstone of an equitable  
9 economic recovery for the low-wage workers and workers of color who have been especially  
10 hard hit by the pandemic and historically excluded from financial services and face greater  
11 rates of financial insecurity; and

12 WHEREAS, Nearly 1 in 4 Californians are unbanked, meaning they lack a bank  
13 account altogether, or are underbanked, meaning they have a bank account but still largely  
14 rely on alternative financial services, such as payday lenders, prepaid debit cards, and pawn  
15 shops; and

16 WHEREAS, Unbanked or underbanked households pay proportionally more for their  
17 financial services, lack savings accounts, have fewer opportunities to build credit, and face  
18 increased rates of loan rejection; and

19 WHEREAS, Limited access to financial services is a problem that disproportionately  
20 impacts low-income communities and communities of color, with nearly half of Black and  
21 Latino California households unbanked or underbanked, and workers who make just under  
22 \$15 an hour make up 80.7 percent of the unbanked in our state; and

23 WHEREAS, Not only have low-income communities and communities of color suffered  
24 greater rates of infection and fatalities from COVID-19, but they also face disproportionately  
25 greater challenges to recover financially; and

1           WHEREAS, Providing banking services to the unbanked and underbanked is too  
2 expensive for community banks, credit unions, and CDFIs to do comprehensively; and

3           WHEREAS, AB 1177 (Santiago, Carrillo, Chiu, Garcia, Gipson, Gonzalez, Kalra, Lee,  
4 Ting, Wicks; Co-authors: Assembly Members Bonta, Friedman, Jones-Sawyer, L Rivas,  
5 Senators Durazo, Gonzalez, Hueso and Wiener) is pending in the state legislature and would  
6 help close the financial services divide, bolster the economy and ensure an equitable recovery  
7 by creating a stable, accessible financial services platform with the BankCal program; and

8           WHEREAS, BankCal builds on the success of California’s other financial programs,  
9 CalSavers and CalKids, and would allow all Californians, no matter how much money they  
10 make or where they live, to create a BankCal account, use a BankCal debit card, access a  
11 vast network of ATMS, deposit funds, automate bill pay, and set up direct deposit with no fees  
12 and penalties; and

13           WHEREAS, AB 1177 reduces Californians’ risk of falling into catastrophic debt traps  
14 and brings us closer to bridging the racial wealth gap; and

15           WHEREAS, AB 1177 is sponsored by Service Employees International Union (SEIU)  
16 California, which represents more than 700,000 workers who work to make our state, cities,  
17 and counties safe and healthy places to live and raise our families and who nurse our sick,  
18 educate our children, clean our schools, and care for our seniors and developmentally  
19 disabled; and

20           WHEREAS, AB 1177 is sponsored by the California Public Banking Alliance and the  
21 California Reinvestment Coalition, two organizations that advocate for public banking and  
22 community reinvestment; now, therefore, be it

23           RESOLVED, That the City and County of San Francisco supports California State  
24 Assembly Bill 1177 and urges the Assembly and Senate to pass the bill; and, be it

25

1            FURTHER RESOLVED, That the Board of Supervisors hereby directs the Clerk of the  
2 Board to send a copy of this Resolution to the California State Assembly and the California  
3 State Senate.

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AMENDED IN ASSEMBLY MARCH 25, 2021

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1177**

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**Introduced by Assembly ~~Member Santiago~~ Members *Santiago, Carrillo, Chiu, Eduardo Garcia, Gipson, Lorena Gonzalez, Kalra, Lee, Ting, and Wicks***

**(Coauthors: Assembly Members *Bonta, Friedman, Jones-Sawyer, and Luz Rivas*)**

*(Coauthors: Senators Durazo, Gonzalez, Hueso, and Wiener)*

February 18, 2021

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~~An act to amend Section 16500 of the Government Code, relating to state government.~~ *An act to amend Section 1947.3 of the Civil Code, to add Title 21.1 (commencing with Section 100100) to the Government Code, to add Section 90.4 to the Labor Code, and to amend Section 12302.2 of the Welfare and Institutions Code, relating to financial institutions.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1177, as amended, Santiago. ~~Deposit: state funds: eligible bank.~~ *California Public Banking Option Act.*

*(1) Existing law, the CalSavers Retirement Savings Trust Act, creates in state government the CalSavers Retirement Savings Board and requires the board to, among other things, design and implement the CalSavers Retirement Savings Program.*

*This bill, the California Public Banking Option Act, would, among other things, establish in state government the Public Banking Option Board consisting of nine members, including the Treasurer or the Treasurer's designee and would require the board to administer the BankCal Program, which the act would create for the purpose of*

*protecting consumers who lack access to traditional banking services from predatory, discriminatory, and costly alternatives, by offering access to voluntary, zero-fee, zero-penalty, federally insured transaction account and debit card services at no cost to account holders. The act would require the board to design and implement the BankCal Program by, among other things, selecting a program administrator, which may consist of one or more contractors or program staff or a combination thereof, and establishing the duties and functions of the program administrator, as prescribed, including a duty to administer the program as a fiduciary for account holders.*

*The act would also establish the BankCal Fund in the State Treasury. The act would make moneys in the fund available upon appropriation by the Legislature for the purposes of the act. The act would authorize the board to seek and accept voluntary contributions, in cash or in kind, from private donors solely for the purpose of paying for the costs of implementing the program under this title and would require those voluntary contributions to be deposited into the fund.*

*The act would require employers and hiring entities to have and maintain a payroll direct deposit arrangement to allow worker participation in the BankCal program. The act would define “employer” to mean a person, including a state or local government or agency, engaged in a business, industry, profession, trade, or other enterprise in the state, whether or not for profit, excluding the federal government, that has at least five employees. By imposing the mandate to maintain a payroll direct deposit arrangement on a local government or agency, this bill would impose a state-mandated local program. The act would require the board to enforce the provisions of the act with respect to employers and hiring entities in coordination with the Labor Commissioner, as specified, and would make an employer or hiring entity that, without good cause, fails to allow its workers to participate in the BankCal Program liable for a civil penalty, as prescribed.*

*(2) Existing law authorizes a landlord or a landlord’s agent to demand or require cash as the exclusive form of payment of rent or deposit of security if the tenant has previously attempted to pay the landlord or landlord’s agent with a check drawn on insufficient funds or the tenant has instructed the drawee to stop payment on a check, draft, or order for the payment of money, as specified.*

*The act would, as an exception to that authorization, require a landlord or landlord’s agent to allow a tenant to pay rent and deposit of security by an electronic funds transfer from a BankCal account.*

(3) *The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.*

~~Existing law requires the Treasurer, if possible, to deposit all money in the State Treasury or under the control of the Treasurer into an eligible bank. Existing law defines an “eligible bank” as, among other things, a state or national bank located in this state, selected by the Treasurer for the safekeeping of money belonging to, or in the custody of, the state, that has received an overall rating of not less than “satisfactory” in its most recent evaluation by the appropriate federal financial supervisory agency of the bank’s record of meeting the credit needs of the state’s communities.~~

~~This bill would make nonsubstantive changes to the definition of an eligible bank.~~

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

*The people of the State of California do enact as follows:*

- 1     SECTION 1. *This act shall be known, and may be cited, as the*
- 2     *California Public Banking Option Act.*
- 3     SEC. 2. *The Legislature finds and declares all of the following:*
- 4     (a) *With unemployment rates soaring, homelessness rising, and*
- 5     *an unprecedented wave of evictions looming as a result of the*
- 6     *COVID-19 pandemic, the financial stability of the state’s most*
- 7     *vulnerable residents has become a matter of particularly urgent*
- 8     *concern, not only to those individuals themselves but to the*
- 9     *economic health of the state as a whole.*
- 10    (b) *Access to basic financial services, including demand deposit*
- 11    *(checking) and savings accounts, is a critical component of*
- 12    *financial stability. Yet one in four California households, and*
- 13    *nearly one in two Black and Hispanic California households, is*
- 14    *currently unbanked or underbanked. These households either lack*
- 15    *a bank account altogether or have a bank account but still largely*
- 16    *rely on alternative financial services, including nonbank check*

1 cashers, payday lenders, prepaid debit cards, and pawn shops,  
2 which are services that are often predatory, discriminatory, and  
3 costly, leading to compounding fees and debts.

4 (c) Unbanked and underbanked households pay proportionally  
5 more for their financial services, lack secure means of saving,  
6 have fewer opportunities to build credit, and are rejected for loans  
7 at far higher rates. Basic financial transactions, including the  
8 payment of rent, utilities, and other recurring bills or charitable  
9 contributions, are a particularly formidable challenge for  
10 households lacking access to important tools, including automated  
11 bill pay, or whose monthly income fluctuates too much to make  
12 automated processes viable. Because they have fewer options when  
13 their money runs short, unbanked households face a far more  
14 destructive cycle of punitive action when they default on their  
15 recurring bills, which leads to compounding interest and further  
16 debt. For all these reasons, exclusion from traditional financial  
17 services significantly increases the risk of poverty and  
18 homelessness and places an unnecessary burden on the entire  
19 economy.

20 (d) Limited access to financial services is a problem that  
21 disproportionately impacts low-income communities and  
22 communities of color. Californians earning less than \$15 per hour  
23 make up 80.7 percent of the unbanked in the state, and Black and  
24 Hispanic Californians make up 78.4 percent. Nearly half, 45.9  
25 percent, of all Black-identifying households in California and 41.1  
26 percent of all Hispanic-identifying households are unbanked or  
27 underbanked compared to 15.5 percent of white-identifying  
28 households. Forty-four percent of disabled Californians are also  
29 unbanked or underbanked.

30 (e) Providing Californians with a zero-fee, zero-penalty public  
31 option for basic financial services would empower Californians  
32 by providing a stable, affordable financial platform for all  
33 Californians, especially this underserved population, and would  
34 eliminate the need for exploitative alternatives to traditional  
35 banking and reduce their risk of falling into catastrophic debt  
36 traps and downward spirals.

37 SEC. 3. Section 1947.3 of the Civil Code is amended to read:

38 1947.3. (a) (1) Except as provided in paragraph (2), a landlord  
39 or a landlord's agent shall allow a tenant to pay rent and deposit



1 of security by at least one form of payment that is neither cash nor  
2 electronic funds transfer.

3 (2) ~~A~~ Except as provided in paragraph (5), a landlord or a  
4 landlord's agent may demand or require cash as the exclusive form  
5 of payment of rent or deposit of security if the tenant has previously  
6 attempted to pay the landlord or landlord's agent with a check  
7 drawn on insufficient funds or the tenant has instructed the drawee  
8 to stop payment on a check, draft, or order for the payment of  
9 money. The landlord may demand or require cash as the exclusive  
10 form of payment only for a period not exceeding three months  
11 following an attempt to pay with a check on insufficient funds or  
12 following a tenant's instruction to stop payment. If the landlord  
13 chooses to demand or require cash payment under these  
14 circumstances, the landlord shall give the tenant a written notice  
15 stating that the payment instrument was dishonored and informing  
16 the tenant that the tenant shall pay in cash for a period determined  
17 by the landlord, not to exceed three months, and attach a copy of  
18 the dishonored instrument to the notice. The notice shall comply  
19 with Section 827 if demanding or requiring payment in cash  
20 constitutes a change in the terms of the lease.

21 (3) Subject to the limitations below, a landlord or a landlord's  
22 agent shall allow a tenant to pay rent through a third party.

23 (A) A landlord or landlord's agent is not required to accept the  
24 rent payment tendered by a third party unless the third party has  
25 provided to the landlord or landlord's agent a signed  
26 acknowledgment stating that they are not currently a tenant of the  
27 premises for which the rent payment is being made and that  
28 acceptance of the rent payment does not create a new tenancy with  
29 the third party.

30 (B) Failure by a third party to provide the signed  
31 acknowledgment to the landlord or landlord's agent shall void the  
32 obligation of a landlord or landlord's agent to accept a tenant's  
33 rent tendered by a third party.

34 (C) The landlord or landlord's agent may, but is not required  
35 to, provide a form acknowledgment to be used by third parties, as  
36 provided for in subparagraph (A), provided however that a landlord  
37 shall accept as sufficient for compliance with subparagraph (A)  
38 an acknowledgment in substantially the following form:

39  
40 I, [insert name of third party], state as follows:

1 I am not currently a tenant of the premises located at [insert  
2 address of premises].

3 I acknowledge that acceptance of the rent payment I am offering  
4 for the premises does not create a new tenancy.

5  
6 \_\_\_\_\_  
7 (signature of third party) (date)

8  
9  
10 (D) A landlord or landlord’s agent may require a signed  
11 acknowledgment for each rent payment made by the third party.  
12 A landlord or landlord’s agent and the third party may agree that  
13 one acknowledgment shall be sufficient for when the third party  
14 makes more than one rent payment during a period of time.

15 (E) Nothing in this paragraph shall be construed to require a  
16 landlord or landlord’s agent to enter into a contract in connection  
17 with a federal, state, or local housing assistance program, including,  
18 but not limited to, the federal housing assistance voucher programs  
19 under Section 8 of the United States Housing Act of 1937 (42  
20 U.S.C. Sec. 1437f).

21 (4) Paragraphs (2) and (3) do not enlarge or diminish a  
22 landlord’s or landlord’s agent’s legal right to terminate a tenancy.  
23 Nothing in paragraph (3) is intended to extend the due date for any  
24 rent payment or require a landlord or landlord’s agent to accept  
25 tender of rent beyond the expiration of the period stated in  
26 paragraph (2) of Section 1161 of the Code of Civil Procedure.

27 (5) *A landlord or landlord’s agent shall allow a tenant to pay*  
28 *rent and deposit of security by an electronic funds transfer from*  
29 *a BankCal account, as defined in Section 100100 of the*  
30 *Government Code.*

31 (b) For the purposes of this section, the issuance of a money  
32 order or a cashier’s check is direct evidence only that the instrument  
33 was issued.

34 (c) For purposes of this section, “electronic funds transfer”  
35 means any transfer of funds, other than a transaction originated  
36 by check, draft, or similar paper instrument, that is initiated through  
37 an electronic terminal, telephonic instrument, computer, or  
38 magnetic tape so as to order, instruct, or authorize a financial  
39 institution to debit or credit an account. “Electronic funds transfer”  
40 includes, but is not limited to, point-of-sale transfers, direct deposits

1 or withdrawals of funds, transfers initiated by telephone, transfers  
2 via an automated clearinghouse, transfers initiated electronically  
3 that deliver a paper instrument, and transfers authorized in advance  
4 to recur at substantially regular intervals.

5 (d) Nothing in this section shall be construed to prohibit the  
6 tenant and landlord or agent to mutually agree that rent payments  
7 may be made in cash or by electronic funds transfer, so long as  
8 another form of payment is also authorized, subject to the  
9 requirements of subdivision (a).

10 (e) A waiver of the provisions of this section is contrary to public  
11 policy, and is void and unenforceable.

12 *SEC. 4. Title 21.1 (commencing with Section 100100) is added*  
13 *to the Government Code, to read:*

14  
15 *TITLE 21.1. CALIFORNIA PUBLIC BANKING OPTION ACT*

16  
17 *100100. For purposes of this title:*

18 (a) *“Account holder” means an individual who has a BankCal*  
19 *account.*

20 (b) *“BankCal account” means a federally insured transaction*  
21 *account held within the program.*

22 (c) *“BankCal Program” or “program” means the program*  
23 *established pursuant to this title through which an individual may*  
24 *open a no-fee, no-penalty transaction account with an associated*  
25 *debit card.*

26 (d) *“Board” means the California Public Banking Option Board*  
27 *established pursuant to Section 100102.*

28 (e) *“Electronic fund transfer” has the same meaning as defined*  
29 *in Section 1693a of Title 15 of the United States Code.*

30 (f) (1) *“Employee” means an individual who is employed by*  
31 *an employer.*

32 (2) *“Employee” does not include an employee covered under*  
33 *the federal Railway Labor Act (45 U.S.C. Sec. 151) or an employee*  
34 *engaged in interstate commerce so as not to be subject to the*  
35 *legislative powers of the state, except insofar as application of this*  
36 *title is authorized under the United States Constitution or laws of*  
37 *the United States.*

38 (g) (1) *“Employer” means a person engaged in a business,*  
39 *industry, profession, trade, or other enterprise in the state, whether*

1 or not for profit, excluding the federal government, that has at  
2 least five employees.

3 (2) Upon a positive determination pursuant to paragraph (4)  
4 of subdivision (b) of Section 100106, “employer” includes an  
5 employer of a provider of in-home supportive services regulated  
6 by Article 7 (commencing with Section 12300) of Chapter 3 of  
7 Part 3 of Division 9 of the Welfare and Institutions Code.

8 (h) “Federally insured” means insured by the Federal Deposit  
9 Insurance Corporation (FDIC) or the National Credit Union  
10 Administration (NCUA).

11 (i) “Hiring entity” means a person engaged in a business,  
12 industry, profession, trade, or other enterprise in the state, whether  
13 or not for profit, excluding the federal government, that has  
14 contracted with at least five independent contractors to perform  
15 the same or similar labor or service.

16 (j) “Independent contractor” means an individual who renders  
17 labor or service to a hiring entity for a specified recompense for  
18 a specified result who is not an employee of that hiring entity.

19 (k) “Local financial institution” has the same meaning as  
20 defined in Section 57600.

21 (l) “Participating financial institution” means a qualifying  
22 bank, credit union, or other financial institution, as determined  
23 by the board pursuant to paragraph (4) of subdivision (a) of  
24 Section 100106, participating in the BankCal program by providing  
25 BankCal accounts to account holders in concert with the financial  
26 services network administrator, as described in paragraph (3) of  
27 subdivision (a) of Section 100106.

28 (m) “Payroll direct deposit arrangement” means an  
29 arrangement by which a worker may authorize payment of wages  
30 or other money due the worker by an employer or hiring entity,  
31 or any portion thereof, to be directly deposited by electronic fund  
32 transfer into the worker’s account at the financial institution of  
33 the worker’s choosing.

34 (n) “Person” means an individual, sole proprietorship,  
35 partnership, joint venture, association, trust, estate, business trust,  
36 corporation, joint stock company, limited liability company,  
37 unincorporated association, state or local government or agency,  
38 instrumentality, or political subdivision thereof, or any similar  
39 entity or organization.

1 (o) “Preauthorized electronic fund transfer” means an  
2 electronic fund transfer authorized in advance to recur at  
3 substantially regular intervals.

4 (p) “Program fund” means the BankCal Fund established  
5 pursuant to Section 100110.

6 (q) “Public bank” has the same meaning as defined in Section  
7 57600.

8 (r) “Registered payee” means a person who has registered with  
9 the program to accept receipt of preauthorized electronic fund  
10 transfers from account holders by agreeing to specific conditions  
11 to be established by the board.

12 (s) “Transaction account” means a demand deposit account,  
13 share draft account, or similar account.

14 (t) “Worker” means an employee or an independent contractor.

15 (u) “Worker participant” means a worker who is an account  
16 holder.

17 100102. (a) The Public Banking Option Board is hereby  
18 established in state government.

19 (b) The board shall consist of nine members pursuant to the  
20 following:

21 (1) The Treasurer or the Treasurer’s designee.

22 (2) The Commissioner of the Department of Financial Protection  
23 and Innovation or that person’s designee.

24 (3) An individual with banking expertise, particularly expertise  
25 in transaction accounts and debit cards, appointed by the Senate  
26 Committee on Rules.

27 (4) An individual with expertise in economic and racial justice  
28 and cultural competence appointed by the Speaker of the Assembly.

29 (5) An employee representative appointed by the Governor.

30 (6) A small business representative appointed by the Governor.

31 (7) An advocate for, or representative of, a mission-aligned  
32 banking institution, a community development financial institution,  
33 or a community development credit union appointed by the  
34 Governor.

35 (8) A public banking advocate appointed by the Senate  
36 Committee on Rules.

37 (9) A consumer representative or advocate with expertise in  
38 banking access and financial empowerment appointed by the  
39 Speaker of the Assembly.

1 (c) *Members of the board appointed by the Governor, the Senate*  
2 *Committee on Rules, and the Speaker of the Assembly shall serve*  
3 *at the pleasure of the appointing authority.*

4 (d) *The board shall elect a chairperson on an annual basis.*

5 (e) *In making appointments to the board, the appointing*  
6 *authorities shall take into consideration the cultural, ethnic, and*  
7 *geographical diversity of the state so that the board's composition*  
8 *reflects the communities of California.*

9 (f) (1) *Except as provided in paragraph (2), members of the*  
10 *board shall serve without compensation.*

11 (2) *Members of the board shall be reimbursed for necessary*  
12 *travel expenses incurred in connection with their board duties.*

13 (g) *A board member, staff of the board, or publicly employed*  
14 *program staff, while serving in those positions, shall not be*  
15 *employed by, a consultant to, a member of the board of directors*  
16 *of, affiliated with, or otherwise a representative of a private bank*  
17 *or financial services institution unless that position is an unpaid*  
18 *volunteer position.*

19 (h) *The board and program administrator shall have the*  
20 *responsibility and duty to meet the requirements of this title and*  
21 *all applicable state and federal laws and regulations, to serve the*  
22 *interests of program account holders and those seeking to access*  
23 *financial services and debt management tools through the program,*  
24 *to serve the public interest and pursue partnerships with credit*  
25 *unions and other local financial institutions and public banks, and*  
26 *to ensure the operational well-being and fiscal solvency of the*  
27 *program.*

28 100104. *There is hereby created the BankCal Program, to be*  
29 *administered by the board for the purpose of protecting consumers*  
30 *who lack access to traditional banking services from predatory,*  
31 *discriminatory, and costly alternatives, by offering access to*  
32 *voluntary, zero-fee, zero-penalty, federally insured transaction*  
33 *account and debit card services at no cost to account holders.*

34 100106. (a) *The board shall design and implement the BankCal*  
35 *Program. In designing and implementing the program, the board*  
36 *shall do all of the following:*

37 (1) (A) *Appoint an executive director, who shall not be a*  
38 *member of the board and who shall serve at the pleasure of the*  
39 *board. The board shall determine the duties of the executive*

1 *director and other staff, as appropriate, and set the executive*  
2 *director's compensation.*

3 *(B) The board may authorize the executive director to enter into*  
4 *contracts on behalf of the board or conduct business necessary*  
5 *for the efficient operation of the board.*

6 *(2) Select a program administrator, which may consist of one*  
7 *or more contractors or program staff or a combination thereof,*  
8 *and establish the duties and functions of the program*  
9 *administrator, which shall be in furtherance of the program and*  
10 *shall include all of the following:*

11 *(A) Administer the program as a fiduciary for account holders*  
12 *in accordance with all applicable laws and regulations, including*  
13 *all regulations issued by the board.*

14 *(B) Create and manage an internet website that will serve as a*  
15 *primary source of information about the program, the financial*  
16 *services offered through the program, and the program's financial*  
17 *services network of participating ATMs, bank or credit union*  
18 *branches, and other in-network partners through which account*  
19 *holders can load or withdraw funds from their BankCal account*  
20 *using a BankCal debit card for no fee.*

21 *(C) Create and manage a secure web-based portal and mobile*  
22 *application through which individuals can enroll in the program*  
23 *and entities can become registered payees and through which*  
24 *account holders can access and manage their BankCal accounts,*  
25 *including their direct deposit, preauthorized electronic fund*  
26 *transfers to registered payees, and automatic disbursement rule*  
27 *elections.*

28 *(D) Create and manage an application programming interface*  
29 *(API) or web-based portal that enables employers and hiring*  
30 *entities to remit each worker participant's elected direct deposit*  
31 *payroll contribution to the worker's BankCal account in*  
32 *accordance with the worker's election.*

33 *(E) Facilitate and manage data exchange with the financial*  
34 *services network administrator, pursuant to paragraph (3),*  
35 *ensuring that account management elections, including direct*  
36 *deposit, preauthorized electronic fund transfers to registered*  
37 *payees, and automatic disbursement rule elections, made by*  
38 *account holders through the program administrator's online web*  
39 *portal or mobile application are communicated to and executed*  
40 *by the financial services network administrator.*

1 (F) Ensure that account holders' existing accounts and account  
2 management elections, including direct deposit, preauthorized  
3 electronic fund transfers to registered payees, and automatic  
4 disbursement rule elections, are not disrupted by a change in  
5 financial services network administrator or by a change in  
6 participating financial institutions or other program vendors.

7 (G) Facilitate enrollment of account holders in the program  
8 through coordination with government and nonprofit partners.

9 (H) Facilitate and manage connectivity with other state and  
10 local government programs providing individuals with financial  
11 accounts to enable program account holders to transfer funds  
12 between their BankCal account and their other state-managed or  
13 locally managed accounts, as authorized by the board and in  
14 accordance with all applicable laws and regulations.

15 (I) Facilitate and manage connectivity with other state and local  
16 government agencies and entities to enable and streamline  
17 remittance of local, state, and federal benefit and public assistance  
18 payments and other disbursements to account holders entitled to  
19 those payments and who authorize those payments to be directly  
20 deposited by electronic fund transfer into their BankCal account,  
21 as authorized by the board and in accordance with all applicable  
22 laws and regulations.

23 (3) Select a financial services network administrator and  
24 establish the duties and functions of the financial services network  
25 administrator, which shall be in furtherance of the program and  
26 shall include all of the following:

27 (A) Contract with, manage, and coordinate the financial services  
28 vendors for the program, which shall provide account holders  
29 access to their BankCal account through a major card network  
30 and services provided in concert with at least one qualifying  
31 participating financial institution that meets the requirements  
32 established by the board pursuant to paragraph (4).

33 (B) Add additional participating financial institutions meeting  
34 the requirements established by the board, including especially  
35 qualifying credit unions and other local financial institutions and  
36 public banks, as program scope and scale permits, in accordance  
37 with the board's contractual specifications.

38 (C) Issue to each account holder a secure debit card, which  
39 shall utilize current security and antifraud technology consistent



1 *with industry standards, associated with the account holder's*  
2 *BankCal account.*

3 *(D) Build a robust and geographically expansive financial*  
4 *services network of participating ATMs, bank or credit union*  
5 *branches, and other in-network partners through which account*  
6 *holders can load or withdraw funds from their BankCal account*  
7 *using a BankCal debit card for no fee, minimize or eliminate*  
8 *out-of-network fees for account holders, and ensure that account*  
9 *holders are not charged out-of-network fees that are not reasonable*  
10 *and actually incurred by the program vendor.*

11 *(E) Ensure that all no-fee, no-penalty requirements of the*  
12 *program are met.*

13 *(F) Coordinate data exchange with the program administrator*  
14 *and implement all account management elections, including receipt*  
15 *of direct deposit payments, preauthorized electronic fund transfers*  
16 *to registered payees, and automatic disbursement rule elections,*  
17 *made by account holders through the program administrator's*  
18 *online web portal or mobile application.*

19 *(G) Ensure that a change in participating financial institution*  
20 *or other program vendor does not disrupt existing account holders'*  
21 *BankCal accounts or account management elections.*

22 *(4) Establish the criteria and terms and conditions for becoming*  
23 *a participating financial institution in the program, which shall*  
24 *be designed to ensure program stability, reliability, and integrity.*  
25 *The criteria and terms and conditions shall be designed to ensure*  
26 *that participating financial institutions satisfy all of the following*  
27 *criteria:*

28 *(A) Have an established record of ethical and responsible*  
29 *banking practices and adherence to all applicable local, state, and*  
30 *federal laws and regulations.*

31 *(B) Meet all technical requirements of the financial services*  
32 *network administrator.*

33 *(C) Agree to comply with all applicable laws and regulations,*  
34 *including all regulations issued by the board governing the*  
35 *program, and any contractual requirements established by the*  
36 *board.*

37 *(5) Ensure that the program administrator and financial services*  
38 *network administrator satisfactorily perform all duties and*  
39 *functions.*

1 (6) *Ensure that account holders' existing accounts and account*  
2 *management elections, including direct deposit, preauthorized*  
3 *electronic fund transfers to registered payees, and automatic*  
4 *disbursement rule elections, are not disrupted by a change in*  
5 *network administrator, financial services network administrator,*  
6 *or participating financial institutions or other program vendors.*

7 (7) *Design and establish the process by which an individual*  
8 *may open a BankCal account pursuant to all of the following:*

9 (A) *The process shall be designed to maximize program*  
10 *participation and shall facilitate the opening of a BankCal account*  
11 *by individuals who may not have government-issued photo*  
12 *identification.*

13 (B) *The board shall facilitate the opening of a BankCal account*  
14 *by anyone who seeks to participate in the program by taking all*  
15 *appropriate steps to collaborate and cooperate with other state*  
16 *and local government agencies and programs, including to the*  
17 *extent necessary to verify the individual's identity consistent with*  
18 *the law.*

19 (C) *The board may design and establish rules governing the*  
20 *enrollment and participation in the program of individuals who*  
21 *are under eighteen years of age consistent with all applicable laws.*

22 (8) *Design and establish the process through which an*  
23 *individual may access and manage their BankCal account,*  
24 *including, but not limited to, through a convenient and easily*  
25 *accessible online web portal and through a mobile application.*

26 (9) *Design and establish the mechanisms by which an account*  
27 *holder may deposit funds into a BankCal account pursuant to all*  
28 *of the following:*

29 (A) *The mechanisms shall include, but not be limited to,*  
30 *electronic fund transfers arranged through an employer's or hiring*  
31 *entity's payroll direct deposit arrangement and cash loading*  
32 *through participating ATMs and bank or credit union branches*  
33 *of designated financial institution partners to be established by*  
34 *the financial services network administrator. The board shall*  
35 *ensure that no fee is imposed on account holders for these services.*

36 (B) *The board may negotiate with the network administrator,*  
37 *the financial services network administrator, and other financial*  
38 *services partners for additional financial capabilities of a BankCal*  
39 *account, including, but not limited to, mobile check deposit, cash*  
40 *loading through participating merchants, and electronic fund*

1 *transfers from linked or nonlinked accounts. The board shall seek*  
2 *to minimize or eliminate the fees imposed on account holders for*  
3 *additional services and shall ensure that a fee is not imposed on*  
4 *account holders for additional services that is not reasonable and*  
5 *actually incurred by the financial services network administrator*  
6 *or program vendor.*

7 *(10) Design and establish the process through which an account*  
8 *holder may elect to have a portion, up to the entirety, of their*  
9 *paycheck or earnings due for labor or services performed directly*  
10 *deposited by electronic fund transfer into their BankCal account*  
11 *utilizing an operational model that limits interaction between an*  
12 *employer and an employee and between a hiring entity and an*  
13 *independent contractor to the extent feasible.*

14 *(11) Design and establish the process through which employers*  
15 *and hiring entities shall be required to remit through a payroll*  
16 *direct deposit arrangement each worker's elected payroll*  
17 *contribution to the worker's BankCal account in accordance with*  
18 *the worker's election.*

19 *(12) Design and establish mechanisms by which account holders*  
20 *can withdraw funds from their BankCal account using a BankCal*  
21 *debit card pursuant to all of the following:*

22 *(A) The mechanisms shall include, but not be limited to,*  
23 *withdrawals through point-of-sale purchases using a BankCal*  
24 *debit card and through cash withdrawals at a robust and*  
25 *geographically expansive network, the scope of which the board*  
26 *shall seek to maximize, of participating ATMs and bank or credit*  
27 *union branches of designated financial institution partners to be*  
28 *established by the financial services network administrator. The*  
29 *board shall ensure that a fee is not imposed on account holders*  
30 *for these services.*

31 *(B) The board shall design and implement the program in such*  
32 *a way that swipe fees imposed on merchants associated with*  
33 *point-of-sale purchases using a BankCal debit card are not passed*  
34 *on to the account holder.*

35 *(C) The board may negotiate with the network administrator,*  
36 *the financial services network administrator, and other financial*  
37 *services partners for additional financial capabilities of a BankCal*  
38 *account, including, but not limited to, cash withdrawal from*  
39 *out-of-network ATMs and bank or credit union branches. The*  
40 *board shall seek to minimize or eliminate the fees imposed on*

1 *account holders for additional services and shall ensure that a fee*  
2 *is not imposed on account holders for additional services that is*  
3 *not reasonable and actually incurred by the financial services*  
4 *network administrator or program vendor.*

5 *(13) Design and establish a process, available to all account*  
6 *holders for no fee, through which an account holder may arrange*  
7 *for payment to a registered payee using a preauthorized electronic*  
8 *fund transfer from a BankCal account.*

9 *(14) Design and establish the process and terms and conditions*  
10 *for becoming a registered payee pursuant to both of the following:*

11 *(A) Before becoming a registered payee, the payee shall be*  
12 *required to agree to specified terms and conditions to be*  
13 *established by the board in exchange for the benefits of*  
14 *transparency and accountability afforded by participation in an*  
15 *automated payment system.*

16 *(B) The board shall establish the terms and conditions to which*  
17 *registered payees shall agree, which may vary depending on the*  
18 *type of payee, and which shall be designed to incentivize account*  
19 *holders' preauthorized electronic fund transfers to registered*  
20 *payees and application of voluntary automatic disbursement rules*  
21 *by limiting the late payment fees and penalties that registered*  
22 *payees can impose on account holders who pay them using*  
23 *preauthorized electronic fund transfers from their BankCal*  
24 *account.*

25 *(15) Design and establish voluntary automatic disbursement*  
26 *rules to assist account holders in managing automated payments*  
27 *to registered payees based on the availability of funds in the*  
28 *account holder's account, which account holders may voluntarily*  
29 *elect to apply or to stop applying to their BankCal account at any*  
30 *time. The voluntary automatic disbursement rules shall be designed*  
31 *to maximize consumer protection and may include, but not be*  
32 *limited to, rules governing the prioritization and timing of*  
33 *payments, rules limiting payments to a percentage of funds*  
34 *available in the BankCal account, and rules limiting disbursement*  
35 *to designated registered payees only upon satisfaction of specified*  
36 *conditions of the BankCal account.*

37 *(16) Study the feasibility of, and design and implement,*  
38 *additional services and benefits that the board deems beneficial*  
39 *to account holders that maximize the purposes of the program,*  
40 *including, but not limited to, all of the following:*

1 (A) Financial literacy and debt management education,  
2 resources, and training.

3 (B) Credit reporting services.

4 (C) A rent payment portal.

5 (D) International remittances.

6 (E) A consumer lending certification program and referral  
7 service subject to both of the following requirements:

8 (i) The board shall determine the criteria for certification of  
9 lenders of consumer credit so as to maximize consumer protection  
10 and to protect account holders from unfair and deceptive practices  
11 by lenders, including, but not limited to, practices that steer  
12 consumers into unnecessary, more costly, or higher risk products  
13 that do not match their financial needs.

14 (ii) Referral fees paid by certified lenders shall be deposited in  
15 the program fund as program revenue.

16 (17) Develop and negotiate a fair and equitable program fee  
17 and program revenue sharing structure with the program  
18 administrator and financial services network administrator in  
19 furtherance of attaining a financially self-sustaining program. The  
20 board shall annually reevaluate and, if appropriate, renegotiate  
21 a program fee and program revenue sharing agreement based on  
22 program scope and scale.

23 (18) Take all appropriate steps to collaborate and cooperate  
24 with the CalSavers Retirement Savings Board, the Scholarshare  
25 Investment Board, the California ABLE Act Board, and the board  
26 of any other state program establishing or administering a program  
27 providing for financial accounts for individuals in the state, to the  
28 extent necessary or desirable for the effective and efficient design,  
29 implementation, and administration of these programs and to  
30 maximize the purposes of these programs and the ability of  
31 participants in these programs to benefit therefrom.

32 (19) Take all appropriate steps to collaborate and cooperate  
33 with the State Department of Social Services, Office of Systems  
34 Integration, Employment Development Department, and other  
35 applicable government agencies, including, but not limited to,  
36 agencies responsible for distribution of emergency relief payments,  
37 to improve and streamline operations for the distribution of local,  
38 state, and federal benefit and public assistance payments and other  
39 disbursements by enabling account holders to authorize payments

1 to be directly deposited by electronic fund transfer into their  
2 BankCal account, as applicable, to the extent permitted by law.

3 (b) The board shall consider and utilize all of the following  
4 parameters in designing the program:

5 (1) The board shall cause the BankCal program or  
6 arrangements established under the program to be designed,  
7 established, and operated in a manner that maximizes participation  
8 and ease of use for account holders.

9 (2) The board shall structure and design the BankCal program  
10 in a manner that encourages partnership rather than competition  
11 with credit unions and other local financial institutions and public  
12 banks to the extent financially and administratively feasible and  
13 appropriate.

14 (3) The board shall not contract for the performance of program  
15 administrator or network administrator duties with an entity that,  
16 during the preceding three years, has been found to be in violation  
17 two or more times of any applicable law or regulation governing  
18 financial institutions or consumer protection.

19 (4) The board shall include in the program a provider of  
20 in-home supportive services, as regulated by Article 7 (commencing  
21 with Section 12300) of Chapter 3 of Part 3 of Division 9 of the  
22 Welfare and Institutions Code, if the board determines, and the  
23 Director of Social Services and the Director of Finance certify, in  
24 writing, all of the following:

25 (A) The inclusion meets all state and federal legal requirements.

26 (B) The appropriate employer of record has been identified for  
27 the purpose of satisfying all the program's employer requirements.

28 (C) The payroll deduction described in Section 12302.2 of the  
29 Welfare and Institutions Code can be implemented at reasonable  
30 costs.

31 (D) The inclusion does not create a financial liability for the  
32 state or employer of record.

33 (5) The board shall determine necessary costs associated with  
34 outreach, customer service, enforcement, staffing and consultant  
35 costs, and all other costs necessary to administer the program.

36 (6) The board shall consult with employer representatives and  
37 employee representatives to create an administrative structure  
38 that facilitates employee participation while addressing employer  
39 needs, including, but not limited to, clearly defining employers'  
40 duties pursuant to Section 100112.

1 (7) *The board shall include comprehensive worker education*  
2 *and outreach in the program, and the board may collaborate with*  
3 *state and local government agencies, community-based and*  
4 *nonprofit organizations, foundations, vendors, and other entities*  
5 *deemed appropriate to develop and secure ongoing resources for*  
6 *education and outreach that reflect the cultures and languages of*  
7 *the state’s diverse workforce population.*

8 (8) *The board shall include comprehensive employer education*  
9 *and outreach in the program developed in consultation with*  
10 *employer representatives and employee representatives.*

11 100108. *In addition to the powers and authority granted*  
12 *pursuant to Section 100106, the board shall have the powers and*  
13 *authority to do all of the following:*

14 (a) *Sue and be sued.*

15 (b) *Make and enter into contracts necessary for the*  
16 *administration of the BankCal Program and engage personnel,*  
17 *including consultants, actuaries, managers, counsel, and auditors*  
18 *as necessary for the purpose of rendering professional, managerial,*  
19 *and technical assistance and advice.*

20 (c) *Adopt a corporate seal and change and amend it from time*  
21 *to time.*

22 (d) *Accept, for deposit to the program fund, any grant, gift,*  
23 *legislative appropriation, or other moneys from the state, a unit*  
24 *of federal, state, or local government, or any other person, firm,*  
25 *partnership, or corporation.*

26 (e) *Make provisions for the payment of costs of administration*  
27 *and operation of the program.*

28 (f) *Employ staff.*

29 (g) *Retain and contract with other public agencies, local*  
30 *financial institutions, public banks, private financial institutions,*  
31 *other financial and service providers, consultants, actuaries,*  
32 *counsel, auditors, third-party administrators, and other*  
33 *professionals as necessary.*

34 (h) *Procure insurance indemnifying each member of the board*  
35 *from personal loss or liability resulting from a member’s action*  
36 *or inaction as a member of the board.*

37 (i) *Collaborate and cooperate with local financial institutions,*  
38 *public banks, private financial institutions, service providers, and*  
39 *business, financial, trade, membership, and other organizations*  
40 *to the extent necessary or desirable for the effective and efficient*

1 *design, implementation, and administration of the program and*  
2 *to maximize outreach to potential account holders.*

3 *(j) Collaborate with, and evaluate the role of, licensed agents*  
4 *and financial advisors in assisting and providing guidance for*  
5 *eligible workers.*

6 *(k) Cause expenses incurred to initiate, implement, maintain,*  
7 *and administer the program to be paid from the program fund or*  
8 *arrangements established under the program.*

9 *(l) Facilitate compliance by the program or arrangements*  
10 *established under the program with all applicable requirements*  
11 *for the program under federal and state law.*

12 *(m) Exercise any and all other powers as appropriate for the*  
13 *effectuation of the purposes, objectives, and provisions of this title.*

14 *100110. (a) The BankCal Fund is hereby created in the State*  
15 *Treasury.*

16 *(b) The moneys in the BankCal Fund shall be available, upon*  
17 *appropriation, for purposes of this title.*

18 *(c) Funding for startup and administrative costs may be*  
19 *appropriated from the General Fund in the annual Budget Act for*  
20 *the first six years of the program or until program revenue is*  
21 *sufficient to sustain program administrative costs, whichever*  
22 *occurs first. Necessary administrative costs in future years shall*  
23 *be paid out of the program fund.*

24 *(d) The board may seek and may accept voluntary contributions,*  
25 *in cash or in kind, from private donors solely for the purpose of*  
26 *paying for the costs of implementing the program under this title.*  
27 *Voluntary contributions shall be deposited into the BankCal Fund.*

28 *100112. (a) Employers and hiring entities shall have and*  
29 *maintain a payroll direct deposit arrangement to allow worker*  
30 *participation in the program.*

31 *(b) All wages and other payments due a worker that the worker*  
32 *has authorized to be directly deposited by electronic fund transfer*  
33 *into the worker's BankCal account shall be deposited accordingly.*

34 *(c) Employers and hiring entities shall, consistent with all*  
35 *applicable regulations issued by the board, do all of the following:*

36 *(1) Coordinate their payroll process with the program*  
37 *administrator's application program interface to facilitate accurate*  
38 *and seamless payment by direct deposit in accordance with the*  
39 *authorization of each worker participant.*



1 (2) Cooperate with the program administrator in providing all  
2 requested information available to the employer or hiring entity  
3 necessary for the opening and administration of a worker's  
4 BankCal account.

5 (3) Upon request of the administrator, provide additional forms  
6 or notifications to a worker.

7 (d) Employers and hiring entities shall not require, endorse,  
8 encourage, prohibit, restrict, or discourage worker participation  
9 in the program.

10 (e) Employers and hiring entities shall not discharge, discipline,  
11 threaten to discharge or discipline, or in any other manner retaliate  
12 or take an adverse action against a worker or applicant because  
13 of the individual's participation or manner of participation in the  
14 BankCal program.

15 (f) A person that is not subject to the requirements of this title  
16 may voluntarily maintain a payroll direct deposit arrangement to  
17 allow worker participation in the program.

18 100114. (a) Employers and hiring entities shall not be held  
19 liable for a worker's decision to participate in, or opt out of, the  
20 program or for the financial activities of workers whose assets  
21 are deposited in the program.

22 (b) Employers and hiring entities shall not have civil liability,  
23 and a cause of action shall not arise against an employer or hiring  
24 entity, for acting pursuant to the regulations prescribed by the  
25 board defining the roles and responsibilities of employers and  
26 hiring entities in providing a payroll direct deposit arrangement  
27 to allow worker participation in the program.

28 100116. (a) The board shall enforce the provisions of this title  
29 with respect to employers and hiring entities in coordination with  
30 the Labor Commissioner pursuant to Section 90.4 of the Labor  
31 Code.

32 (b) The board shall refer to the Labor Commissioner a complaint  
33 it makes or receives that an employer or hiring entity has failed  
34 to allow its workers to participate in the BankCal Program  
35 pursuant to this title or otherwise violated its duties under Section  
36 100112.

37 (c) The board shall reimburse the Labor Commissioner for the  
38 costs incurred by the Labor Commissioner in enforcing this title.

39 100118. This title does not preclude or reduce a judgment  
40 debtor's right to an exemption from enforcement of a money

1 judgment provided by state or federal law. Moneys exempt from  
2 enforcement of a money judgment remain exempt if they have been  
3 deposited into the individual's BankCal account.

4 100120. (a) Notwithstanding Section 10231.5, the board shall  
5 submit an annual report by August 1 to the Governor, the  
6 Controller, the California State Auditor, and the Legislature,  
7 pursuant to Section 9795.

8 (b) The report required by this section shall, in a deidentified  
9 and aggregated form, include, but not be limited to, all of the  
10 following information:

11 (1) The number of accounts opened and closed in the program  
12 during the reporting period, by city and county.

13 (2) The number of employers and hiring entities with workers  
14 who received payment to their BankCal account through the  
15 employer or hiring entity's payroll direct deposit arrangement  
16 during the reporting period, by industry, city, and county.

17 (3) The number of registered payees who received payment from  
18 a BankCal account during the reporting period, by payee category,  
19 city, and county.

20 (4) Aggregate account holder demographics, including, but not  
21 limited to, gender, age, race, ethnicity, primary language, annual  
22 income, and job industry.

23 (5) Any other information the board determines to be relevant  
24 to an assessment of the program.

25 100122. (a) The board shall aggressively market the program  
26 to the residents of the state to the extent funds are available to do  
27 so.

28 (b) The board shall include in its marketing efforts information  
29 designed to include financial literacy education and resources and  
30 to educate citizens about the benefits of financial management and  
31 planning.

32 (c) The board shall also develop a mechanism to keep account  
33 holders motivated about their current and future financial health.

34 100124. (a) The board shall adopt regulations as it deems  
35 necessary to implement and effectuate the purposes of this title.

36 (b) The board may adopt regulations to implement this title as  
37 emergency regulations in accordance with the rulemaking  
38 provisions of the Administrative Procedure Act (Chapter 3.5  
39 (commencing with Section 11340) of Part 1 of Division 3 of Title  
40 2). The adoption of the regulations shall be deemed to be an

1 *emergency and necessary for the immediate preservation of the*  
2 *public peace, health and safety, or general welfare,*  
3 *notwithstanding subdivision (e) of Section 11346.1 of the*  
4 *Government Code. Any regulation adopted pursuant to this section*  
5 *shall not remain in effect more than 180 days unless the board*  
6 *complies with rulemaking provisions of the Administrative*  
7 *Procedure Act (Chapter 3.5 (commencing with Section 11340) of*  
8 *Part 1 of Division 3 of Title 2 of the Government Code), as required*  
9 *by subdivision (e) of Section 11346.1 of the Government Code.*

10 *100126. (a) A public bank may participate in the BankCal*  
11 *program as a participating financial institution.*

12 *(b) Financial services provided by a public bank in its capacity*  
13 *as a participating financial institution in the BankCal program*  
14 *does not constitute retail activities within the meaning of Section*  
15 *57604.*

16 *(c) This section is declaratory of existing law and shall not be*  
17 *construed or interpreted as creating new law or as modifying or*  
18 *changing existing law.*

19 *100128. This title does not authorize the state to loan public*  
20 *money.*

21 *100130. This title shall be construed liberally in order to*  
22 *effectuate its legislative intent. The purposes of this title and all*  
23 *of its provisions with respect to the powers granted shall be broadly*  
24 *interpreted to effectuate that intent and purposes and not as to any*  
25 *limitation of powers.*

26 *SEC. 5. Section 90.4 is added to the Labor Code, to read:*

27 *90.4. (a) For purposes of this section:*

28 *(1) "BankCal Program" has the same meaning as defined in*  
29 *Section 100100 of the Government Code.*

30 *(2) "Employer" has the same meaning as defined in Section*  
31 *100100 of the Government Code.*

32 *(3) "Hiring entity" has the same meaning as defined in Section*  
33 *100100 of the Government Code.*

34 *(4) "Public Banking Option Board" means the California Public*  
35 *Banking Option Board, as defined in Section 100100 of the*  
36 *Government Code.*

37 *(5) "Worker" has the same meaning as defined in Section*  
38 *100100 of the Government Code.*

39 *(b) The Labor Commissioner shall have the power and duties*  
40 *necessary to administer the enforcement of employer and hiring*

1 *entity compliance with Title 21.1 (commencing with Section*  
 2 *100100) of the Government Code.*

3 *(c) (1) Upon receipt of a complaint or referral from the Public*  
 4 *Banking Option Board, the Labor Commissioner shall investigate*  
 5 *and determine whether there is reasonable cause to believe that*  
 6 *an employer or hiring entity has failed to allow its workers to*  
 7 *participate in the BankCal Program or otherwise violated Section*  
 8 *100112 of the Government Code.*

9 *(2) Upon a finding of reasonable cause pursuant to paragraph*  
 10 *(1), the Labor Commissioner shall serve a notice on the employer*  
 11 *or hiring entity of its noncompliance.*

12 *(3) (A) An employer or hiring entity that, without good cause,*  
 13 *fails to allow, within 90 days of receiving the notice required by*  
 14 *paragraph (2), its workers to participate in the BankCal Program*  
 15 *pursuant to Section 100112 of the Government Code shall be liable*  
 16 *for a civil penalty of two hundred fifty dollars (\$250) per worker.*

17 *(B) An employer or hiring entity found to be in noncompliance*  
 18 *on or after 180 days from receiving the notice required by*  
 19 *paragraph (2) shall be liable for an additional civil penalty of five*  
 20 *hundred dollars (\$500) per worker.*

21 *SEC. 6. Section 12302.2 of the Welfare and Institutions Code*  
 22 *is amended to read:*

23 *12302.2. (a) (1) If the state or a county makes or provides for*  
 24 *direct payment to a provider chosen by a recipient or to the*  
 25 *recipient for the purchase of in-home supportive services, the*  
 26 *department shall perform or ensure the performance of all rights,*  
 27 *duties, and obligations of the recipient relating to those services*  
 28 *as required for purposes of payroll direct deposit arrangements*  
 29 *offered pursuant to the BankCal Program (Title 21.1 (commencing*  
 30 *with Section 100100) of the Government Code), unemployment*  
 31 *compensation, unemployment compensation disability benefits,*  
 32 *workers' compensation, retirement savings accounts, including*  
 33 *payroll deduction IRA arrangements offered pursuant to the*  
 34 *CalSavers Retirement Savings Program (Title 21 (commencing*  
 35 *with Section 100000) of the Government Code), federal and state*  
 36 *income tax, and federal old-age, survivors, and disability insurance*  
 37 *benefits. Those rights, duties, and obligations include, but are not*  
 38 *limited to, registration and obtaining employer account numbers,*  
 39 *providing information, notices, and reports, making applications*  
 40 *and returns, and withholding in trust from the payments made to*

1 or on behalf of a recipient amounts to be withheld from the wages  
2 of the provider by the recipient as an employer, including the sales  
3 tax extended to support services by Article 4 (commencing with  
4 Section 6150) of Chapter 2 of Part 1 of Division 2 of the Revenue  
5 and Taxation Code, and transmitting those amounts along with  
6 amounts required for all contributions, premiums, and taxes payable  
7 by the recipient as the employer to the appropriate person or state  
8 or federal agency. The department may ensure the performance  
9 of any or all of these rights, duties, and obligations by contract  
10 with any person, or any public or private agency.

11 (2) Contributions, premiums, and taxes shall be paid or  
12 transmitted on the recipient's behalf as the employer for any period  
13 commencing on or after January 1, 1978, except that contributions,  
14 premiums, and taxes for federal and state income taxes and federal  
15 old-age, survivors, and disability insurance contributions shall be  
16 paid or transmitted pursuant to this section commencing with the  
17 first full month that begins 90 days after the effective date of this  
18 section.

19 (3) Contributions, premiums, and taxes paid or transmitted on  
20 the recipient's behalf for unemployment compensation, workers'  
21 compensation, and the employer's share of federal old-age,  
22 survivors, and disability insurance benefits shall be payable in  
23 addition to the maximum monthly amount established pursuant to  
24 Section 12303.5 or subdivision (a) of Section 12304 or other  
25 amount payable to or on behalf of a recipient. Contributions,  
26 premiums, or taxes resulting from liability incurred by the recipient  
27 as employer for unemployment compensation, workers'  
28 compensation, and federal old-age, survivors, and disability  
29 insurance benefits with respect to any period commencing on or  
30 after January 1, 1978, and ending on or before the effective date  
31 of this section shall also be payable in addition to the maximum  
32 monthly amount established pursuant to Section 12303.5 or  
33 subdivision (a) of Section 12304 or other amount payable to or on  
34 behalf of the recipient. Nothing in this section shall be construed  
35 to permit any interference with the recipient's right to select the  
36 provider of services or to authorize a charge for administrative  
37 costs against any amount payable to or on behalf of a recipient.

38 (b) If the state makes or provides for direct payment to a  
39 provider chosen by a recipient, the Controller shall make any  
40 deductions from the wages of in-home supportive services

1 personnel that are authorized by Sections 1152 and 1153 of the  
2 Government Code, as limited by Section 3515.6 of the Government  
3 Code, and for the sales tax extended to support services by Article  
4 4 (commencing with Section 6150) of Chapter 2 of Part 1 of  
5 Division 2 of the Revenue and Taxation Code.

6 (c) Funding for the costs of administering this section and for  
7 contributions, premiums, and taxes paid or transmitted on the  
8 recipient’s behalf as an employer pursuant to this section shall  
9 qualify, where possible, for the maximum federal reimbursement.  
10 To the extent that federal funds are inadequate, notwithstanding  
11 Section 12306, the state shall provide funding for the purposes of  
12 this section.

13 *SEC. 7. If the Commission on State Mandates determines that*  
14 *this act contains costs mandated by the state, reimbursement to*  
15 *local agencies and school districts for those costs shall be made*  
16 *pursuant to Part 7 (commencing with Section 17500) of Division*  
17 *4 of Title 2 of the Government Code.*

18 ~~SECTION 1. Section 16500 of the Government Code is~~  
19 ~~amended to read:~~

20 ~~16500. As used in this chapter, “eligible bank” means a state~~  
21 ~~or national bank located in this state, selected by the Treasurer for~~  
22 ~~the safekeeping of money belonging to, or in the custody of, the~~  
23 ~~state, that has received an overall rating of not less than~~  
24 ~~“satisfactory” in its most recent evaluation by the appropriate~~  
25 ~~federal financial supervisory agency of the bank’s record of~~  
26 ~~meeting the credit needs of the state’s communities, including low-~~  
27 ~~and moderate-income neighborhoods, pursuant to Section 2906~~  
28 ~~of Title 12 of the United States Code. An eligible bank is eligible~~  
29 ~~to receive deposits only to the extent that it furnishes the security~~  
30 ~~required by this chapter.~~

**From:** [Kilgore, Preston \(BOS\)](#)  
**To:** [BOS Legislation, \(BOS\)](#)  
**Cc:** [Preston, Dean \(BOS\)](#); [Yu, Avery \(BOS\)](#); [Snyder, Jen \(BOS\)](#)  
**Subject:** RE: [Supporting California Assembly Bill 1177 (Santiago) – The Public Banking Option Act] Intro Form  
**Date:** Tuesday, April 20, 2021 6:43:04 PM  
**Attachments:** [20210AB1177\\_98 \(1\).pdf](#)  
[image001.png](#)

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Hi Jocelyn,

Attached is a copy of AB1177.

I am not aware of organizations such as the [California State Association of Counties](#) and [League of California Cities](#) taking a position on this bill. I will follow up shortly once I can confirm.

Thanks,  
Preston Kilgore

Preston Kilgore  
Legislative Aide  
Office of Supervisor Dean Preston  
(415) 554-7630

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**From:** BOS Legislation, (BOS) <bos.legislation@sfgov.org>  
**Sent:** Tuesday, April 20, 2021 4:48 PM  
**To:** Kilgore, Preston (BOS) <preston.kilgore@sfgov.org>; BOS Legislation, (BOS) <bos.legislation@sfgov.org>  
**Cc:** Preston, Dean (BOS) <dean.preston@sfgov.org>; Yu, Avery (BOS) <avery.yu@sfgov.org>; Snyder, Jen (BOS) <jen.snyder@sfgov.org>  
**Subject:** RE: [Supporting California Assembly Bill 1177 (Santiago) – The Public Banking Option Act] Intro Form

Thank you Preston. Please provide the following to complete the submission:

- A copy of AB 1177 to be included in the file
- Pursuant to Board Rule 2.8.2, please confirm that organizations such as the [California State Association of Counties](#) and [League of California Cities](#) have *not* taken a position on this bill. If they have, please provide a copy of their statement for completeness of the file.

Best regards,  
**Jocelyn Wong**  
San Francisco Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102  
T: 415.554.7702 | F: 415.554.5163

[jocelyn.wong@sfgov.org](mailto:jocelyn.wong@sfgov.org) | [www.sfbos.org](http://www.sfbos.org)

**(VIRTUAL APPOINTMENTS)** To schedule a “virtual” meeting with me (on Microsoft Teams), please ask and I can answer your questions in real time.

*Due to the current COVID-19 health emergency and the Shelter in Place Order, the Office of the Clerk of the Board is working remotely while providing complete access to the legislative process and our services*



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**From:** Kilgore, Preston (BOS) <[preston.kilgore@sfgov.org](mailto:preston.kilgore@sfgov.org)>

**Sent:** Tuesday, April 20, 2021 4:45 PM

**To:** BOS Legislation, (BOS) <[bos.legislation@sfgov.org](mailto:bos.legislation@sfgov.org)>

**Cc:** Preston, Dean (BOS) <[dean.preston@sfgov.org](mailto:dean.preston@sfgov.org)>; Yu, Avery (BOS) <[avery.yu@sfgov.org](mailto:avery.yu@sfgov.org)>; Snyder, Jen (BOS) <[jen.snyder@sfgov.org](mailto:jen.snyder@sfgov.org)>

**Subject:** [Supporting California Assembly Bill 1177 (Santiago) – The Public Banking Option Act] Intro Form

Good Afternoon!

Supervisor Preston introduced a Resolution [Supporting California Assembly Bill 1177 (Santiago) – The Public Banking Option Act] at Roll Call earlier today. Attached is the resolution and intro form. Please let us know if there is anything else you need from our office.

I have added the Supervisor to this email to confirm his signature.

Thanks in advance,  
Preston

Preston Kilgore



Legislative Aide  
Office of Supervisor Dean Preston  
(415) 554-7630

# Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor  inquiries"
- 5. City Attorney Request.
- 6. Call File No.  from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.**

Sponsor(s):

Subject:

The text is listed:

Signature of Sponsoring Supervisor: