

March 19, 2013



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To: The Honorable Raul J. Bocanegra, Chair
The Honorable Brian Dahle, Vice Chair
Members, Assembly Revenue and Taxation Committee

From: Rex D. Frazier, President
Michael A. Gunning, Vice President
Kara Cross, General Counsel
Manolo P. Platin, Legislative Advocate

Re: AB 32 (Perez J) Community Development Investment Tax Credits
As Amended March 4, 2013

Assembly Revenue and Taxation Committee Hearing, April 1, 2013
PIFC Position: Support

The Personal Insurance Federation of California, representing six of the nation's largest insurance companies (State Farm, Farmers, Liberty Mutual Insurance, Progressive, Allstate and Mercury) who collectively write a majority of the personal line auto and home insurance in California, **supports AB 32: Community Development Investment Tax Credits, by Assemblymember John A. Pérez.**

AB 32 would increase the annual cap on qualified investments in the California Organized Investment Network (COIN) program from \$10 million to \$20 million, which, in turn, increases the amount of tax credits available from \$2 million to \$4 million. Since its inception, COIN has facilitated the investment of more than \$135 million into some of California's most underserved urban and rural communities.

The California Community Development Financial Institution (CDFI) Tax Credit and Certification Program was initiated in 1997 and is administered by the COIN program, within the California Department of Insurance. This innovative program has become well-known and established with both CDFIs and investors such that the demand far exceeds the supply of tax credits. There are now 25 certified CDFIs in the State. Over the last 12 years, a total of \$24 million in State tax credits have provided the incentive to bring millions in vital private capital to California CDFIs.

CDFIs are mission-driven community organizations, separate from government control, dedicated to providing financial products and services to low-income communities underserved by traditional financial markets.

PIFC member companies are actively involved in efforts to encourage and facilitate appropriate insurer investments in California community projects. The CDFI Tax Credit and Certification Program has proven to be a useful tool for stimulating investment in California communities by providing an incentive for insurers, other financial institutions, and individuals to deposit funds in CDFIs. In turn, these funds have been used to assist persons in low income communities to secure financing for economic development and affordable housing.

AB 32 provides a positive economic incentive to encourage community investment. For this reason, PIFC **supports AB 32 Community Development Investment Tax Credits by Assemblymember John A. Pérez and urges your "aye" vote.** If you have any questions regarding PIFC's position, please contact Michael A. Gunning at (916) 442-6646.

cc: Assemblymember John A. Pérez, Author
Oksana Jaffe, Chief Consultant, Assembly Revenue and Taxation Committee
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Gareth Elliot, Secretary of Legislative Affairs, Office of the Governor
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