

Department of Planning and Budget

2005 Fiscal Impact Statement

1. Bill Number HB2061

House of Origin ☐ Introduced ☐ Substitute ☒ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Landes

3. Committee H. General Laws

4. Title Virginia Economic Development Revolving Fund; community development financial institution.

5. Summary/Purpose: This bill eliminates the Virginia Economic Development Revolving Fund and provides for the transfer of the Fund's assets and associated records from the Virginia Small Business Financing Authority to an eligible qualifying community development financial institution, upon approval by the Secretary of Commerce and Trade.

6. Fiscal Impact Estimates are preliminary: This bill will result in the transfer of all cash and assets, valued at approximately \$8 million (\$4.8 million in notes receivable, \$1.1 million in committed cash, and \$2.1 million in uncommitted cash) as of November 30, 2004, from the Virginia Economic Development Revolving Fund currently administered by the Virginia Small Business Financing Authority (VSBFA) within the Department of Business Assistance (DBA). The VSMFA currently funds the costs associated with two FTE's and one part-time employee from a portion of the interest earned from the Virginia Economic Development Revolving Fund. Therefore, the proposed legislation will result in the loss of the two FTE's and one part-time employee. DBA estimates that the Workforce Transition Act (WTA) costs associated with the layoffs will amount to roughly \$15,500. However, it is believed that these WTA costs can be expended from the Virginia Economic Development Revolving Fund prior to the asset transfer.

7. Budget amendment necessary: No.

8. Fiscal implications: See Item 6.

9. Specific agency or political subdivisions affected: Virginia Small Business Financing Authority; Department of Business Assistance.

10. Technical amendment necessary: No.

11. Other comments: The engrossed version of the bill adds a fourth enactment clause that requires the Secretary of Commerce and Trade to report to the General Assembly on the implementation of this act on or before December 1, 2005.

Date: 02/07/05 / dma

Document: G:\Ga Sessions\2005 Session\2005 Fis\Hb2061e.Doc

cc: Secretary of Commerce and Trade