

## Department of Planning and Budget 2011 Fiscal Impact Statement

1. **Bill Number:** SB 1349S1

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

2. **Patron:** Norment

3. **Committee:** Finance

4. **Title:** Virginia Small Business Financing Authority; definition of eligible business.

5. **Summary:** Removes from the definition of "eligible business" a nonprofit entity granted tax-exempt status under 501(c) (3) of the Internal Revenue Code.

6. **Budget Amendment Necessary:** No

7. **Fiscal Impact Estimates:** Preliminary.

**7b. Revenue Impact:**

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Fund</i> |
|--------------------|----------------|-------------|
| 2012               | (\$500,000)    | NGF         |
| 2013               | (\$500,000)    | NGF         |
| 2014               | (\$500,000)    | NGF         |
| 2015               | (\$500,000)    | NGF         |
| 2016               | (\$500,000)    | NGF         |
| 2017               | (\$500,000)    | NGF         |

8. **Fiscal Implications:** The Virginia Small Business Financing Authority (VSBFA) relies on the fees it charges for financing services and interest on its loans to cover most of its operational expenses and to re-capitalize its small business financing programs, which receive no annual appropriation. The VSBFA is expected to be mostly self-sufficient in its operations and is only 1% (\$154,196) of its host agency, Department of Business Assistance (DBA), annual general fund budget. Ninety-five percent (95%) of VSBFA bond fee revenue comes from financing for nonprofit projects. In FY 2010, the fees generated from these projects produced approximately \$500,000. As a result, the passage of this bill would remove revenues generated from this area.

9. **Specific Agency or Political Subdivisions Affected:** Virginia Small Business Financing Authority, which is a part of the Department of Business Assistance, local government(s)

10. **Technical Amendment Necessary:** No

## **11. Other Comments:**

- According to the DBA, IRS allows the issuer to charge an administrative fee. The fee is intended to cover reasonable administrative expenses of the issuer. The VSBFA charges a fee to non-profits and the VSBFA Board raised its rate in January 2010.

**Date:** 2/3/2011