

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: SB854

House of Origin	<input type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input checked="" type="checkbox"/>	Enrolled

2. Patron: Lucas

3. Committee: Passed Both Houses.

4. Title: Virginia Small Business Financing Authority; Small, Women-owned & Minority-owned Business Loan Fund.

5. Summary: This bill abolishes the Capital Access Fund for Disadvantaged Businesses, which provides loan guarantees, loan loss reserves, and interest rate write downs for disadvantaged businesses, and establishes the Small, Women-owned and Minority-owned Business Loan Fund. The new fund will provide direct loans to eligible small, women-owned, and minority-owned businesses. The bill also includes technical amendments.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Final. See item 8.

8. Fiscal Implications: It is anticipated that this bill will not result in a fiscal impact to the Virginia Small Business Financing Authority or the Department of Small Business and Supplier Diversity. Currently, both entities manage and administer the Capital Access Fund for Disadvantaged Businesses. As this bill abolishes this fund and establishes the new Small, Women-owned and Minority-owned Business Loan Fund, no additional administrative cost is expected.

According to the Virginia Small Business Financing Authority, the establishment of the new Small, Women-owned and Minority-owned Business Loan Fund is intended to codify a current microloan program being administered by the Authority. The microloan program has been in effect since 2012 and has been funded with the Authority's internal funds, primarily interest earnings, capitalized at \$1.3 million. Since inception in February of 2012 through October, 2014, 90 loans have been made through this program for a total of \$1,810,200, as the fund is a revolving loan fund which receives monthly principal repayments plus interest. These repayments are then used to make new loans. It is anticipated that Small, Women-owned and Minority-owned Business Loan Fund will continue to be funded in this manner. At this time, the Authority has approximately \$172,000 available in balances.

The balance held in the Capital Access Fund for Disadvantaged Businesses is approximately \$253,000. The third enactment clause included in this bill provides that any balance in this fund shall be transferred to the Small, Women-owned and Minority-owned Business Loan Fund.

9. Specific Agency or Political Subdivisions Affected: Virginia Small Business Financing Authority; Department of Small Business and Supplier Diversity.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is the companion to HB1757.