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SENATE BILL NO. 458

Offered January 8, 2020

Prefiled January 7, 2020

A BILL to amend and reenact § 2.2-1605 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 2.2-2311.2, relating to Microloans for Veterans Program and Fund; creation and administration.

Patrons—Reeves, Chase and Pillion

Referred to Committee on Finance and Appropriations

Be it enacted by the General Assembly of Virginia:

1. That § 2.2-1605 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding a section numbered 2.2-2311.2 as follows:

§ 2.2-1605. Powers and duties of Department.

A. The Department shall have the following powers and duties:

1. Coordinate as consistent with prevailing law the plans, programs, and operations of the state government that affect or may contribute to the establishment, preservation, and strengthening of small, women-owned, and minority-owned businesses;

2. Promote the mobilization of activities and resources of state and local governments, businesses and trade associations, baccalaureate institutions of higher education, foundations, professional organizations, and volunteer and other groups towards the growth of small businesses and businesses owned by women and minorities, and facilitate the coordination of the efforts of these groups with those of state departments and agencies;

3. Establish a center for the development, collection, summarization, and dissemination of information that will be helpful to persons and organizations throughout the nation in undertaking or promoting procurement from small, women-owned, and minority-owned businesses;

4. Consistent with prevailing law and availability of funds, and according to the Director's discretion, provide technical and management assistance to small, women-owned, and minority-owned businesses and defray all or part of the costs of pilot or demonstration projects that are designed to overcome the special problems of small, women-owned, and minority-owned businesses;

5. Advise the Small Business Financing Authority on the management and administration of the Small, Women-owned, and Minority-owned Business Loan Fund created pursuant to § 2.2-2311.1 and the Microloans for Veterans Program and Fund created pursuant to § 2.2-2311.2;

6. Implement any remediation or enhancement measure for small, women-owned, or minority-owned businesses as may be authorized by the Governor pursuant to subsection C of § 2.2-4310 and develop regulations, consistent with prevailing law, for program implementation. Such regulations shall be developed in consultation with the state agencies with procurement responsibility and promulgated by those agencies in accordance with applicable law; and

7. Receive and coordinate, with the appropriate state agency, the investigation of complaints that a business certified pursuant to this chapter has failed to comply with its subcontracting plan under subsection D of § 2.2-4310. If the Department determines that a business certified pursuant to this chapter has failed to comply with the subcontracting plan, the business shall provide a written explanation.

B. In addition, the Department shall serve as the liaison between the Commonwealth's existing businesses and state government in order to promote the development of Virginia's economy. To that end, the Department shall:

1. Encourage the training or retraining of individuals for specific employment opportunities at new or expanding business facilities in the Commonwealth;

2. Develop and implement programs to assist small businesses in the Commonwealth in order to promote their growth and the creation and retention of jobs for Virginians;

3. Establish an industry program that is the principal point of communication between basic employers in the Commonwealth and the state government that will address issues of significance to business;

4. Make available to existing businesses, in conjunction and cooperation with localities, chambers of commerce, and other public and private groups, basic information and pertinent factors of interest and concern to such businesses;

5. Develop statistical reports on job creation and the general economic conditions in the Commonwealth; and

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59 6. Administer the Small Business Jobs Grant Fund Program described in Article 2 (§ 2.2-1611 et
60 seq.).

61 C. All agencies of the Commonwealth shall assist the Department upon request and furnish such
62 information and assistance as the Department may require in the discharge of its duties.

63 **§ 2.2-2311.2. Creation, administration, and management of the Microloans for Veterans Program**
64 **and Fund.**

65 A. For the purposes of this section:

66 "Department" means the Department of Small Business and Supplier Diversity.

67 "DVS" means the Department of Veterans Services.

68 "Education and mentorship" means educational programs, classes, internships, and mentorships that
69 are created or approved by the Authority and that have the primary purpose of promoting knowledge
70 and skills in finance and business planning.

71 "Fund" means the Microloans for Veterans Program Fund.

72 "Program" means the Microloans for Veterans Program.

73 "Tier 1 loan" means a loan of up to \$10,000 issued pursuant to the provisions of subdivision C 1.

74 "Tier 2 loan" means a loan of up to \$50,000 issued pursuant to the provisions of subdivision C 2.

75 "Veteran" means the same as such term is defined in § 2.2-1617.

76 B. 1. There is created a permanent revolving loan fund to be known as the Microloans for Veterans
77 Program Fund. The Fund shall be comprised of (i) moneys appropriated to the Fund by the General
78 Assembly, (ii) moneys collected by the Authority as a result of loan repayments, (iii) all income from the
79 investment of moneys held by the Fund, and (iv) any other moneys designated for deposit to the Fund
80 from any source, public or private. Interest earned on moneys in the Fund shall remain in the Fund and
81 be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each
82 fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall
83 be used to provide direct loans to veterans for the purpose of issuing loans to veterans and providing
84 education and mentorship to such veterans. The Fund shall be managed and administered by the
85 Authority with guidance from DVS and the Department. The Authority, or its designated agents, shall
86 determine the qualifications, terms, and conditions for the use of the Fund and the accounts thereof.

87 2. There is created the Microloans for Veterans Program, to be administered by the Authority in
88 consultation with DVS and the Department, for the purpose of issuing loans to veterans and providing
89 education and mentorship to such veterans.

90 C. 1. The Authority may issue a tier 1 loan to a veteran if he (i) demonstrates minimum credit
91 credentials as determined by the Authority, (ii) enters into an agreement with the Authority to
92 participate in education and mentorship, and (iii) satisfies any other agreement terms as may be
93 prescribed by the Authority.

94 2. The Authority may issue a tier 2 loan to a veteran if he (i) was issued a tier 1 loan pursuant to
95 the provisions of subdivision 1 and repaid such loan early or on time, (ii) completed education and
96 mentorship under the terms of an agreement entered into pursuant to the provisions of subdivision 1,
97 (iii) enters into an agreement with the Authority to participate in advanced education and mentorship,
98 and (iv) satisfies any other agreement terms as may be prescribed by the Authority. The Authority shall
99 coordinate with private-sector financial institutions to secure private financing, whether in full or as a
100 supplement to a loan issued from the Fund, for tier 2 loans.

101 3. The amount, interest rate, and repayment terms of loans issued pursuant to this section shall be
102 on terms determined by the Authority.

103 D. The Authority shall consult with DVS, the Department, and the Virginia Community College
104 System to identify veterans who are candidates for loans under the Program and to determine
105 appropriate education and mentorship for such veterans.