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SENATE BILL NO. 458

AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the Senate Committee on Finance and Appropriations
on January 29, 2020)

(Patron Prior to Substitute—Senator Reeves)

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.

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

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

C. All agencies of the Commonwealth shall assist the Department upon request and furnish such

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60 information and assistance as the Department may require in the discharge of its duties.

61 **§ 2.2-2311.2. Creation, administration, and management of the Microloans for Veterans Program**
62 **and Fund.**

63 A. For the purposes of this section:

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

65 "DVS" means the Department of Veterans Services.

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

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

70 "Program" means the Microloans for Veterans Program.

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

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

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

74 B. 1. There is hereby created a permanent revolving loan fund to be known as the Microloans for
75 Veterans Program Fund, referred to in this sections as "the Fund." The Fund shall be established on
76 the books of the Comptroller. All funds appropriated for such purpose and all (i) moneys appropriated
77 to the Fund by the General Assembly, (ii) moneys collected by the Authority as a result of loan
78 repayments, (iii) income from the investment of moneys held by the Fund, and (iv) other moneys
79 designated for deposit to the Fund from any source, public or private, shall be paid into the state
80 treasury and credited to the Fund. 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. The Fund shall
84 be managed and administered by the Authority with guidance from DVS and the Department. The
85 Authority, or its designated agents, shall determine the qualifications, terms, and conditions for the use
86 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.

89 3. The Virginia Community College System, in consultation with the Authority, DVS, and the
90 Department, shall develop a program and curriculum to provide education and mentorship to veterans
91 and administer any other requirements pursuant under this section.

92 C. 1. The Authority may issue a tier 1 loan to a veteran if he (i) demonstrates minimum credit
93 credentials as determined by the Authority, (ii) enters into an agreement with the Virginia Community
94 College System to participate in education and mentorship, unless the veteran produces comparable
95 credentials or demonstrates experience acceptable to the Authority, and (iii) satisfies any other
96 agreement terms as may be prescribed by the Authority.

97 2. The Authority may issue a tier 2 loan to a veteran if he (i) demonstrates minimum credit
98 credentials as determined by the Authority, (ii) was issued a tier 1 loan pursuant to the provisions of
99 subdivision 1 and repaid such loan early or on time, (iii) completed education and mentorship under the
100 terms of an agreement entered into pursuant to the provisions of subdivision 1, (iv) enters into an
101 agreement with the Virginia Community College System to participate in advanced education and
102 mentorship, unless the veteran produces comparable credentials or demonstrates experience acceptable
103 to the Authority, and (v) satisfies any other agreement terms as may be prescribed by the Authority. The
104 Authority shall cooperate with private-sector financial institutions to assist the veteran in securing
105 private financing, whether in full or as a supplement to a loan issued from the Fund, for tier 2 loans.

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

108 D. The Authority shall consult with DVS and the Virginia Community College System to identify
109 veterans who are candidates for loans under the Program.

110 **2. That the provisions of this act shall not become effective unless an appropriation effectuating**
111 **the purposes of this act is included in a general appropriation act passed in 2020 by the General**
112 **Assembly that becomes law.**