

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: SB320

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|------------------------|---------------------------------------|-------------------------------------|--|
| 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: Lewis

3. Committee: Passed both Houses.

4. Title: Virginia Community Flood Preparedness Fund; definitions, low-income loans, forgiveness of principal.

5. Summary: Continues the Virginia Shoreline Resiliency Fund as the Virginia Community Flood Preparedness Fund for the purpose of creating a low-interest loan program to help inland and coastal communities that are subject to recurrent flooding. Moneys from the Fund may be used to mitigate future flood damage, with priority given to projects that implement community-scale mitigation activities or use nature-based solutions. Any locality using moneys from the Fund to provide loans may also forgive the principal of such loans, with the total amount of loans forgiven by all localities not to exceed 30 percent of the total amount appropriated to the Fund in that fiscal year.

6. Budget Amendment Necessary: Yes, to capitalize the fund. See item 8.

7. Fiscal Impact Estimates: Final.

8. Fiscal Implications: The bill continues the Virginia Shoreline Resiliency Fund as the Virginia Community Flood Preparedness Fund. Currently, statute designates the Virginia Department of Emergency Management as the administrator of the Fund, with management also provided by the Virginia Resources Authority (VRA). This bill shifts the administration to the Department of Conservation and Recreation (DCR).

The second enactment clause provides that any moneys in the Virginia Shoreline Resiliency Fund shall remain in the Virginia Community Flood Preparedness Fund. However, the Virginia Shoreline Resiliency Fund has never been capitalized, and there is no cash balance. To make the Fund operational, a budget amendment is required.

The provisions authorize VRA to disburse from the Fund its reasonable costs and expenses incurred in the management of the Fund, however, VRA is not part of the state's accounting system. As written, it is unclear if this authorization applies to the costs to DCR to administer the Fund. It is anticipated that DCR will require resources to administer this Fund, but as the scope of the Fund is unknown, such costs are indeterminate.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Conservation and Recreation; Virginia Resources Authority; Secretary of Natural Resources; Special Assistant to the Governor for Coastal Adaptation and Protection.
- 10. Technical Amendment Necessary:** The bill provides that the Fund shall be on the books of the Comptroller; however, VRA is not a part of the state accounting system. Section 10.1-603.26 of the provisions states that all moneys in the Fund shall be deposited in an account or accounts in banks or trust companies and shall be managed by VRA.
- 11. Other Comments:** None.