

## Department of Planning and Budget

### 2023 Fiscal Impact Statement

**1. Bill Number:** SB1320

**House of Origin**    ☐ Introduced    ☐ Substitute    ☐ Engrossed

**Second House**    ☐ In Committee    ☐ Substitute    ☒ Enrolled

**2. Patron:** McClellan

**3. Committee:** Passed both Houses.

**4. Title:** Virginia Community Development Financial Institutions Fund and Program; report.

**5. Summary:** Codifies the Virginia Community Development Financial Institutions Fund (the Fund), originally created in the 2021 Appropriation Act, and establishes the Virginia Community Development Financial Institutions Program (the Program) to carry out the purposes of the Fund. The Program shall provide grants and loans to community development financial institutions and other similar entities for the purpose of providing financing to small businesses, housing development and rehabilitation projects, and community revitalization real estate projects in the Commonwealth. The bill requires the Department of Housing and Community Development to oversee the Fund and Program and to (i) identify qualified recipients of funding; (ii) ensure that grants and loans promote housing and community development, capital access, housing access, and small business support; (iii) ensure that qualified recipients emphasize microfinancing, defined as financing to small businesses in amounts of \$100,000 or less, in using program funds; and (iv) utilize Program funds to promote collaborative and cooperative projects with public and private sector partners. The bill requires the Department to submit an annual report on the use and impact of funding provided.

**6. Budget Amendment Necessary:** See item 8.

**7. Fiscal Impact Estimates:** Final.

**8. Fiscal Implications:** This bill codifies the Virginia Community Development Financial Institutions Fund (the Fund), originally created in the 2021 Appropriation Act. The Department of Housing and Community Development (DHCD) received a one-time \$10.0 million general fund appropriation to capitalize the Fund and three full-time positions in FY 2022; DHCD was authorized to use \$300,000 for administrative costs. Chapter 2, Special Session I, 2022 Acts of Assembly (the 2022 Appropriation Act) includes \$270,000 and two full-time positions in FY 2023 only.

According to DHCD, approximately \$3.0 million of the initial funding for this program has yet to be expended. A budget amendment would be required to re-capitalize and administer the Fund.

Proposed budget amendments to HB1400/SB800 include appropriation for this Fund. The House provides \$5.3 million from the general fund to recapitalize the Fund and provide for positions, and the Senate includes \$5.0 million from the general fund to recapitalize the Fund.

**9. Specific Agency or Political Subdivisions Affected:** Department of Housing and Community Development.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** HB1411 is identical to this bill.