

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: SB458S1

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

2. Patron: Reeves

3. Committee: Finance and Appropriations

4. Title: Microloans for Veterans Program and Fund; creation and administration.

5. Summary: Creates the Microloans for Veterans Program and Fund to be administered by the Virginia Small Business Financing Authority (the Authority), with guidance from the Department of Veterans Services (DVS) and the Department of Small Business and Supplier Diversity (DSBSD) for the purpose of providing direct loans to veterans. The bill provides that the Authority, or its designated agents, shall determine the qualifications, terms, and conditions for the use of the Fund and the accounts thereof. The bill requires the Virginia Community College System (VCCS), in consultation with the Authority, DVS, and DSBSD, to develop a program and curriculum to provide education and mentorship to veterans and to administer any other requirements pursuant to this section.

The Authority may issue a Tier I loan, defined in the bill as a loan of up to \$10,000, to a veteran if such veteran (i) demonstrates minimum credit credentials as determined by the Authority; (ii) enters into an agreement with VCCS to participate in education and mentorship, unless the veteran produces comparable credentials or demonstrates experience acceptable to the Authority; and (iii) satisfies any other agreement terms as may be prescribed by the Authority.

The Authority may issue a Tier 2 loan, defined in the bill as a loan of up to \$50,000, to a veteran if such veteran (i) demonstrates minimum credit credentials as determined by the Authority; (ii) was issued a Tier 1 loan pursuant to the provisions of this section and such loan was repaid early or on time; (iii) completed education and mentorship under the terms of an agreement entered into pursuant to this section; (iv) enters into an agreement with VCCS to participate in advanced education and mentorship, unless the veteran produces comparable credentials or demonstrates experience acceptable to the Authority; and (v) satisfies any other agreement terms as may be prescribed by the Authority. The bill provides that the Authority shall cooperate with private sector financial institutions to assist the veteran in securing private financing, whether in full or as a supplement to a loan issued from the Fund, for Tier 2 loans.

The bill provides that the amount, interest rate, and repayment terms of such loans shall be on terms determined by the Authority, and that the Authority shall consult with DVS and VCCS to identify veterans who are candidates for loans under this program.

6. Budget Amendment Necessary: Yes. Items 128 and 223.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

8. Fiscal Implications: The proposed legislation would create the Microloans for Veterans Program and Fund to provide loans for veterans. The program would be administered by the Virginia Small Business Financing Authority (the Authority), with guidance from the Department of Veterans Services (DVS) and the Department of Small Business and Supplier Diversity (DSBSD), and requires the Virginia Community College System (VCCS) to develop a program and curriculum to educate and mentor veterans to promote knowledge and skills in finance and business planning, in consultation with the Authority, DVS, and DSBSD. The bill provides for two types of loans veterans may receive: Tier 1 (up to \$10,000), and Tier 2 (up to \$50,000), and lays out the requirements to be eligible for such loans.

According to DVS, there is no anticipated fiscal impact on agency operations as a result of the provisions of this bill.

According to DSBSD, any potential fiscal impact of this bill is indeterminate at this time, because the scope of the Fund is unknown. The agency anticipates additional staff may be required to administer the program depending on its size and scope. For a \$1 million program, DSBSD anticipates that one staff position and \$121,243 annually to support the position would be required.

According to VCCS, the provisions of this bill will require coordination between the agency's system office and the 23 community colleges for program and curriculum development and program administration. VCCS estimates an annual fiscal impact of between \$50,000 and \$75,000.

9. Specific Agency or Political Subdivisions Affected: Department of Veterans Services, Department of Small Business and Supplier Diversity, Virginia Community College System.

10. Technical Amendment Necessary: No.

11. Other Comments: None.