

## State Corporation Commission 2022 Fiscal Impact Statement

**1. Bill Number:** HB 1027

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Tran

**3. Committee:** Commerce and Energy

**4. Title:** Financial institutions; sales-based financing providers.

**5. Summary:** Requires a provider of sales-based financing to register with the State Corporation Commission (the Commission) in accordance with procedures established by the Commission and, unless such provider is organized under the laws of Virginia, to obtain a certificate of authority to transact business in the Commonwealth. The bill requires a sales-based financing provider to provide certain disclosures to a recipient at the time of extending a specific offer of sales-based financing. The bill requires that any cause of action arising under a contract or agreement for sales-based financing shall be brought in the jurisdiction where the recipient's principal place of business is located and any forum for any arbitration proceedings required in such a contract or agreement are held in the jurisdiction where the recipient's principal place of business is located. The bill requires the provider to pay any arbitrators' expenses or fees or any other expenses or administrative fees incurred in the conduct of the arbitration proceedings. Any provision in the contract or agreement mandating that such action be brought outside such jurisdiction shall be unenforceable. The bill requires the Commission to adopt regulations to implement the provisions of the bill and provides that if the Commission determines that a person is in violation of or has violated the disclosure provisions, the Commission may refer the information to the Attorney General and may request that the Attorney General investigate such violations.

**6. Budget Amendment Necessary:** Yes, Item 489.

**7. Fiscal Impact Estimates:** PRELIMINARY (see Item 8).

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2023	\$143,000	1.0	NGF
2024	\$128,000	1.0	NGF

**8. Fiscal Implications:** (1) the State Corporation Commission (SCC) does not have sufficient data to reliably estimate the number of entities that would ultimately be subject to SCC jurisdiction; (2) additional staff may be required if the industry response to this bill is favorable; and (3) legislation does not provide a funding mechanism that would allow the SCC to recover expenses incurred in connection with administering the program.

**9. Specific Agency or Political Subdivisions Affected:** State Corporation Commission,  
Bureau of Financial Institutions.

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

**11. Other Comments:** None.

EJF 01/20/2022