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**HOUSE BILL NO. 2424**

Offered January 20, 1997

*A BILL to amend the Code of Virginia by adding sections numbered 9-228.1 through 9-228.4, relating to the creation of the Virginia Small Business Growth Fund; Virginia Small Business Financing Authority.*

Patrons—Thomas, Abbitt, Barlow, Behm, Connally, Cooper, Councill, Cranwell, Crittenden, Croshaw, Crouch, Darner, Diamonstein, Guest, Heilig, Jackson, Johnson, Jones, J.C., Kilgore, Melvin, Moore, Moran, Murphy, Parrish, Phillips, Rollison, Stump, Watkins and Woodrum

Referred to Committee on General Laws

**Be it enacted by the General Assembly of Virginia:**

**1. That the Code of Virginia is amended by adding sections numbered 9-228.1 through 9-228.4 as follows:**

*§ 9-228.1. Creation, administration, and management of Virginia Small Business Growth Fund.*

*In addition to any other fund or account the Authority may create pursuant to § 9-228, there shall be a permanent fund known as the Virginia Small Business Growth Fund (the "Fund"). The Fund shall be comprised of (i) sums appropriated to it by the General Assembly, (ii) all income from the investment of moneys held by the Fund, and (iii) any other sums designated for deposit to the Fund from any source, public or private. The Fund shall be administered and managed by the Authority.*

*§ 9-228.2. Deposit of moneys.*

*All moneys belonging to the Fund shall be recorded on the books of the State Comptroller and deposited in accounts in banks or trust companies organized under the laws of the Commonwealth, in federally chartered banking institutions located in Virginia, or in savings institutions located in Virginia organized under the laws of the Commonwealth or the United States. Moneys in the Fund not needed for immediate use or disbursement may be invested or reinvested by the State Treasurer in obligations or securities that are considered lawful investments for public funds under the laws of the Commonwealth. Earnings from investments and interest shall be returned to the Fund.*

*§ 9-228.3. Collection of moneys due to the Fund.*

*The Authority, or its designated agent, is empowered to collect moneys due to the Fund. Proceedings to recover moneys due to the Fund may be instituted by the Authority in the name of the Fund in any appropriate circuit court.*

*§ 9-228.4. Operation of the Fund.*

*A. The Fund shall be used as a special reserve fund to cover potential future losses from the loan portfolios of participating banks and lending institutions. The Authority shall (i) establish a separate account within the Fund for each participating bank and lending institution and (ii) deposit into such accounts fees to be charged to the participating bank or lending institution and the borrower on each commercial loan made by such bank or lending institution calculated at not less than 1.5 percent nor more than 3.5 percent of the principal amount of the loan. From general funds of the Commonwealth appropriated for this purpose, the Authority shall deposit an amount equal to the total of the sum of the fees charged to the bank or lending institution and the borrower into such bank's or lending institution's account.*

*B. The Authority shall determine the qualifications, terms, and conditions for the use of the Fund and the accounts thereof. In connection with applications for claims made against the Fund, the Authority is authorized to require the production of any document, instrument, certificate, legal opinion, or any other information it deems necessary or convenient. All claims made against the Fund shall be approved by the Board or an authorized committee or subcommittee thereof.*

INTRODUCED

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