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# VIRGINIA STATE BUDGET

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2021 Special Session I

## Budget Bill - HB1800 (Enrolled)

Bill Order » Office of Commerce and Trade » Item 128

Department of Small Business and Supplier Diversity

| Item 128  | First Year - FY2021                      | Second Year - FY2022       |
|---|--|----------------------------|
| <b>Economic Development Services (53400)</b>        | <b>\$7,401,214</b><br><b>\$7,030,649</b> | <b>\$7,771,779</b>         |
| Minority Business Enterprise Certification (53414)  | \$1,918,318<br>\$1,768,534               | \$1,918,318                |
| Business Information Services (53418)               | \$1,847,190<br>\$1,749,094               | \$2,217,755<br>\$2,340,440 |
| Administrative Services (53422)                     | \$1,394,137<br>\$1,271,452               | \$1,394,137<br>\$1,271,452 |
| Financial Services for Economic Development (53423) | \$2,241,569                              | \$2,241,569                |
| Fund Sources:                                       |  |                            |
| General   | \$4,758,407<br>\$4,387,842               | \$5,128,972                |
| Special   | \$837,232                                | \$837,232                  |
| Commonwealth Transportation                         | \$1,640,575                              | \$1,640,575                |
| Trust and Agency                                    | \$100,000                                | \$100,000                  |
| Dedicated Special Revenue                           | \$65,000                                 | \$65,000                   |

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Authority: Title 2.2, Chapters 16.1 and 22, Code of Virginia.

A. The Department of Small Business and Supplier Diversity, in conjunction with the Department of General Services, the Virginia Employment Commission, and the Virginia Department of Transportation, is authorized to conduct analyses of the availability of minority business enterprises in Virginia and the utilization of such businesses by the Commonwealth of Virginia, localities, or private industry in the acquisition of goods and services. The department also is authorized to receive and accept from the United States government, or any agency thereof, and from any other source, private or public, any and all gifts, grants, allotments, bequests or devises of any nature that would assist the department in conducting such analyses or otherwise strengthen its services to minority business enterprises. The Director, Department of Planning and Budget, is authorized to establish a nongeneral fund appropriation for the purposes of expending revenues that may be received for this effort.

B. By April 1 of each year, the department shall report to the Governor and the Secretary of Commerce and Trade the expenditures of the Small Business Jobs Grant Fund and anticipated needs for small business development in order to monitor the effective use of these funds.

C.1. Out of the amounts in this Item, \$819,753 the first year and \$819,753 the second year from the general fund shall be deposited to the Small Business Investment Grant Fund pursuant to § 2.2-1616, Code of Virginia. The department shall aggressively market the program and shall report to the Governor and the Secretary of Commerce

and Trade on the status of the program by November 1 of each year.

2. In administering the funds allocated in paragraphs B.1. and B.2. of Item 479.10 of this act for the Rebuild Virginia Grant program, the Department shall reexamine its program eligibility criteria and maximum grant award to ensure deployment of funds prior to the expiration of the Coronavirus Relief Funds awarded to the Commonwealth through the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136). At a minimum, the Department shall expand the eligibility criteria to include small businesses: that have already received CARES Act funding from any federal, state, regional or local agency or authority, meet the small business definition of § 2.2-1604 of the Code of Virginia, and are Virginia-based recreation and related tourism small businesses.

D. Out of the amounts in this Item, \$500,000 the first year and \$500,000 the second year from the general fund shall be provided to support the Business One-Stop Program.

E.1. Out of the amounts in this Item, \$170,591 from the general fund and \$1,002,232 from nongeneral funds the first year and \$170,591 from the general fund and \$1,002,232 from nongeneral funds the second year shall be provided for the Virginia Small Business Financing Authority. The general fund amount shall be used to support operating expenses of the authority.

2. To meet changing financing needs of small businesses, the Executive Director, Virginia Small Business Financing Authority, with the approval of the Director, Department of Small Business and Supplier Diversity, may transfer moneys between funds managed by the authority. These include the Virginia Small Business Growth Fund (§ 2.2-2310, Code of Virginia); the Virginia Export Fund (§ 2.2-2309, Code of Virginia); and the Insurance or Guarantee Fund (§ 2.2-2290, Code of Virginia). The Executive Director, Virginia Small Business Financing Authority, shall report, by fund, the transfers made by January 1 of each year to the Chairmen of the Senate Finance and House Appropriations Committees.

3. The Virginia Small Business Financing Authority is authorized to insure additional loans for eligible small businesses, pursuant to § 2.2-2290, Code of Virginia, up to an aggregate amount not to exceed four times the principal amount in the Insurance or Guarantee Fund, or up to an aggregate amount of \$15,000,000. In the event that the authority is called upon to pay on guaranties of loans of more than 10 percent of the aggregate amount of all outstanding insured loans, the authority shall not insure any further loans and shall immediately notify the Governor and the Chairmen of the House Appropriations and Senate Finance Committees. Pursuant to § 4-1.03 of this act, the Director, Department of Planning and Budget, is authorized to transfer a sum sufficient to the Insurance or Guarantee Fund in the event the amount in the fund falls below the amount needed to honor any guarantee.

4. For the I-95 HOV/HOT Lanes project as evidenced by the Comprehensive Agreement approved pursuant to the Public-Private Transportation Act of 1995, the maximum fee and/or premium charged by the Virginia Small Business Financing Authority pursuant to §§ 2.2-2285 and 2.2-2291, Code of Virginia, for acting as the conduit issuer for any bond financing is not to exceed \$25,000 per annum.

F. The Department of Small Business and Supplier Diversity shall include employment services organizations within the development and operation of any state procurement program or program goal and targets for small, women-owned, and minority-owned businesses consistent with requirements in the Code of Virginia requiring the Department to certify employment service organizations.

G. Notwithstanding any other provision of law, any business certified on or after July 1, 2017, by the Virginia Department of Small Business and Supplier Diversity as a small, women-owned, or minority-owned business, shall be certified for a period of five years unless (i) the certification is revoked before the end of the five-year period, (ii) the business ceases operation, or (iii) the business no longer qualifies as a small, women- or minority-owned business.

H. Beginning with the calendar quarter ending September 30, 2018, the Director of the Department of Small Business and Supplier Diversity shall report to the Secretary of Commerce and Trade and the Chairmen of the House Appropriations and Senate Finance Committees on the agency's efforts to maximize job creation and retention among the Commonwealth's small businesses. The report shall include, at a minimum, measures of (i) the effectiveness of programs administered by the Small Business Financing Authority in assisting borrowers to create jobs and enable increased capital investment; (ii) the efficiency and effectiveness of Small, Women-owned, and Minority-owned Business and Disadvantaged Business Enterprise programs; (iii) the success of the agency's outreach and technical assistance activities; and, (iv) the number of businesses certified, and the average number of business days to process a certification application each month. The report shall be in a format prescribed by the Secretary, but shall include specific data breakouts for rural areas and service disabled veteran businesses currently certified in the SWaM certification, and shall be due within thirty days of the close of each calendar quarter.

*I. The Department shall develop and submit a detailed improvement plan for the Business One Stop. The plan should include the following for each statutory requirement: (i) a description of the purpose and benefit to small businesses; (ii) the cost of fully implementing and maintaining the requirement; (iii) the resources needed beyond those currently available to implement and maintain the requirement; and (iv) the Department's recommendation as to whether the requirement should be kept. The plan shall be provided to the House Labor and Commerce, and Appropriations Committees; and Senate Commerce and Labor, and Finance and Appropriations Committees no later than November 1, 2021.*

*J. Notwithstanding § 2.2-1604, Code of Virginia, any cooperative association organized pursuant to Chapter 3 (§ 13.1-301 et seq.) of Title 13.1 of the Code of Virginia as a nonstock corporation that was certified as a small business by the Department of Small Business and Supplier Diversity prior to July 1, 2017, may be recertified as a small business by the Department, provided that such cooperative association otherwise meets the requirements for certification as a small business pursuant to Article 1 (§ 2.2-1603 et seq.) of Chapter 16.1 of Title 2.2 of the Code of Virginia and any other applicable provision of the Code of Virginia.*