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HOUSE BILL NO. 500

Offered January 10, 2018

Prefiled January 8, 2018

A BILL to amend and reenact §§ 2.2-1605 and 2.2-2001 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 2.2-2311.2, relating to the Virginia Small Business Financing Authority; Virginia Entrepreneur and Capital Resources Program and Fund.

Patron—Hodges

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.2-1605 and 2.2-2001 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 2.2-2311.2 as follows:

§ 2.2-1605. Powers and duties of Department.

A. The Department shall have the following powers and duties:

1. Coordinate as consistent with prevailing law the plans, programs, and operations of the state government that affect or may contribute to the establishment, preservation, and strengthening of small, women-owned, and minority-owned businesses;

2. Promote the mobilization of activities and resources of state and local governments, businesses and trade associations, baccalaureate institutions of higher education, foundations, professional organizations, and volunteer and other groups towards the growth of small businesses and businesses owned by women and minorities, and facilitate the coordination of the efforts of these groups with those of state departments and agencies;

3. Establish a center for the development, collection, summarization, and dissemination of information that will be helpful to persons and organizations throughout the nation in undertaking or promoting procurement from small, women-owned, and minority-owned businesses;

4. Consistent with prevailing law and availability of funds, and according to the Director's discretion, provide technical and management assistance to small, women-owned, and minority-owned businesses and defray all or part of the costs of pilot or demonstration projects that are designed to overcome the special problems of small, women-owned, and minority-owned businesses;

5. Advise the Small Business Financing Authority on the management and administration of the Small, Women-owned, and Minority-owned Business Loan Fund created pursuant to § 2.2-2311.1;

6. Advise the Small Business Financing Authority on the management and administration of the Veteran Entrepreneur Capital Resources Program and Fund created pursuant to § 2.2-2311.2;

7. Implement any remediation or enhancement measure for small, women-owned, or minority-owned businesses as may be authorized by the Governor pursuant to subsection C of § 2.2-4310 and develop regulations, consistent with prevailing law, for program implementation. Such regulations shall be developed in consultation with the state agencies with procurement responsibility and promulgated by those agencies in accordance with applicable law; and

8. Receive and coordinate, with the appropriate state agency, the investigation of complaints that a business certified pursuant to this chapter has failed to comply with its subcontracting plan under subsection D of § 2.2-4310. If the Department determines that a business certified pursuant to this chapter has failed to comply with the subcontracting plan, the business shall provide a written explanation.

B. In addition, the Department shall serve as the liaison between the Commonwealth's existing businesses and state government in order to promote the development of Virginia's economy. To that end, the Department shall:

1. Encourage the training or retraining of individuals for specific employment opportunities at new or expanding business facilities in the Commonwealth;

2. Develop and implement programs to assist small businesses in the Commonwealth in order to promote their growth and the creation and retention of jobs for Virginians;

3. Establish an industry program that is the principal point of communication between basic employers in the Commonwealth and the state government that will address issues of significance to business;

4. Make available to existing businesses, in conjunction and cooperation with localities, chambers of commerce, and other public and private groups, basic information and pertinent factors of interest and concern to such businesses;

5. Develop statistical reports on job creation and the general economic conditions in the

59 Commonwealth; and

60 6. Administer the Small Business Jobs Grant Fund Program described in Article 2 (§ 2.2-1611 et
61 seq.).

62 C. All agencies of the Commonwealth shall assist the Department upon request and furnish such
63 information and assistance as the Department may require in the discharge of its duties.

64 **§ 2.2-2001. Administrative responsibilities of the Department.**

65 A. The Department shall be responsible for the establishment, operation, administration, and
66 maintenance of offices and programs related to services for Virginia-domiciled veterans of the armed
67 forces of the United States and their eligible spouses, orphans, and dependents. Such services shall
68 include, but not be limited to, benefits claims processing and all medical care centers and cemeteries for
69 veterans owned and operated by the Commonwealth.

70 Subject to the availability of sufficient nongeneral fund revenues, including, but not limited to,
71 private donations and federal funds, the Department shall work in concert with applicable State and
72 Federal agencies to develop and deploy an automated system for the electronic preparation of veterans'
73 disability claims that ensures the collection of the necessary information to expedite processing of
74 Virginia veterans' disability claims. The Department's development and deployment work shall be
75 appropriately phased to minimize risk and shall include an initial replacement of the Department's
76 existing case management technology, which replacement is required to support highly sophisticated
77 electronic claims preparation. The Commissioner shall ensure that the system is efficient and statutorily
78 compliant.

79 B. From such funds as may be appropriated or otherwise received for such purpose, the Department
80 shall provide burial vaults at cost to eligible veterans and their family members interred at state-operated
81 veterans cemeteries.

82 C. The Department shall establish guidelines for the determination of eligibility for
83 Virginia-domiciled veterans and their spouses, orphans, and dependents for participation in programs and
84 benefits administered by the Department. Such guidelines shall meet the intent of the federal statutes and
85 regulations pertaining to the administration of federal programs supporting U.S. Armed Forces veterans
86 and their spouses, orphans, and dependents.

87 D. The Department shall adopt reasonable regulations to implement a program to certify, upon
88 request of the small business owner, that he holds a "service disabled veteran" status.

89 *E. The Department shall establish guidelines for the verification of veteran status for*
90 *Virginia-domiciled veterans applying for the Veteran Entrepreneur Capital Resources Program and*
91 *Fund pursuant to § 2.2-2311.2. The Department shall also assist in the promotion of such program,*
92 *including referrals of potentially eligible veterans to the program.*

93 ~~E.~~ F. As used in this chapter, unless the context requires otherwise:

94 "Active military, naval, or air service members" means military service members who perform
95 full-time duty in the armed forces of the United States, or a reserve component thereof, including the
96 National Guard.

97 "Service-connected" means, with respect to disability that such disability was incurred or aggravated
98 in the line of duty in the active military, naval, or air service.

99 "Service disabled veteran" means a veteran who (i) served on active duty in the United States
100 military ground, naval, or air service, (ii) was discharged or released under conditions other than
101 dishonorable, and (iii) has a service-connected disability rating fixed by the United States Department of
102 Veterans Affairs.

103 "Service disabled veteran business" means a business concern that is at least 51 percent owned by
104 one or more service disabled veterans or, in the case of a corporation, partnership, or limited liability
105 company or other entity, at least 51 percent of the equity ownership interest in the corporation,
106 partnership, or limited liability company or other entity is owned by one or more individuals who are
107 service disabled veterans and both the management and daily business operations are controlled by one
108 or more individuals who are service disabled veterans.

109 "Veteran" means an individual who has served in the active military, naval or air service, and who
110 was discharged or released therefrom under conditions other than dishonorable.

111 **§ 2.2-2311.2. Creation, administration, and management of the Veteran Entrepreneur Capital**
112 **Resources Program and Fund.**

113 A. For the purposes of this section:

114 "Small business" means a for-profit business enterprise in the Commonwealth and such enterprise
115 has (i) \$10 million or less in annual gross income under generally accepted accounting principles for
116 up to each of its last three fiscal years or a lesser time period if it has been in existence less than three
117 years, (ii) fewer than 250 employees, or (iii) a net worth of \$1 million or less, or such business
118 enterprise meets such other satisfactory requirements as the Board shall determine from time to time
119 upon a finding that such business enterprise is in need of assistance.

120 "Veteran" means an individual who has served in the active military, naval, or air service and who

121 was discharged or released therefrom under conditions other than dishonorable.

122 B. There is hereby created the Veteran Entrepreneur Capital Resources Program to provide loans
123 and support to veteran entrepreneurs who own an existing small businesses or are starting a business,
124 purchasing a franchise, or pursuing other entrepreneurial endeavors.

125 C. There is hereby created a revolving fund to be known as the Veteran Entrepreneur Capital
126 Resources Program Fund. The Fund shall consist of (i) moneys appropriated to the Fund by the
127 General Assembly, (ii) moneys collected by the Authority as a result of loan repayments, (iii) all income
128 from the investment of moneys held by the Fund, and (iv) any other moneys designated for deposit to
129 the Fund from any source, public or private. Interest earned on moneys in the Fund shall remain in the
130 Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of
131 each fiscal year shall not revert to the general fund but shall remain in the fund. Moneys in the fund
132 shall be used to provide direct loans to eligible small, veteran-owned businesses. The Fund shall be
133 managed and administered by the Authority with guidance from the Director of Small Business and
134 Supplier Diversity and assistance from the Department of Veteran Services pursuant to § 2.2-2001.

135 D. The Authority, or its designated agents, shall determine the qualifications, terms, and conditions
136 for the use of the Fund and the accounts thereof.

137 2. That the provisions of this act shall become effective on January 1, 2019.