



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 2077

PRINTERS NO. 3266

PRIME SPONSOR: Masser

COST / (SAVINGS)

FUND	FY 2011/12	FY 2012/13
General Fund	\$0	\$0
Small Business First Fund	\$7,500,000	\$0
Small Business Flood Relief Supplementation Account	(\$3,750,000)*	\$3,750,000*

(* Assumes \$7,500,000 transfer in FY 11/12 with 50% draw down in FY 11/12 and 50% draw down in FY 12/13)

SUMMARY: Establishes the Small Business Flood Relief Supplementation Act of 2011. This legislation would take effect immediately.

ANALYSIS: This legislation would establish the Small Business Flood Relief Supplementation Act of 2011 to provide financial assistance to small businesses impacted from the flooding that resulted from Hurricane Irene and Tropical Storm Lee. The Department of Community and Economic Development (DCED) shall adopt guidelines and administer the program.

Restricted Account: The legislation would create the Small Business Flood Relief Supplementation Account in the State Treasury for the purpose of making grants to subsidize interest charged by the Federal Small Business Administration (SBA) on loans for eligible losses.

Small Business Flood Relief Supplementation Program: To be eligible for a grant, a small business must meet all of the following:

- Be located in a county that has been declared a Federal disaster area as a result of Hurricane Irene or Tropical Storm Lee
- Suffer an eligible loss
- Meet the definition of small business (for-profit business that has no more than 100 employees and has applied to the Federal SBA and has been granted a loan for an eligible loss)
- Be registered and in good standing with the Department of Revenue

A small business shall apply for a grant on a form established by DCED, which shall then investigate the application to determine eligibility. DCED would have to make the grant determination within 30 days of the application. Grant applications will be reviewed and approved on a first-come, first-served basis until available funds are exhausted. The maximum grant shall be \$20,000 or the aggregate amount of interest charged by the SBA, whichever is less.

Appropriation: \$7,500,000 shall be appropriated to DCED from the Small Business First Fund. The program shall terminate on December 31, 2012 and any money remaining in the account shall be transferred back to the Small Business First Fund.

FISCAL IMPACT: The legislation would transfer \$7,500,000 from the Small Business First Fund to the Small Business Flood Relief Supplementation Account in Fiscal Year 2011-12. It is estimated that 50% of the Small Business Flood Relief Supplementation Account balance will be expended in Fiscal Year 2011-12 and 50% will be expended in Fiscal Year 2012-13. It is feasible that not all of the funds will be drawn down, which shall be returned to the Small Business First Fund in Fiscal Year 2012-13.

The department indicates that they would need to hire 1 additional employee at a cost of \$57,713, which includes benefits. That cost could be borne by the Small Business Flood Relief Supplementation Account as is common with DCED and the personnel expense supporting a certain program. This legislation would have no adverse impact on the General Fund.

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: March 29, 2012

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.