

State Corporation Commission 2022 Fiscal Impact Statement

1. Bill Number: HB 922

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

2. Patron: Webert

3. Committee: Commerce and Energy

4. Title: Virginia FinTech Regulatory Sandbox Program; temporary product testing; consumer protections.

5. Summary: Creates the Virginia FinTech Regulatory Sandbox Program, which allows participants to temporarily test a financial product or service on a limited basis without otherwise being licensed or authorized to conduct such business under the laws of the Commonwealth. The bill specifies application requirements and requires approval by the State Corporation Commission prior to an applicant's participation in the Program. Participants in the Program have a period of 24 months to conduct testing of a financial product or service with the possibility of an additional 12 months of testing if an agreement to do so is reached with the Commission. In addition, the bill provides that up to 30 days before the end of the testing period, a participant may request an extension of up to six months for the purpose of obtaining a license or other authorization for conducting business in the Commonwealth. Participants must provide required disclosures to consumers, and the bill gives the Commission the right to remove Program participants and to require assurances regarding consumer protections during the testing period. The bill also includes recordkeeping and reporting requirements for Program participants and a requirement for the Commission to provide an annual report to the General Assembly.

6. Budget Amendment Necessary: Yes, Item 489.

7. Fiscal Impact Estimates: FISCAL IMPACT ESTIMATES ARE PRELIMINARY.

7a. Expenditure Impact: See Item 8

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2023	\$147,000	1.0	NGF (02100)
2024	\$128,000	1.0	NGF (02100)

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