
VIRGINIA STATE BUDGET

2014 Special Session I

Budget Bill - HB5001 (Chapter 1)

Bill Order » Office of Technology » Item 423

Innovation and Entrepreneurship Investment Authority

Item 423	First Year - FY2013	Second Year - FY2014
Economic Development Services (53400)	\$5,926,877	\$8,282,500
Technology Entrepreneurial Development Services (53415)	\$4,237,811	\$6,313,434
Commonwealth Technology Policy Services (53416)	\$44,392	\$44,392
Technology Industry Development Services (53419)	\$854,258	\$814,258
Technology Industry Research and Developmental Services (53420)	\$790,416	\$1,110,416
Fund Sources:		
General	\$5,926,877	\$8,282,500

Authority: Title 2.2, Chapter 22, Code of Virginia, and Discretionary Inclusion.

A.1. The appropriation in this Item shall be used for the purpose of and in accordance with the terms and conditions specified in Title 2.2, Chapter 22, Code of Virginia.

2. Out of the amounts appropriated for the Innovation and Entrepreneurship Investment Authority, an amount equal to \$50,000 shall be used to create the Commonwealth Innovation and Entrepreneurship Measurement System to measure activities worthy of economic development and institutional focus in furtherance of the Commonwealth Research and Development Roadmap.

B. The Innovation and Entrepreneurship Investment Authority is hereby authorized to transfer funds in this appropriation to the Center for Innovative Technology to expend said funds for realizing the statutory purposes of the Authority, by contracting with governmental and private entities, notwithstanding the provisions of § 4-1.05 b of this act.

C. This appropriation shall be disbursed in twelve equal monthly installments each fiscal year.

D. Before the beginning of each fiscal year, the Innovation and Entrepreneurship Investment Authority shall provide to the Chairmen of the House Appropriations and Senate Finance Committees and the Director, Department of Planning and Budget, a report of its operating plan. Within three months after the end of the fiscal year, the center shall submit to the same entities a detailed expenditure report for the concluded fiscal year. Both reports shall be prepared in the formats as approved by the Director, Department of Planning and Budget.

E. As part of its mission to foster technological innovation in the Commonwealth, the Innovation and Entrepreneurship Investment Authority is encouraged to include in its activities Virginia private research universities.

F.1. The Center for Innovative Technology shall continue to support efforts of public and quasi-public bodies within the Commonwealth to enhance or facilitate the prompt availability of and access to advanced electronic

communications services, commonly known as broadband, throughout the Commonwealth, monitoring trends and advances in advanced electronic communications technology to plan and forecast future needs for such technology, and identify funding options.

2. The Center for Innovative Technology shall provide technical assistance to localities where broadband services are not currently available, or where under-served communities have been identified, in order to assist those localities in determining the issues, business practices, and vendor requirements, including an assessment of the existing technologies, for the provision of broadband services to their citizens.

G. The General Assembly supports the Innovation and Entrepreneurship Investment Authority's stated mission to enhance federal research funding to Virginia's colleges and universities and to industry. It is also the intent of the General Assembly to promote a greater reliance by the authority on nongeneral fund revenues for the authority's operations and programs.

H. Notwithstanding any other provision of law, any interest earned on moneys in the Advanced Communications Assistance Fund, as well as any moneys remaining in the fund at the end of each fiscal year, including interest thereon, shall be reverted to the general fund.

I. From the amounts appropriated in this Item \$1,000,000 the first year and \$1,000,000 the second year from the general fund shall be allocated to the Commonwealth GAP Fund program to foster the development of Virginia-based technology, biosciences, and energy companies. It is the intent of the General Assembly that this funding shall be used to underwrite immediate first financing for not fewer than 20 new early-stage companies and achieve a rate of return of not less than 11:1. As part of the reporting requirements identified within paragraph D of this item, the Director of the Center for Innovative Technology shall provide a detailed report on the number of companies and jobs created pursuant to this additional funding.

J. Out of the appropriation for this item, \$480,000 the first year and \$520,000 the second year from the general fund is provided to support research and outreach activities, as well as foster growth and diversification within the Commonwealth's initiatives in modeling and simulation.

K. Out of the appropriation for this item, \$520,000 the first year and \$480,000 the second year from the general fund is provided to support and expand the Commonwealth's initiatives in cyber security.

L. Notwithstanding the definition of qualifying institutions in § [2.2-2233.1](#), Code of Virginia, a university research consortium that includes Virginia colleges and university member institutions is a qualifying institution for purposes of seeking funding from the Commonwealth Research Commercialization Fund.

M.1. Out of the amounts in this item, \$2,500,000 the second year from the general fund shall be provided to establish a cyber-security accelerator which will be managed by the Center for Innovative Technology (CIT). CIT is directed to recruit companies for the accelerator program regionally, and any participating company must agree to start and operate their company in the Commonwealth. Participating companies will be guided through a company initiation and development process supported by key cyber-security professionals, investors and technologists.

2. It is the intent of the General Assembly that this funding shall be used to defray capital expenses of company formation for not fewer than ten companies. Funding from this item shall not be available to any company for longer than two years. As part of the reporting requirements identified within paragraph D of this item, the Director of the Center for Innovative Technology shall provide a detailed report on the number of companies and jobs created pursuant to this additional funding. Any proceeds from the sale of equity in these companies shall not revert to the general fund but shall be used to support the accelerator program.

3. It is the intention of the General Assembly that no moneys or funds provided herein to the Innovation and Entrepreneurship Investment Authority for the purposes of establishing, procuring, or obtaining a Commonwealth

of Virginia cybersecurity accelerator, doing business as a registered trademark or trade name known as MACH37 or any other subsequent trademark or trade name, shall be expended directly or indirectly in support of any activity that will directly or indirectly result in the day-to-day operations of the cybersecurity accelerator being conducted by an entity other than the Center for Innovative Technology, including any public-private partnership or other legal entity that may be established or formed by the Center for Innovative Technology. All appropriations provided by the Commonwealth of Virginia to the Center for Innovative Technology to establish the MACH37 cybersecurity accelerator shall be conditional upon the MACH37 cybersecurity accelerator remaining an independent service line solely within the Center for Innovative Technology and operated by employees of the Center. An assessment regarding the structure and relationship of the cybersecurity accelerator to CIT shall be conducted by the Auditor of Public Accounts and submitted to the Governor and the Chairmen of the House Appropriations and Senate Finance committees by October 15, 2014.