2016 Session

Budget Bill - HB29 (Enrolled)

Bill Order » Office of Technology » Item 419

Innovation and Entrepreneurship Investment Authority

Item 419 (Not set out)

	First Year - FY2015	Second Year - FY2016
Economic Development Services (53400)	**$8,510,873**	**$8,232,562**
Technology Entrepreneurial Development Services (53415)	$5,493,554	$5,215,243
Commonwealth Technology Policy Services (53416)	$44,392	$44,392
Technology Industry Development Services (53419)	$1,862,511	$1,862,511
Technology Industry Research and Developmental Services (53420)	$1,110,416	$1,110,416
Fund Sources:		
General	$8,510,873	$8,232,562

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.1. No later than July 15 of each year, the Innovation and Entrepreneurship Investment Authority shall provide to the Chairmen of the House Appropriations and Senate Finance Committees, Secretary of Technology, and the Director, Department of Planning and Budget, a report of its operating plan for each year of the biennium. 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 and include, but not be limited to the following:

a. All planned and actual revenue and expenditures along with funding sources, including state, federal, and other revenue sources of both the Innovation and Entrepreneurship Investment Authority and the Center for Innovative Technology;

b. A listing of the salaries, bonuses, and benefits of all employees of the Innovation and Entrepreneurship

Investment Authority and the Center for Innovative Technology;

c. By program, total grants made and investments awarded for each grant and investment program, to include the Commonwealth Research Commercialization Fund;

d. By program, a report of the projected economic impact on the Commonwealth and recoveries of previous grants or investments and sales of equity positions; and

e. Cash balances by funding source, and a report, by program, of available, committed and projected expenditures of all cash balances.

2. The President of the Center shall report quarterly to the Center's board of directors, and the Chairmen of the House Appropriations and Senate Finance Committees, Secretary of Technology, and the Director, Department of Planning and Budget in a format approved by the Board the following:

a. The quarterly financial performance, determined by comparing the budgeted and actual revenues and expenditures to planned revenues and expenditures for the fiscal year;

b. All investments and grants executed compared to projected investment closings, return on prior investments and grants, including all gains and losses; and

c. The financial and programmatic performance of all operating entities owned by the Center.

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. Out of the amounts appropriated in this Item, $500,000 the first year and $500,000 the second year from the general fund shall be used to support broadband planning and assistance to localities. The Center for Innovative Technology shall provide technical assistance to localities where wired 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. A total of $3,100,000 the first year and $3,100,000 the second year shall be allocated to the Commonwealth Growth Accelerator Program fund to foster the development of Virginia-based technology, biosciences, and energy companies. This funding shall be used to underwrite immediate first financing for new early-stage companies and

achieve an average rate of return of not less than 11:1.

1. From the amounts provided in this paragraph for the Commonwealth Growth Accelerator Program and provided for the Commonwealth Research Commercialization Fund in Item 101 of this act, the Innovation and Entrepreneurship Investment Authority is authorized to utilize up to $2,000,000 in the second year to support the operations of "MACH-37" if the private funding campaign undertaken to secure $3,000,000 in private capitalization has not fulfilled its funding goal by July 1, 2015.

2. Out of this appropriation, $1,100,000 the first year and $3,100,000 the second year from the general fund is provided to support the Commonwealth Growth Accelerator Program fund.

3. In addition to this appropriation, $2,000,000 the first year, to come from undesignated balances at the Center for Innovative Technology as of June 30, 2014, shall be allocated to the Commonwealth Growth Accelerator Program fund.

J.1. The Center for Innovative Technology is authorized to use up to $500,000 the first year from unobligated balances existing as of June 30, 2014 to support research and programmatic activities, as well as foster growth and diversification within the Commonwealth's initiatives in modeling and simulation. In addition, the Center for Innovative Technology shall work to expand modeling and simulation into new industries including, but not limited to, health care, advanced manufacturing, and unmanned systems. The Center for Innovative Technology, in cooperation with the Governor's modeling and simulation advisory council and the Virginia Economic Development Partnership shall jointly develop a business plan for growing modeling and simulation startup companies and job opportunities in Virginia. A final business plan shall be communicated to the Governor and the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance by September 1, 2015.

2. Out of this appropriation, $500,000 the second year from the general fund is provided to support the advancement of unmanned systems companies and development of the unmanned systems industry in the Commonwealth. The Center for Innovative Technology shall develop a business plan for growing the unmanned systems industry. A final business plan shall be communicated to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by September 1, 2015.

K.1. Out of the appropriation for this item, $500,000 the first year from the general fund is provided to support and expand the Commonwealth's initiatives in cyber security and cyber data analytics. In addition, $500,000 the second year from the general fund shall support the Virginia Cyber Security Commission and its recommendations.

2. In addition to this appropriation, $500,000 the second year, from any unexpended balances at the Center for Innovative Technology, shall be used to support the Virginia Cyber Security Commission and its recommendations.

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. Any proceeds from the sale of equity in companies that participated in the cyber security accelerator shall not revert to the general fund but shall be used to support the accelerator program.

N. By September 1 each year, the President of the Innovation and Entrepreneurship Investment Authority shall report to the Chairmen of the House Appropriations and Senate Finance Committees, Secretary of Technology, and to the Director, Department of Planning and Budget on program activities including, but not limited to the following:

1. For activities associated with providing localities with broadband assistance: (i) the number of localities assisted by state and other broadband funding sources and (ii) the estimated number of households and localities with

populations lacking wired broadband access;

2. For activities associated with the Growth Accelerator Program (GAP): (i) the number of companies receiving investments from the fund, (ii) the state investment and amount of privately leveraged investments per company, (iii) the estimated number of jobs created, (iv) the estimated tax revenue generated, (v) the number of companies who have received investments from the GAP fund still operating in Virginia, (vi) return on investment, to include the value of proceeds from the sale of equity in companies that received support from the program and economic benefits to the Commonwealth, (vii) the number of state investments that failed and the state investment associated with failed investments, and (viii) the number of new companies created or expanded and the number of patents filed; and

3. For activities associated with the cyber security accelerator: (i) the number of companies assisted and the number of startups successfully launched through the cyber accelerator program, (ii) the number of companies operating in Virginia as a result of the program, (iii) estimated number of jobs created, (iv) the value of proceeds from the sale of equity in companies that received capital support from the program, (v) the number of state investments that failed and the state investment associated with failed investments, and (vi) the number of new companies created or expanded and the number of patents filed.

4. Such report shall include the prior fiscal year outcomes as well as the outcomes of each program since inception. In addition, the report shall also include program changes anticipated in the subsequent fiscal year.

O.1. Pursuant to § 3-2.03 of this act, a line of credit up to $2,500,000 shall be provided to the Innovation and Entrepreneurship Investment Authority as a temporary cash flow advance. The Innovation and Entrepreneurship Investment Authority shall transfer such related funds to the Center for Innovative Technology as a temporary cash advance to be repaid by June 30 of each fiscal year. Funds received from the line of credit shall be used only to support operational costs in anticipation of receiving reimbursement of said expenditures from signed contracts and grant awards. The request for the line of credit shall be prepared in the formats as approved by the Secretary of Finance and Secretary of Technology.

2. The Secretary of Finance and Secretary of Technology shall approve the draw downs from this line of credit prior to the expenditure of funds.