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# VIRGINIA STATE BUDGET

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2016 Session

## Budget Bill - HB30 (Introduced)

Bill Order » Office of Technology » Item 428

Innovation and Entrepreneurship Investment Authority

### Item 428

First Year - FY2017      Second Year - FY2018

<b>Economic Development Services (53400)</b>	<b>\$8,388,090</b>	<b>\$8,388,097</b>
Technology Entrepreneurial Development Services (53415)	\$4,620,771	\$4,620,778
Commonwealth Technology Policy Services (53416)	\$44,392	\$44,392
Technology Industry Development Services (53419)	\$2,612,511	\$2,612,511
Technology Industry Research and Developmental Services (53420)	\$1,110,416	\$1,110,416
Fund Sources:		
General	\$8,388,090	\$8,388,097

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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, \$50,000 the first year and \$50,000 the second year from the general fund shall be used to maintain the Commonwealth Innovation and Entrepreneurship Measurement System which measures 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. No later than September 30 of each 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 from the general fund 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.

J. Out of this appropriation, \$500,000 the first year and \$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.

K. Out of the appropriation for this Item, \$500,000 the first year and \$500,000 the second year from the general fund shall support the Virginia Cyber Security Commission and its recommendations.

L.1. Included in this Item is \$750,000 in the first year and \$750,000 in the second year from the general fund to support the creation of an Information Sharing and Analysis Organization in Virginia.

2. No later than November 1, 2016, the Virginia Cyber Security Commission shall provide to the Chairmen of the House Appropriations and Senate Finance Committees, the Secretary of Finance, and the Director of Planning and Budget, a report detailing the development and implementation of an Information Sharing and Analysis Organization (ISAO) in Virginia. The report shall include, but not be limited to, defined roles and responsibilities of members, development of a long-term sustainable funding model, technical means for information sharing among members, and potential growth opportunities the ISAO could seek once information sharing is fully established.

M. 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.

N. 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.

O. 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.

P.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.

Q.1. The Innovation and Entrepreneurship Investment Authority shall continue to manage and maintain the Mid-Rise Building located at the Center for Innovative Technology Complex at 2214 Rock Hill Road, Herndon, Virginia, unless otherwise directed by the Governor.

2. The Authority shall ensure building maintenance meets the standards of the Virginia Maintenance Code 2012, remains at a level to satisfy existing lease agreements, and meets metropolitan Class B office standards.

3. Consistent with the transfer of ownership of the Mid-Rise Building to the Department of General Services directed in Item 78 D of this act, the Innovation and Entrepreneurship Investment Authority shall make all records and information related to the Mid-Rise Building available to the Department of General Services. The Authority shall also provide any other information requested by the Department of General Services regarding the Center for Innovative Technology Complex and any components thereof due to the nature of the Mid-Rise Building's shared infrastructure and interconnection to other components of the Complex. Notwithstanding § 2.2-2221, Code of Virginia, or any other provision of law, the Center for Innovative Technology Complex, consisting of property located at 2214 and 2205 Rock Hill Road, Herndon, Virginia, shall be subject to the provisions of §§ 2.2-1150 through 2.2-1158, Code of Virginia.