
VIRGINIA STATE BUDGET

2020 Session

Budget Bill - SB30 (Introduced)

Bill Order » Office of Commerce and Trade » Item 135

Virginia Innovation Partnership Authority

Item 135	First Year - FY2021	Second Year - FY2022
Economic Development Services (53400)	\$36,925,000	\$42,125,000
Economic Development Services (53412)	\$36,925,000	\$42,125,000
Fund Sources:		
General	\$36,925,000	\$42,125,000

Authority: Discretionary Inclusion.

A. The appropriation in this Item shall be used for the purpose of and in accordance with the terms and conditions specified in legislation to be considered by the 2020 General Assembly to establish the Virginia Innovation Partnership Authority to serve as a consolidated entity for innovation and new technology-based economic development in the Commonwealth.

B. The Virginia Innovation Partnership Authority (VIPA) is hereby authorized to transfer funds in this appropriation to an established managing non-profit 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 disbursements each fiscal year. The Director, Department of Planning and Budget, may authorize an increase in disbursements for any month not to exceed the total appropriation for the fiscal year if such an advance is necessary to meet payment obligations.

D.1. No later than July 15 of each year, the Authority shall provide to the Chairmen of the House Appropriations and Senate Finance Committees, Secretary of Commerce and Trade, 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 Authority 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 Authority and the managing non-profit entity;
- b. A listing of the salaries, bonuses, and benefits of all employees of the Authority and the managing non-profit entity;
- c. By activity or program, total grants made and investments awarded for each grant and investment program;
- d. By activity or 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 managing non-profit entity shall report quarterly to the entity's board of directors, and the Chairmen of the House Appropriations and Senate Finance Committees, Secretary of Commerce and Trade, 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 managing non-profit entity.

E.1. By September 1 of each year, the President of the Authority shall report to the Governor and the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance, Secretary of Commerce and Trade, and to the Director, Department of Planning and Budget, on key programs overseen by the Authority and an assessment of their effectiveness in attracting public and private research funding, investment capital, and increasing innovation and economic development in the Commonwealth. 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.

2. 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.

F.1. Pursuant to § 3-2.03 of this act, a line of credit up to \$2,500,000 shall be provided to the Authority as a temporary cash flow advance. The Authority shall transfer such related funds to the managing non-profit 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 Commerce and Trade.

2. The Secretary of Finance and Secretary of Commerce and Trade shall approve the drawdowns from this line of credit prior to the expenditure of funds.

G.1. Out of the appropriation in this Item, \$4,000,000 the first year and \$5,000,000 the second year from the general fund shall be allocated to the Division of Investment to support the Commonwealth Growth Accelerator Program fund and other indirect investment mechanisms to foster the development of Virginia-based technology companies.

2. Funds returned, including proceeds received due to the sale of a company that previously received a GAP investment, shall remain in the program and be used to make future early stage financing investments consistent with the goals of the program. The managing non-profit may recover the direct costs incurred associated with securing the return of such funds from the moneys returned.

H. Out of the appropriation in this Item, \$1,000,000 the first year and \$1,500,000 the second year from the general

fund shall be made available for the Virginia Center for Unmanned Systems. The Center shall serve as a catalyst for growth of unmanned and autonomous systems vehicles and technologies in Virginia. The Center will establish collaboration between businesses, investors, universities, entrepreneurs and government organizations to increase the Commonwealth's position as a leader of the Autonomous Systems community.

I.1. Out of the appropriation in this Item, \$3,750,000 the first year and \$5,000,000 the second year from the general fund shall be provided for the Virginia Biosciences Health Research Corporation (VBHRC), a non-stock corporation research consortium initially comprised of the University of Virginia, Virginia Commonwealth University, Virginia Polytechnic Institute and State University, George Mason University and the Eastern Virginia Medical School. The consortium will contract with private entities, foundations and other governmental sources to capture and perform research in the biosciences, as well as promote the development of bioscience infrastructure tools which can be used to facilitate additional research activities. The Department of Planning and Budget is authorized to provide these funds to the non-stock corporation research consortium referenced in this paragraph upon request filed with the Department of Planning and Budget by VBHRC.

2. Of the amounts provided in I.1. for the research consortium, up to \$3,750,000 the first year and \$5,000,000 the second year may be used to develop or maintain investments in research infrastructure tools to facilitate bioscience research.

3. The remaining funding shall be used to capture and perform research in the biosciences and must be matched at least dollar-for-dollar by funding provided by such private entities, foundations and other governmental sources. No research will be funded by the consortium unless at least two of the participating institutions, including the five founding institutions and any other institutions choosing to join, are actively and significantly involved in collaborating on the research. No research will be funded by the consortium unless the research topic has been vetted by a scientific advisory board and holds potential for high impact near-term success in generating other sponsored research, creating spin-off companies or otherwise creating new jobs. The consortium will set guidelines to disburse research funds based on advisory board findings. The consortium will have near-term sustainability as a goal, along with corporate-sponsored research gains, new Virginia company start-ups, and job creation milestones.

4. Other publicly-supported institutions of higher education in the Commonwealth may choose to join the consortium as participating institutions. Participation in the consortium by the five founding institutions and by other participating institutions choosing to join will require a cash contribution from each institution in each year of participation of at least \$50,000.

5. Of these funds, up to \$500,000 the first year and \$500,000 the second year may be used to pay the administrative, promotional and legal costs of establishing and administering the consortium, including the creation of intellectual property protocols, and the publication of research results.

6. The accounts and records of the consortium shall be made available for review and audit by the Auditor of Public Accounts upon request.

7. Up to \$2,500,000 of the funds managed by the Commonwealth Health Research Board (CHRB), created pursuant to § [32.1-162.23](#), Code of Virginia, shall be directed toward collaborative research projects, approved by the boards of the VBHRC and CHRB, to support Virginia's core bioscience strengths, improve human health, and demonstrate commercial viability and a high likelihood of creating new companies and jobs in Virginia.

J.1. Out of the appropriation in this Item, \$1,925,000 the first year and \$1,925,000 the second year from the general fund shall be made available to the Commonwealth Center for Advanced Manufacturing (CCAM) for rent, operating support, and maintenance. VIPA shall approve any and all disbursements of these funds to CCAM before distribution. These funds shall not revert back to the general fund at the end of the fiscal year.

2. Out of the appropriation in this Item, VIPA shall provide \$1,100,000 the first year and \$1,100,000 the second

year from the general fund to CCAM for the purpose of providing private sector incentive grants to industry members of the CCAM as follows: (i) incentive grants for new industry members with no prior membership at CCAM; (ii) incentive grants to small manufacturing members who locate their primary job center in the Commonwealth, as determined by VEDP, in order to mitigate inaugural, industry membership costs associated with joining CCAM; and (iii) grants dedicated to CCAM industry members to be used exclusively for research project costs and require a minimum one-to-one match in funds to conduct additional directed research at the CCAM facility after their base amount of directed research is programmed.

3. Out of the appropriation in this Item, VIPA shall provide \$600,000 the first year and \$600,000 the second year from the general fund to CCAM for university research grants requiring a minimum one-to-one match in funds that bring in external research funds from federal or private organizations for research to be conducted at the CCAM facility. All project approvals are contingent upon each university partner entering into a memorandum of understanding (MOU) with CCAM that includes specific details about the university's anticipated commitment of financial and human resources, as well as programming and academic credentialing plans, to the CCAM facility.

4. CCAM shall submit a report on October 1 of each year to the Secretary of Finance and Chairmen of the House Committee on Appropriations and Senate Finance Committee containing a status update of all new incentive programs, including but not limited to the following: (i) MOUs it has entered into with each university partner; (ii) funds disbursed to both university and private sector partners of CCAM, as well as any other recipients; (iii) any other agreements CCAM has entered into with representatives of the public and private sectors that may impact current and future incentive fund disbursements; and (iv) any additional information requested by VIPA, the Secretary of Finance, or the Chairmen of the House Committee on Appropriations and Senate Finance Committee.

K.1. Out of the appropriation in this Item, \$5,000,000 the first year and \$2,500,000 the second year from the general fund is provided to scale the Commonwealth Cyber Initiative and provide resources for faculty recruiting at both the Hub, Virginia Polytechnic Institute & State University, and Spoke sites.

2. Out of the appropriation in this Item, \$5,000,000 the first year and \$2,500,000 the second year from the general fund is provided for the leasing of space and establishment of the Hub by the anchoring institution and for the establishment of research faculty, entrepreneurship programs, student internships and educational programming, and operations of the Hub.

L. Any funds transferred to the Authority as a result of actions pursuant to Item 126.10, paragraph S.5 of the Chapter 854, 2019 Acts of Assembly, shall be used to enable: (1) the establishment of a fund of funds that will permit the Commonwealth to invest in one or more syndicated private investment funds; (2) to enhance direct investment programs by placing additional investments in partnership with Virginia accelerators and university technology commercialization programs, (3) the pursuit of tax advantaged investment strategies such as those offered by Opportunity Zones and American Tribal preferences, and (4) the establishment of a sustainable program to enhance discovery of, and early investment in, technologies aligned with the Virginia Innovation Index. Decisions to invest in private funds will be subject to approval by the Board of Directors, and investments in such funds monitored by the Board of Directors.