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HOUSE BILL NO. 1939

Offered January 10, 2007
Prefiled January 5, 2007

A BILL to amend the Code of Virginia by adding in Article 3 of Chapter 22 of Title 2.2 a section numbered 2.2-2233.3, relating to the Technology, Nanotechnology, and Biotechnology Investment Fund; purposes.

Patron—Purkey

Referred to Committee on Science and Technology

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Article 3 of Chapter 22 of Title 2.2 a section numbered 2.2-2233.3 as follows:

§ 2.2-2233.3. Technology, Nanotechnology and Biotechnology Investment Fund established; purposes.

A. For purposes of this section:

"Advanced computing" means a technology used to design or develop computing hardware and software.

"Advanced materials" means materials with engineered properties created through the development of specialized processing and synthesis technology, including, but not limited to, ceramics, high-value-added metals, electronic materials, composites, polymers, and biomaterials.

"Basic research payments" means basic research payments as defined in § 41 of the Internal Revenue Code of 1986, 26 U.S.C. § 41, that are (i) paid for research in the fields of advanced computing, advanced materials, nanotechnology, biotechnology, electronic device technology, environmental technology, or medical device technology; and (ii) paid to a biotechnology company, a technology company, or a "qualified organization," as defined in § 41 of the Internal Revenue Code, located in the Commonwealth.

"Biotechnology" means the continually expanding body of fundamental knowledge about the functioning of biological systems from the macro level to the molecular and subatomic levels and the products, services, technologies, and subtechnologies developed as a result of insights gained from research advances that add to that body of fundamental knowledge.

"Biotechnology company" means a person (i) that does business, leases, or owns capital or property, or maintains an office, headquarters, or base of operations in Virginia; (ii) that (a) has qualified research expenses paid or incurred in Virginia for research, development, production, or provision of biotechnology for the purpose of developing or providing products or processes for specific commercial or public purposes, including, but not limited to, medical, pharmaceutical, nutritional, and other health-related purposes, agricultural purposes, or environmental purposes, (b) conducts pilot-scale manufacturing in Virginia, or (c) provides services or products necessary for such research, development, production, or provision; and (iii) that has fewer than 25 employees, of whom at least 75% are Virginia-based employees filling positions or jobs in Virginia.

"Electronic device technology" means a technology involving microelectronics, semiconductors, electronic equipment, and instrumentation; radio frequency, microwave, and millimeter electronics; optical and optic-electrical devices; or data and digital communications and imaging devices.

"Environmental technology" means a technology related to the assessment or prevention of threats or damage to human health or the environment, environmental cleanup, or the development of alternative energy sources.

"Fixed assets" means any real property, interests in real property, physical plants, or facilities; equipment; or any other assets commonly accepted as fixed assets.

"Medical device technology" means a technology involving any medical equipment or product, other than a pharmaceutical product, that has therapeutic or diagnostic value and is regulated by the federal Food and Drug Administration.

"Nanotechnology" means a technology involving research and development at the atomic, molecular, or macromolecular levels, in the 1-100 nanometer range, to create and use structures, devices, and systems that have novel properties and to integrate such structures, devices, and systems into larger material components, systems, and architectures.

"Nanotechnology company" means a person (i) that does business, leases, or owns capital or property, or maintains an office, headquarters, or base of operations in Virginia; (ii) that (a) has qualified research expenses paid or incurred in Virginia for research, development, production, or provision of nanotechnology for the purpose of developing or providing products or processes for

specific commercial or public purposes, including, but not limited to, electronic, information technology, or telecommunication purposes; medical, pharmaceutical, or other health-related purposes; or manufacturing, energy, defense, or environmental purposes; (b) conducts pilot-scale manufacturing in Virginia; or (c) provides services or products necessary for such research, development, production or provision; and (iii) that has fewer than 25 employees, of whom at least 75% are Virginia-based employees filling positions or jobs in Virginia.

"Pilot-scale manufacturing" means design, construction, and testing of preproduction prototypes and models in the fields of advanced computing, advanced materials, biotechnology, electronic device technology, environmental technology, or medical device technology, other than for commercial sale, excluding sales of prototypes or sales for market testing if total gross receipts from such sales of the product, service, or process do not exceed $1 million.

"Qualified research expenses" means the same as that term is defined in § 41 of the Internal Revenue Code of 1986, 26 U.S.C. § 41, as in effect on June 30, 1992, in the fields of advanced computing, advanced materials, biotechnology, electronic device technology, environmental technology, or medical device technology.

"Technology company" means a person (i) that does business, leases or owns capital or property, or maintains an office, headquarters, or base of operations in Virginia; (ii) that (a) has qualified research expenses paid or incurred in Virginia for research, development, production, or provision of technology for the purpose of developing or providing products or processes for specific commercial or public purposes, (b) conducts pilot-scale manufacturing in Virginia, or (c) provides services or products necessary for such research, development, production, or provision; and (iii) that has fewer than 25 employees, of whom at least 75% are Virginia-based employees filling positions or jobs in Virginia.

"Working capital" means liquid capital assets other than fixed assets.

B. From such funds as may be appropriated by the General Assembly and any gifts, grants, or donations from public or private sources, there is created in the state treasury a special nonreverting, permanent fund, to be known as the Technology, Nanotechnology, and Biotechnology Investment Fund (the Fund), to be administered by the Authority. The Fund shall be established on the books of the Comptroller. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund at the end of each fiscal year, including interest thereon, shall not revert to the general fund but shall remain in the Fund. Expenditures and disbursements from the Fund shall be made as convertible debt and shall be made by the State Treasurer on warrants issued by the Comptroller upon written request bearing the signature of the chairman or the vice-chairman of the Authority, or, if so authorized by the Authority, bearing his facsimile signature, and the official seal of the Authority.

C. Moneys in the Fund shall be used for the sole purpose of assisting early stage technology, nanotechnology, and biotechnology companies located in the Commonwealth. The maximum amount of each loan from the Fund to any technology, nanotechnology, or biotechnology company shall not exceed $500,000 per year.

Specific guidelines for the awarding of funds from this program shall be established and maintained by the Authority.

D. The provisions of this section shall expire on July 1, 2010.