

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: HB2444

House of Origin ☐ Introduced ☐ Substitute ☒ Engrossed
Second House ☒ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Sickles

3. Committee: General Laws and Technology

4. Title: **Promotion of science and technology-based research, development, and commercialization in the Commonwealth**

5. Summary: First, the bill would require the Virginia Economic Development Partnership (VEDP) to promote biosciences-related research and industry in the Commonwealth in order to stay competitive with similar efforts in neighboring states. Second, the bill changes the existing Commonwealth Technology Research Fund (CTRF) to the Commonwealth Research Commercialization Fund (CRCF) to better focus the moneys available under this program to key areas of research and development in the Commonwealth, to emphasize the importance of commercialization of research and development through matching-funds programs and the leveraging of private and federal funds for commercialization activities, and to provide a loan program for the construction of facilities utilized in commercializing qualified research. Finally, the bill would prohibit the distribution of any money from the Fund to a business that performs research on human cells or tissue derived from induced abortions, or from stem cells directly obtained from human embryos; excluding research conducted using stem cells other than embryonic stem cells. In addition, money from the Fund cannot be provided for conducting research on cells or tissues derived from induced abortions on humans, or to an entity that conducts such research in Virginia.

6. Fiscal Impact Estimates are indeterminate. See item 8, below.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: Currently, by statute, monies in the CTRF must be used for the sole purpose of attracting public and private research funding for institutions of higher education, in order to increase technological and economic development in Virginia, and awards from the CTRF are made to Virginia public institutions of higher education or to their associated intellectual property foundations. Under the provisions of the proposed legislation, businesses that meet certain criteria would be eligible to apply for matching grants from the CRCF, and qualifying institutions (a public or private institution of higher education in the Commonwealth or its associated intellectual property foundation that adopts a policy regarding the ownership, protection, assignment, and use of intellectual property) and political subdivisions would be eligible to apply for loans from the Fund.

The Innovative Technology Authority (Center for Innovative Technology) would continue to administer the Fund, and establish and maintain specific guidelines for the award of funds in

consultation with VEDP and the State Council of Higher Education (SCHEV). Currently, the Virginia Research and Technology Advisory Commission makes recommendations on awards from the Fund, under the proposed legislation the commission would no longer have this responsibility. It is not anticipated that the proposed legislation will have a fiscal impact to the Center for Innovative Technology.

The proposed legislation also adds to VEDP's economic development services. Specifically, VEDP is required to encourage capital investment and the creation of new jobs through the development of research and industry in anticipated emerging and growth sectors in biosciences. Currently, VEDP conducts numerous marketing activities related to the biotechnology sector through its science and research team in its business development division. VEDP markets Virginia to the biotechnology sector through sponsorship of the Mid-Atlantic Bio conference, and the Governor's attendance at the 2008 BIO International Convention in San Diego. In conjunction with the VirginiaBIO Technology Association, VEDP will update an economic impact study on the biotechnology industry in Virginia. It is not anticipated that the proposed legislation will have a fiscal impact to VEDP.

The bill also prohibits the use of money in the Fund for certain research activities.

9. Specific Agency or Political Subdivisions Affected: Virginia Economic Development Partnership, Center for Innovative Technology, Colleges and Universities.

10. Technical Amendment Necessary: No.

11. Other Comments: Item 254 of the 2008 Appropriation Act includes \$1 million in each year from the general fund for the CTRF. Language is included in the introduced budget bill directing that the funds be used to assist in commercializing research developed at institutions of higher education in Virginia in the fields of energy, conservation, environment, microelectronics, or lifespan biology and medicine.

SB1338 also changes the existing CTRF. SB1338 amends the existing qualified equity and subordinated debt investment tax credit to limit its applicability only to companies engaged in science and technology-related businesses, and to encourage investment in companies focused on commercializing research developed at universities.

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cc: Secretary of Commerce and Trade
Secretary of Education
Secretary of Technology