

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: SB1485

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

2. Patron: Newman

3. Committee: Appropriations

4. Title: Investment in research and technology in the Commonwealth.

5. Summary: *This impact statement is revised to reflect a balance of \$275 in the Commonwealth Research Commercialization Fund.*

Expands the Commonwealth Research Commercialization Fund (CRCF) to allow for awards from the fund to be used to encourage commercialization (a commercialization program) and to attract research talent at state institutions of higher education (an eminent researcher recruitment program). Removes the provision from the Code allowing monies in CRCF to be used for a facilities enhancement loan program. The Biotechnology Commercialization Loan Fund is repealed.

Under the provisions of the bill, the Innovation and Entrepreneurship Investment Authority (IEIA) is to develop guidelines for the application review and award of funds from CRCF. These guidelines will address the application process and give special emphasis on fostering collaboration between institutions and higher education and the business community. In addition, IEA will develop the Commonwealth Research and Technology Strategic Roadmap. The roadmap shall identify areas of focus for research investment in the Commonwealth based upon criteria set forth in the bill, and any awards from CRCF must fall into one of these areas of focus.

Also, the bill establishes the Research and Technology Investment Advisory Committee. This committee will consist of 10 members, six citizen members who represent research and technology intensive industries and four vice-provosts of research at major state institutions of higher education from the state institutions not represented on IEIA. The bill establishes a Research and Technology Advisory Committee to assist the IEIA in making awards from the CRCF by ensuring that applications considered for awards are based upon sound science and research, are in an area of focus identified in the roadmap, and present significant potential for commercialization in the Commonwealth.

The bill increases the membership of the board of IEIA to include the Secretary of Education and the Secretary of Commerce and Trade. Both secretaries shall serve ex officio with full voting privileges.

Monies awarded under the commercialization program will be used to help applicants bring products or services to market. To qualify for an award, an applicant must commercialize a product or service related to a qualifying technology; have operations in the Commonwealth and match, at least one-to one, the amount of the award with funds from other sources.

Awards under the eminent researcher recruitment program will be used to attract distinguished researchers in a qualifying technology to Virginia's state universities. The institution applying for an award must have a private sector partner with business operations in the state and match, at least one-to-one, the amount of the award with funds of their own and funds from the private sector partner.

Finally, the bill allows for the reimbursement of administrative expenses related to implementing the guidelines governing CRCF and the review process for awarding funds from CRCF.

- 6. Budget Amendment Necessary:** Yes – language only. HB1500/SB800, as introduced, includes an appropriation of \$25 million in FY 2012, from the general fund, for the Virginia Research and Technology Investment Program (VRTIP). A language amendment is needed to HB1500/SB800, as introduced.

Senate amendments to SB800 provide \$10 million for deposit to the CRCF. House amendments to HB1500 include an amendment to provide \$10 million for the program, to be split evenly between the Center for Innovative Technology's GAP Funds and CRCF.

- 7. Fiscal impact estimates are indeterminate.** See item 8, below.
- 8. Fiscal Implications:** The fiscal impact of the proposed bill is indeterminate and scalable to within the amount of funding, and expenditures will depend upon the number and amount of any awards and administrative costs related to the implementation of the guidelines and review process. HB1500/SB800, as introduced, includes \$25 million in FY 2012, from the general fund, to implement VRTIP.
- 9. Specific Agency or Political Subdivisions Affected:** Public institutions of higher education in Virginia; the Innovation and Entrepreneurship Investment Authority (IEIA); the Center for Innovative Technology, (IEIA's non-profit operating company); the Secretary of Commerce and Trade; and the Secretary of Education.
- 10. Technical Amendment Necessary:** No.
- 11. Other Comments:** The Senate Substitute version of HB2324 also expands CRCF to include a commercialization program and an eminent researcher recruitment program.

CRCF is part of the Higher Education Research Initiative. Although no additional funding is appropriated in Chapter 874, 2010 Acts of Assembly, for CRCF, there is a balance of \$275 in the fund. The Higher Education Research Initiative is Item 244 of HB1500/SB800.

Date: 2/17/11