

Department of Planning and Budget

2015 Fiscal Impact Statement

1. Bill Number: SB1385-S1

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

2. Patron: Vogel

3. Committee: General Laws and Technology

4. Title: Innovation and Entrepreneurship Investment Authority; powers.

5. Summary: Provides the Innovation and Entrepreneurship Investment Authority with the power to exclusively, or with any other person, form and otherwise develop, own, operate, govern, and otherwise direct the disposition of assets of separate legal entities for the purpose of managing and administering any assets disposed of by the Authority. The bill provides that these legal entities may include limited liability companies, limited partnerships, charitable foundations, real estate holding companies, investment holding companies, nonstock corporations, and benefit corporations and provides that any such entities shall be operated under the governance of the Authority. The bill sets out other requirements for such entities, including that they shall not be deemed to be a state or governmental agency, advisory agency, or public body or instrumentality and that no director, officer, or employee of any such entity shall be deemed to be an officer or employee for purposes of the State and Local Government Conflict of Interests Act. The bill does provide, however, that the Auditor of Public Accounts or his legally authorized representatives shall annually audit the financial accounts of the Authority and any such entity, provided that the working papers and records of the Auditor of Public Accounts relating to such audits shall not be subject to the provisions of the Virginia Freedom of Information Act. The bill requires the reporting of certain additional information to the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance, the Secretary of Technology, and the Director of Planning and Budget.

The substitute bill increases the number of members on the Innovation and Entrepreneurship Investment Authority Board of Directors from 15 to 17 by adding two nonlegislative citizen members and sets the quorum for the Board at nine. A second enactment clauses is added which specifies that the MACH37 cybersecurity accelerator and CIT GAP investment funds may be established as separate legal entities.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: No fiscal Impact. See Item 8.

8. Fiscal Implications: No state fiscal impact is expected from this bill.

The bill provides for additional options for the Innovation and Entrepreneurship Investment Authority to form various legal entities to develop, own, operate, govern, and otherwise direct the disposition of assets of the authority. These legal options may have an impact on the use and management of state funds under the control of the Center for Innovative Technology; however, that impact is not known at this time.

The Authority's reporting requirements in the bill are not expected to have a fiscal impact. According to the Center for Innovative Technology, the nonprofit operating arm of the Authority, the information required in the report is already available.

The substitute bill increases the number of members on the Innovation and Entrepreneurship Investment Authority Board of Directors from 15 to 17 by adding two nonlegislative citizen members and also directs that a total of two nonlegislative citizen members be from rural areas of the Commonwealth. No fiscal impact is expected from these provisions.

9. Specific Agency or Political Subdivisions Affected: Innovation and Entrepreneurship Investment Authority/ Center for Innovative Technology

10. Technical Amendment Necessary: No

11. Other Comments: The substitute adopted by the Senate General Laws and Technology Committee did not change the fiscal impact of this legislation. SB1385-S1 is similar but not identical to HB1799-H2.

Date: 2/10/2015

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