

Department of Planning and Budget

2016 Fiscal Impact Statement

1. Bill Number: HB1343

House of Origin	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input checked="" type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Jones

3. Committee: Finance

4. Title: Virginia Growth and Opportunity Board and Virginia Research, Development, and Commercialization Fund; established; report.

5. Summary: Establishes the Virginia Growth and Opportunity Board (the Board) to administer grants from the Virginia Research, Development, and Commercialization Fund (the Fund), created by this bill, to promote research, development, and commercialization in the Commonwealth, and economic development related thereto. The bill provides that the State Council of Higher Education for Virginia (SCHEV) will establish guidelines related to administration and award of grants from the Fund, subject to approval by the Board. Upon receipt of completed grant applications, SCHEV will forward them to an entity with recognized science and technology expertise to review and rank the applications. Applications will then be forwarded to a Research Proposal Review Committee to evaluate the potential economic impact of the proposals. The Board would ultimately make award decisions taking into account the recommendations from these review panels.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary. See item 8, below.

8. Fiscal Implications: This bill creates the Virginia Growth and Opportunity Board (the Board) to administer grants from the Virginia Research, Development, and Commercialization Fund (the Fund), which is also established by the legislation. The Board is charged with establishing criteria for grants awarded from the Fund. While the bill does not identify a source of funding for the Fund, the House Appropriations Committee approved an amendment to Item 255 of HB30/SB30 to provide \$20.0 million in each year from the general fund for the Fund established by this legislation. Therefore, an additional budget amendment is not necessary.

The bill also provides that agencies within the Secretariats of Commerce and Trade, Technology, and Education will provide staff support and technical assistance to the Board. The bill gives primary responsibility for developing procedures, criteria, and guidelines for the application and award of grants from the Fund to the State Council of Higher Education for Virginia (SCHEV). Additionally, SCHEV is responsible for initial review of applications for grant funding. Item 146 of HB30/SB30 includes an additional \$250,000 and three positions in FY2017 and \$300,000 and three positions in FY2018 from the general fund to

assist SCHEV in “addressing the responsibilities placed on the agency.” At this point, it is not known if SCHEV or other agencies within Secretariats of Commerce and Trade, Technology, and Education could absorb the workload related to supporting the Board’s actions within existing and proposed staff and resources.

The bill provides that members of the Board will be reimbursed for reasonable expenses incurred in attendance at meetings. Item 1, paragraph B.6.d. of Chapter 665, 2015 Acts of Assembly (2015 Appropriation Act), provides for the compensation of \$200 per day for members of the General Assembly in attendance at official meetings. Per § 2.2-2813, Code of Virginia, non-legislative members who are not full-time employees of the Commonwealth or any of its local political subdivisions would be reimbursed at a rate of \$50 per day plus expenses for each day. Full-time employees of the Commonwealth or any of its local political subdivisions are only eligible for reimbursement of expenses incurred. The current Department of Accounts per diem rate for the City of Richmond is \$64 per day for meals and incidental travel expenses. If the board meets at least twice annually, it is anticipated that \$5,472 will be required to reimburse board members for reasonable expenses. The table below details the breakdown of these costs.

	Number of members	Compensation per meeting day	Number of Meetings	Cost
Legislative members	7	\$200	2	\$2,800
Full-time Commonwealth employees	3	\$64	2	\$384
Citizen members	11	\$104	2	\$2,288
Total Cost				\$5,472

9. Specific Agency or Political Subdivisions Affected: Innovation and Entrepreneurship Investment Authority, the State Council of Higher Education for Virginia, agencies within the Secretariats of Commerce and Trade, Technology, and Education.

10. Technical Amendment Necessary: No.

11. Other Comments: None.