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SENATE BILL NO. 1444

Offered January 9, 2019

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A *BILL to amend and reenact §§ 2.2-200, 2.2-203, 2.2-203.1, 2.2-204, 2.2-205, 2.2-205.2, 2.2-213.3, 2.2-436, 2.2-437, 2.2-2005, 2.2-2006, 2.2-2007, 2.2-2220, 2.2-2221, 2.2-2221.1, 2.2-2233.1, 2.2-2240.1, 2.2-2485, 2.2-2698, 2.2-2699.1, 2.2-2699.3, 2.2-2699.4, 2.2-2699.5, 2.2-2699.7, 2.2-2738, 2.2-2817.1, 2.2-2822, 2.2-3503, 2.2-3504, 2.2-3803, 15.2-2425, 23.1-2911.1, 23.1-3102, 30-279, 58.1-322.02, 58.1-402, 59.1-497, and 59.1-550 of the Code of Virginia; to amend the Code of Virginia by adding in Article 2 of Chapter 2 of Title 2.2 a section numbered 2.2-203.2:5 and by adding a section numbered 2.2-206.3; and to repeal Article 9 (§§ 2.2-225 and 2.2-225.1) of Chapter 2 of Title 2.2 of the Code of Virginia, the third enactment of Chapter 818 of the Acts of Assembly of 2009, and the third enactment of Chapter 852 of the Acts of Assembly of 2009, relating to the transfer of the duties of the Secretary of Technology to the Secretaries of Administration and Commerce and Trade.*

Patron—Locke

Referred to Committee on General Laws and Technology

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.2-200, 2.2-203, 2.2-203.1, 2.2-204, 2.2-205, 2.2-205.2, 2.2-213.3, 2.2-436, 2.2-437, 2.2-2005, 2.2-2006, 2.2-2007, 2.2-2220, 2.2-2221, 2.2-2221.1, 2.2-2233.1, 2.2-2240.1, 2.2-2485, 2.2-2698, 2.2-2699.1, 2.2-2699.3, 2.2-2699.4, 2.2-2699.5, 2.2-2699.7, 2.2-2738, 2.2-2817.1, 2.2-2822, 2.2-3503, 2.2-3504, 2.2-3803, 15.2-2425, 23.1-2911.1, 23.1-3102, 30-279, 58.1-322.02, 58.1-402, 59.1-497, and 59.1-550 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Article 2 of Chapter 2 of Title 2.2 a section numbered 2.2-203.2:5 and by adding a section numbered 2.2-206.3 as follows:

§ 2.2-200. Appointment of Governor's Secretaries; general powers; severance.

A. The Governor's Secretaries shall be appointed by the Governor, subject to confirmation by the General Assembly if in session when the appointment is made, and if not in session, then at its next succeeding session. Each Secretary shall hold office at the pleasure of the Governor for a term coincident with that of the Governor making the appointment or until a successor is appointed and qualified. Before entering upon the discharge of duties, each Secretary shall take an oath to faithfully execute the duties of the office.

B. Each Secretary shall be subject to direction and supervision by the Governor. Except as provided in Article 4 (§ 2.2-208 et seq.), the agencies assigned to each Secretary shall:

1. Exercise their respective powers and duties in accordance with the general policy established by the Governor or by the Secretary acting on behalf of the Governor;

2. Provide such assistance to the Governor or the Secretary as may be required; and

3. Forward all reports to the Governor through the Secretary.

C. Unless the Governor expressly reserves such power to himself and except as provided in Article 4 (§ 2.2-208 et seq.), each Secretary may:

1. Resolve administrative, jurisdictional, operational, program, or policy conflicts between agencies or officials assigned;

2. Direct the formulation of a comprehensive program budget for the functional area identified in § 2.2-1508 encompassing the services of agencies assigned for consideration by the Governor;

3. Hold agency heads accountable for their administrative, fiscal and program actions in the conduct of the respective powers and duties of the agencies;

4. Direct the development of goals, objectives, policies and plans that are necessary to the effective and efficient operation of government;

5. Sign documents on behalf of the Governor that originate with agencies assigned to the Secretary; and

6. Employ such personnel and to contract for such consulting services as may be required to perform the powers and duties conferred upon the Secretary by law or executive order.

D. Severance benefits provided to any departing Secretary shall be publicly announced by the Governor prior to such departure.

E. As used in this chapter, "Governor's Secretaries" means the Secretary of Administration, the Secretary of Agriculture and Forestry, the Secretary of Commerce and Trade, the Secretary of Education, the Secretary of Finance, the Secretary of Health and Human Resources, the Secretary of Natural

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59 Resources, the Secretary of Public Safety and Homeland Security, ~~the Secretary of Technology~~, the
60 Secretary of Transportation, and the Secretary of Veterans and Defense Affairs.

61 **§ 2.2-203. Position established; agencies for which responsible.**

62 The position of Secretary of Administration (the Secretary) is created. The Secretary shall be
63 responsible to the Governor for the following agencies and boards: Department of Human Resource
64 Management, *Information Technology Advisory Council*, Department of General Services, Compensation
65 Board, ~~and~~ Secretary of the Commonwealth, *Virginia Information Technologies Agency*, *Virginia*
66 *Geographic Information Network Advisory Board*, and *9-1-1 Services Board*. The Governor may, by
67 executive order, assign any other state executive agency to the Secretary, or reassign any agency listed
68 above to another Secretary.

69 **§ 2.2-203.1. Secretary to establish telecommuting policy; duties.**

70 A. The Secretary, ~~in cooperation with the Secretary of Technology~~, shall establish a comprehensive
71 statewide telecommuting and alternative work schedule policy under which eligible employees of state
72 agencies, as determined by state agencies, may telecommute or participate in alternative work schedules,
73 and the Secretary shall periodically update such policy as necessary.

74 B. The telecommuting and alternative work schedule policy described in subsection A shall include,
75 but not be limited to, model guidelines, rules and procedures for telecommuting and participation in
76 alternative work schedules, and identification of the broad categories of positions determined to be
77 ineligible to participate in telecommuting and the justification for such a determination. Such policy may
78 also include an incentive program, to be established and administered by the Department of Human
79 Resource Management, that may encourage state employees to telecommute or participate in alternative
80 work schedules and that may encourage the state agencies' management personnel to promote
81 telecommuting and alternative work schedules for eligible employees.

82 C. *The Secretary shall have the following duties related to promoting the telecommuting and*
83 *alternative work schedule:*

84 1. *Promote and encourage use of telework alternatives for public and private employees, including*
85 *but not limited to appropriate policy and legislative initiatives. Upon request, the Secretary may advise*
86 *and assist private sector employers in the Commonwealth in planning, developing, and administering*
87 *programs, projects, plans, policies, and other activities for telecommuting by private sector employees*
88 *and in developing incentives provided by the private sector to encourage private sector employers in the*
89 *Commonwealth to utilize employee telecommuting.*

90 2. *Advise and assist state agencies and, upon request of the localities, advise and assist localities in*
91 *planning, developing, and administering programs, projects, plans, policies, and other activities to*
92 *promote telecommuting by employees of state agencies or localities.*

93 3. *Coordinate activities regarding telework with, and regularly report to, a panel consisting of the*
94 *Secretaries of Commerce and Trade, Finance, and Transportation. The Secretary of Administration shall*
95 *serve as chair of the panel. Additional members may be designated by the Governor. Staff support for*
96 *the panel shall be provided by the offices of the Secretaries of Administration and Transportation, and*
97 *the Governor shall designate additional agencies to provide staff support as necessary.*

98 4. *Report annually to the General Assembly on telework participation levels and trends of both*
99 *private and public sector employees in the Commonwealth.*

100 **§ 2.2-203.2:5. Additional duties of the Secretary; technology programs.**

101 Unless the Governor expressly reserves such power to himself, the Secretary may, with regard to
102 strategy development, planning, and budgeting for technology programs in the Commonwealth:

103 1. *Continuously monitor and analyze the technology investments and strategic initiatives of other*
104 *states to ensure that the Commonwealth remains competitive.*

105 2. *Designate specific projects as enterprise information technology projects, prioritize the*
106 *implementation of enterprise information technology projects, and establish enterprise oversight*
107 *committees to provide ongoing oversight for enterprise information technology projects. At the discretion*
108 *of the Governor, the Secretary shall designate a state agency or public institution of higher education as*
109 *the business sponsor responsible for implementing an enterprise information technology project and*
110 *shall define the responsibilities of lead agencies that implement enterprise information technology*
111 *projects. For purposes of this subdivision, "enterprise" means an organization with common or unifying*
112 *business interests. An enterprise may be defined at the Commonwealth level or Secretariat level for*
113 *programs and project integration within the Commonwealth, Secretariats, or multiple agencies.*

114 3. *Establish Internal Agency Oversight Committees and Secretariat Oversight Committees as*
115 *necessary and in accordance with § 2.2-2021.*

116 4. *Review and approve the Commonwealth strategic plan for information technology, as developed*
117 *and recommended by the Chief Information Officer pursuant to subdivision A 3 of § 2.2-2007.1.*

118 5. *Communicate regularly with the Governor and other Secretaries regarding issues related to the*
119 *provision of information technology services in the Commonwealth, statewide technology initiatives, and*
120 *investments and other efforts needed to achieve the Commonwealth's information technology strategic*

goals.

§ 2.2-204. Position established; agencies for which responsible; additional duties.

The position of Secretary of Commerce and Trade (the Secretary) is created. The Secretary shall be responsible to the Governor for the following agencies: Virginia Economic Development Partnership Authority, Virginia International Trade Corporation, Virginia Tourism Authority, Department of Labor and Industry, Department of Mines, Minerals and Energy, Virginia Employment Commission, Department of Professional and Occupational Regulation, Department of Housing and Community Development, Department of Small Business and Supplier Diversity, Virginia Housing Development Authority, Tobacco Region Revitalization Commission, *Innovation and Entrepreneurship Investment Authority*, and Board of Accountancy. The Governor, by executive order, may assign any state executive agency to the Secretary, or reassign any agency listed in this section to another Secretary.

The Secretary shall implement the provisions of the Virginia Biotechnology Research Act (§ 2.2-5500 et seq.).

§ 2.2-205. Economic development policy for the Commonwealth.

A. During the first year of each new gubernatorial administration, the Secretary, with the assistance of a cabinet-level committee appointed in accordance with subsection B, shall develop and implement a written comprehensive economic development policy for the Commonwealth. In developing this policy, the Secretary and the committee shall review the economic development policy in effect at the commencement of the Governor's term of office. The Secretary shall make such revisions to the existing policy as the Secretary deems necessary to ensure that it is appropriate for the Commonwealth. Once the policy has been adopted by the Secretary and the committee and approved by the Governor, it shall be submitted to the General Assembly for its consideration.

B. During the first year of each new gubernatorial administration, the Governor shall issue an executive order creating a cabinet-level committee to assist the Secretary in the development of the comprehensive economic development policy for the Commonwealth. The Secretary shall be the chairman of the committee, and the Secretaries of Administration, Agriculture and Forestry, Education, Health and Human Resources, Natural Resources, ~~Technology~~, and Transportation shall serve as committee members. The Governor may also appoint members of regional and local economic development groups and members of the business community to serve on the committee.

§ 2.2-205.2. Commonwealth Broadband Chief Advisor.

A. The position of Commonwealth Broadband Chief Advisor (Chief Advisor) is hereby established within the office of the Secretary of Commerce and Trade.

1. The purpose of the Chief Advisor is to serve as Virginia's single point of contact and integration for broadband issues, efforts, and initiatives and to increase the availability and affordability of broadband throughout all regions of the Commonwealth.

2. The Chief Advisor shall be selected for his knowledge of, background in, and experience with information technology, broadband telecommunications, and economic development in a private, for-profit, or not-for-profit organization.

B. The Chief Advisor shall be designated by the Secretary of Commerce and Trade. Staff for the Chief Advisor shall be provided by the Center for Innovative Technology (CIT) and the Department of Housing and Community Development (DHCD). All agencies of the Commonwealth shall provide assistance to the Chief Advisor, upon request.

C. ~~As the single point of contact, the~~ The Chief Advisor shall:

1. Integrate activities among different federal and state agencies and departments, and localities, and coordinate with Internet service providers in the Commonwealth;

2. Provide continual research into public grants and loans, in addition to private and nonprofit funding opportunities, available to provide incentives and help defray the costs of broadband infrastructure buildouts and upgrades;

3. Maintain broadband maps, the Integrated Broadband Planning and Analysis Toolbox, and other data to help decision makers understand where broadband needs exist and help develop strategies to address these needs;

4. Continually monitor and analyze broadband legislative and policy activities, as well as investments, in other nations, states, and localities to ensure that the Commonwealth remains competitive and up to date on best practices to address the Commonwealth's unique broadband needs, create efficiencies, target funding, and streamline operations;

5. Monitor the trends in the availability and deployment of and access to broadband communications services, which include, but are not limited to, high-speed data services and Internet access services of general application, throughout the Commonwealth and advancements in communications technology for deployment potential;

6. Research and evaluate emerging technologies to determine the most effective applications for these technologies and their benefits to the Commonwealth;

7. Monitor federal legislation and policy, in order to maximize the Commonwealth's effective use of and access to federal funding available for broadband development programs, including but not limited to the Connect America Fund program;

8. Coordinate with Virginia agencies and departments to target funding activities for the purpose of ensuring that Commonwealth funds are spent effectively to increase economic and social opportunities through widespread and affordable broadband deployment;

9. Coordinate with Virginia agencies and departments, including, but not limited to, DHCD, the Virginia Tobacco Region Revitalization Commission, and the Virginia Resources Authority, to review funding proposals and provide recommendations for Virginia grants and loans for the purpose of ensuring that Commonwealth funds are spent effectively on projects most likely to result in a solid return on investment for broadband deployment throughout the Commonwealth;

10. Serve as a central coordinating position and repository for any broadband-related projects and grants related to the mission herein, including, but not limited to, information from DHCD, the Virginia Tobacco Region Revitalization Commission, the CIT, the Virginia Growth and Opportunity Board, and the Virginia Resources Authority;

11. *Support the efforts of both public and private entities within the Commonwealth to enhance or facilitate the deployment of and access to competitively priced advanced electronic communications services and Internet access services of general application throughout the Commonwealth;*

12. *Specifically work toward establishing affordable, accessible broadband services to unserved areas of the Commonwealth and monitor advancements in communication that will facilitate this goal;*

13. *Advocate for and facilitate the development and deployment of applications, programs, and services, including but not limited to telework, telemedicine, and e-learning, that will bolster the usage of and demand for broadband level telecommunications;*

14. *Serve as a broadband information and applications clearinghouse for the Commonwealth and a coordination point for broadband-related services and programs in the Commonwealth;*

15. After consultation with the Virginia Growth and Opportunity Board, the Broadband Advisory Council, and the Joint Commission on Technology and Science, ~~the Chief Advisor shall~~ (i) develop a strategic plan that includes specific objectives, metrics, and benchmarks for developing and deploying broadband communications, including in rural areas, which minimize the risk to the Commonwealth's assets and encourage public-private partnerships, across the Commonwealth; such strategic plan and any changes thereto shall be submitted to the Governor, the Chairman of the House Appropriations Committee, the Chairman of the Senate Finance Committee, the Chairman of the Joint Commission on Technology and Science, the Chairman of the Broadband Advisory Council, and the Chairman of the Virginia Growth and Opportunity Board and (ii) present to these organizations annually on updates, changes, and progress made relative to this strategic plan, other relevant broadband activities in the Commonwealth, and suggestions to further the objectives of increased broadband development and deployment, including areas such as, but not limited to, the following: education, telehealth, economic development, and workforce development, as well as policies that may facilitate broadband deployment at the state and local level; *and*

~~16.~~ 16. Submit to the Governor and the General Assembly an annual report for publication as a report document as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports on broadband development and deployment activities that shall include, but not be limited to, the following areas: education, telehealth, workforce development, and economic development in regard to (i) broadband deployment and program successes, (ii) obstacles to program and resource coordination, (iii) strategies for improving such programs and resources needed to help close the Commonwealth's rural digital divide, and (iv) progress made on the objectives detailed in the strategic plan. The Chief Advisor shall submit to the Governor and the General Assembly an annual executive summary of the interim activity and work of the Chief Advisor no later than the first day of each regular session of the General Assembly. The executive summary shall be submitted for publication as a report document as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

D. The Chief Advisor may form such advisory panels and commissions as deemed necessary, convenient, or desirable to advise and assist in exercising the powers and performing the duties conferred by this section. Persons appointed to advisory committees shall be selected for their knowledge of, background in, or experience with information technology, broadband telecommunications, or economic development in a private, for-profit, or not-for-profit organization.

E. The disclosure requirements of Article 5 (§ 2.2-3113 et seq.) of the State and Local Government Conflict of Interests Act shall apply to members of the advisory committees.

§ 2.2-206.3. Additional duties of the Secretary; advancement of technology.

Unless the Governor expressly reserves such power to himself, the Secretary may, with regard to strategy development, planning, and budgeting for technology programs in the Commonwealth:

1. Monitor trends and advances in fundamental technologies of interest and importance to the economy of the Commonwealth and direct and approve a stakeholder-driven technology strategy development process that results in a comprehensive and coordinated view of research and development goals for industry, academia, and government in the Commonwealth. This strategy shall be updated biennially and submitted to the Governor, the Speaker of the House of Delegates, and the President pro tempore of the Senate;

2. Work closely with the appropriate federal research and development agencies and program managers to maximize the participation of Commonwealth industries and baccalaureate institutions of higher education in these programs consistent with agreed strategy goals;

3. Direct the development of plans and programs for strengthening the technology resources of the Commonwealth's high technology industry sectors and for assisting in the strengthening and development of the Commonwealth's Regional Technology Councils;

4. Direct the development of plans and programs for improving access to capital for technology-based entrepreneurs;

5. Assist the Joint Commission on Technology and Science created pursuant to § 30-85 in its efforts to stimulate, encourage, and promote the development of technology in the Commonwealth;

6. Strengthen interstate and international partnerships and relationships in the public and private sectors to bolster the Commonwealth's reputation as a global technology center;

7. Develop and implement strategies to accelerate and expand the commercialization of intellectual property created within the Commonwealth;

8. Ensure that the Commonwealth remains competitive in cultivating and expanding growth industries, including life sciences, advanced materials and nanotechnology, biotechnology, and aerospace;

9. Monitor the trends in the availability and deployment of and access to broadband communications services, which include but are not limited to competitively priced, high-speed data services and Internet access services of general application, throughout the Commonwealth and advancements in communications technology for deployment potential. The Secretary shall report annually by December 1 to the Governor and General Assembly on those trends; and

10. Provide consultation on guidelines, at the recommendation of the Innovation and Entrepreneurship Investment Authority, for the application, review, and award of funds from the Commonwealth Research Commercialization Fund pursuant to § 2.2-2233.1.

§ 2.2-213.3. Secretary to coordinate electronic prescribing clearinghouse.

A. In order to promote the implementation of electronic prescribing by health practitioners, health care facilities, and pharmacies in order to prevent prescription drug abuse, improve patient safety, and reduce unnecessary prescriptions, the Secretary of Health and Human Resources, in consultation with the Secretary of ~~Technology Administration~~, shall establish a website with information on electronic prescribing for health practitioners. The website shall contain (i) information concerning the process and advantages of electronic prescribing, including using medical history data to prevent drug interactions, prevent allergic reactions, and deter abuse of controlled substances; (ii) information regarding the availability of electronic prescribing products, including no-cost or low-cost products; (iii) links to federal and private-sector websites that provide guidance on selecting electronic prescribing products; and (iv) links to state, federal, and private-sector incentive programs for the implementation of electronic prescribing.

B. The Secretary of Health and Human Resources, in consultation with the Secretary of ~~Technology Administration~~, shall regularly consult with relevant public and private stakeholders to assess and accelerate the implementation of electronic prescribing in Virginia. For purposes of this section, relevant stakeholders include, but are not limited to, organizations that represent health practitioners, organizations that represent health care facilities, organizations that represent pharmacies, organizations that operate electronic prescribing networks, organizations that create electronic prescribing products, and regional health information organizations.

§ 2.2-436. Approval of electronic identity standards.

A. The Secretary of ~~Technology Administration~~, in consultation with the Secretary of Transportation, shall review and approve or disapprove, upon the recommendation of the Identity Management Standards Advisory Council pursuant to § 2.2-437, guidance documents that adopt (i) nationally recognized technical and data standards regarding the verification and authentication of identity in digital and online transactions; (ii) the minimum specifications and standards that should be included in an identity trust framework, as defined in § 59.1-550, so as to warrant liability protection pursuant to the Electronic Identity Management Act (§ 59.1-550 et seq.); and (iii) any other related data standards or specifications concerning reliance by third parties on identity credentials, as defined in § 59.1-550.

B. Final guidance documents approved pursuant to subsection A shall be posted on the Virginia Regulatory Town Hall and published in the Virginia Register of Regulations as a general notice. The

Secretary of ~~Technology Administration~~ shall send a copy of the final guidance documents to the Joint Commission on Administrative Rules established pursuant to § 30-73.1 at least 90 days prior to the effective date of such guidance documents. The Secretary of ~~Technology Administration~~ shall also annually file a list of available guidance documents developed pursuant to this chapter pursuant to § 2.2-4103.1 of the Virginia Administrative Process Act (§ 2.2-4000 et seq.) and shall send a copy of such list to the Joint Commission on Administrative Rules.

§ 2.2-437. Identity Management Standards Advisory Council.

A. The Identity Management Standards Advisory Council (the Advisory Council) is established to advise the Secretary of ~~Technology Administration~~ on the adoption of identity management standards and the creation of guidance documents pursuant to § 2.2-436.

B. The Advisory Council shall consist of seven members, to be appointed by and serve at the pleasure of the Governor, with expertise in electronic identity management and information technology. Members shall include a representative of the Department of Motor Vehicles, a representative of the Virginia Information Technologies Agency, and five representatives of the business community with appropriate experience and expertise. In addition to the seven appointed members, the Chief Information Officer of the Commonwealth, or his designee, may also serve as an ex officio member of the Advisory Council. Beginning July 1, 2019, appointments shall be staggered as follows: one member for a term of one year, two members for a term of two years, two members for a term of three years, and two members for a term of four years. After the initial staggering of terms, members shall be appointed for terms of four years. Members may be reappointed.

The Advisory Council shall designate one of its members as chairman.

Members shall serve without compensation but shall be reimbursed for all reasonable and necessary expenses incurred in the performance of their duties as provided in § 2.2-2825.

Staff to the Advisory Council shall be provided by the Office of the Secretary of ~~Technology Administration~~.

C. Proposed guidance documents and general opportunity for oral or written submittals as to those guidance documents shall be posted on the Virginia Regulatory Town Hall and published in the Virginia Register of Regulations as a general notice following the processes and procedures set forth in subsection B of § 2.2-4031 of the Virginia Administrative Process Act (§ 2.2-4000 et seq.). The Advisory Council shall allow at least 30 days for the submission of written comments following the posting and publication and shall hold at least one meeting dedicated to the receipt of oral comment no less than 15 days after the posting and publication. The Advisory Council shall also develop methods for the identification and notification of interested parties and specific means of seeking input from interested persons and groups. The Advisory Council shall send a copy of such notices, comments, and other background material relative to the development of the recommended guidance documents to the Joint Commission on Administrative Rules.

§ 2.2-2005. Creation of Agency; appointment of Chief Information Officer.

A. There is hereby created the Virginia Information Technologies Agency (VITA), which shall serve as the agency responsible for administration and enforcement of the provisions of this Chapter.

B. The Governor shall appoint a Chief Information Officer of the Commonwealth (the CIO) to oversee the operation of VITA. The CIO shall exercise the powers and perform the duties conferred or imposed upon him by law and perform such other duties as may be required by the Governor and the Secretary of ~~Technology Administration~~.

§ 2.2-2006. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Commonwealth information technology project" means any state agency information technology project that is under Commonwealth governance and oversight.

"Commonwealth Project Management Standard" means a document developed and adopted by the Chief Information Officer (CIO) pursuant to § 2.2-2016.1 that describes the methodology for conducting information technology projects, and the governance and oversight used to ensure project success.

"Confidential data" means information made confidential by federal or state law that is maintained in an electronic format.

"Enterprise" means an organization with common or unifying business interests. An enterprise may be defined at the Commonwealth level or secretariat level for program and project integration within the Commonwealth, secretariats, or multiple agencies.

"Executive branch agency" or "agency" means any agency, institution, board, bureau, commission, council, public institution of higher education, or instrumentality of state government in the executive department listed in the appropriation act. However, "executive branch agency" or "agency" does not include the University of Virginia Medical Center, a public institution of higher education to the extent exempt from this chapter pursuant to the Restructured Higher Education Financial and Administrative Operations Act (§ 23.1-1000 et seq.) or other law, or the Virginia Port Authority.

"Information technology" means communications, telecommunications, automated data processing,

applications, databases, data networks, the Internet, management information systems, and related information, equipment, goods, and services. The provisions of this chapter shall not be construed to hamper the pursuit of the missions of the institutions in instruction and research.

"ITAC" means the Information Technology Advisory Council created in § 2.2-2699.5.

"Major information technology project" means any Commonwealth information technology project that has a total estimated cost of more than \$1 million or that has been designated a major information technology project by the CIO pursuant to the Commonwealth Project Management Standard developed under § 2.2-2016.1.

"Secretary" means the Secretary of ~~Technology~~ *Administration*.

"Technology asset" means hardware and communications equipment not classified as traditional mainframe-based items, including personal computers, mobile computers, and other devices capable of storing and manipulating electronic data.

"Telecommunications" means any origination, transmission, emission, or reception of data, signs, signals, writings, images, and sounds or intelligence of any nature, by wire, radio, television, optical, or other electromagnetic systems.

§ 2.2-2007. Powers of the CIO.

A. The CIO shall promulgate regulations necessary or incidental to the performance of duties or execution of powers conferred under this chapter. The CIO shall also develop policies, standards, and guidelines for the planning, budgeting, procurement, development, maintenance, security, and operations of information technology for executive branch agencies. Such policies, standards, and guidelines shall include those necessary to:

1. Support state and local government exchange, acquisition, storage, use, sharing, and distribution of data and related technologies.

2. Support the development of electronic transactions including the use of electronic signatures as provided in § 59.1-496.

3. Support a unified approach to information technology across the totality of state government, thereby assuring that the citizens and businesses of the Commonwealth receive the greatest possible security, value, and convenience from investments made in technology.

4. Ensure that the costs of information technology systems, products, data, and services are contained through the shared use of existing or planned equipment, data, or services.

5. Provide for the effective management of information technology investments through their entire life cycles, including identification, business case development, selection, procurement, implementation, operation, performance evaluation, and enhancement or retirement. Such policies, standards, and guidelines shall include, at a minimum, the periodic review by the CIO of agency Commonwealth information technology projects.

6. Establish an Information Technology Investment Management Standard based on acceptable technology investment methods to ensure that all executive branch agency technology expenditures are an integral part of the Commonwealth's performance management system, produce value for the agency and the Commonwealth, and are aligned with (i) agency strategic plans, (ii) the Governor's policy objectives, and (iii) the long-term objectives of the Council on Virginia's Future.

B. In addition to other such duties as the Secretary may assign, the CIO shall:

1. Oversee and administer the Virginia Technology Infrastructure Fund created pursuant to § 2.2-2023.

2. Report annually to the Governor, the Secretary, and the Joint Commission on Technology and Science created pursuant to § 30-85 on the use and application of information technology by executive branch agencies to increase economic efficiency, citizen convenience, and public access to state government.

3. Prepare annually a report for submission to the Secretary, the Information Technology Advisory Council, and the Joint Commission on Technology and Science on a prioritized list of Recommended Technology Investment Projects (RTIP Report) based upon major information technology projects submitted for business case approval pursuant to this chapter. As part of the RTIP Report, the CIO shall develop and regularly update a methodology for prioritizing projects based upon the allocation of points to defined criteria. The criteria and their definitions shall be presented in the RTIP Report. For each project recommended for funding in the RTIP Report, the CIO shall indicate the number of points and how they were awarded. For each listed project, the CIO shall also report (i) all projected costs of ongoing operations and maintenance activities of the project for the next three biennia following project implementation; (ii) a justification and description for each project baseline change; and (iii) whether the project fails to incorporate existing standards for the maintenance, exchange, and security of data. This report shall also include trends in current projected information technology spending by executive branch agencies and secretariats, including spending on projects, operations and maintenance, and payments to VITA. Agencies shall provide all project and cost information required to complete the RTIP Report to

the CIO prior to May 31 immediately preceding any budget biennium in which the project appears in the Governor's budget bill.

4. Provide oversight for executive branch agency efforts to modernize the planning, development, implementation, improvement, operations and maintenance, and retirement of Commonwealth information technology, including oversight for the selection, development and management of enterprise information technology.

5. Develop statewide technical and data standards and specifications for information technology and related systems, including (i) the efficient exchange of electronic information and technology, including infrastructure, between the public and private sectors in the Commonwealth and (ii) the utilization of nationally recognized technical and data standards for health information technology systems or software purchased by an executive branch agency.

6. Direct the compilation and maintenance of an inventory of information technology, including but not limited to personnel, facilities, equipment, goods, and contracts for services.

7. Provide for the centralized marketing, provision, leasing, and executing of licensing agreements for electronic access to public information and government services through the Internet, wireless devices, personal digital assistants, kiosks, or other such related media on terms and conditions as may be determined to be in the best interest of the Commonwealth. VITA may fix and collect fees and charges for (i) public information, media, and other incidental services furnished by it to any private individual or entity, notwithstanding the charges set forth in § 2.2-3704, and (ii) such use and services it provides to any executive branch agency or local government. Nothing in this subdivision authorizing VITA to fix and collect fees for providing information services shall be construed to prevent access to the public records of any public body pursuant to the provisions of the Virginia Freedom of Information Act (§ 2.2-3700 et seq.). VITA is authorized, subject to the approval by the Secretary of Technology Administration and any other affected Secretariat, to delegate the powers and responsibilities granted in this subdivision to any agency within the executive branch.

8. Periodically evaluate the feasibility of outsourcing information technology resources and services, and outsource those resources and services that are feasible and beneficial to the Commonwealth.

9. Have the authority to enter into and amend contracts, including contracts with one or more other public bodies, or public agencies or institutions or localities of the several states, of the United States or its territories, or the District of Columbia, for the provision of information technology services.

C. Consistent with § 2.2-2012, the CIO may enter into public-private partnership contracts to finance or implement information technology programs and projects. The CIO may issue a request for information to seek out potential private partners interested in providing programs or projects pursuant to an agreement under this subsection. The compensation for such services shall be computed with reference to and paid from the increased revenue or cost savings attributable to the successful implementation of the program or project for the period specified in the contract. The CIO shall be responsible for reviewing and approving the programs and projects and the terms of contracts for same under this subsection. The CIO shall determine annually the total amount of increased revenue or cost savings attributable to the successful implementation of a program or project under this subsection and such amount shall be deposited in the Virginia Technology Infrastructure Fund created in § 2.2-2023. The CIO is authorized to use moneys deposited in the Fund to pay private partners pursuant to the terms of contracts under this subsection. All moneys in excess of that required to be paid to private partners, as determined by the CIO, shall be reported to the Comptroller and retained in the Fund. The CIO shall prepare an annual report to the Governor, the Secretary, and General Assembly on all contracts under this subsection, describing each information technology program or project, its progress, revenue impact, and such other information as may be relevant.

D. Executive branch agencies shall cooperate with VITA in identifying the development and operational requirements of proposed information technology systems, products, data, and services, including the proposed use, functionality, and capacity, and the total cost of acquisition, operation, and maintenance.

§ 2.2-2220. Board of directors; members; President.

The Authority shall be governed by a board of directors consisting of 17 members appointed as follows: (i) two presidents of the major research public institutions of higher education, and one president representing the other public institutions of higher education, appointed by the Governor; (ii) three nonlegislative citizen members appointed by the Governor; (iii) eight nonlegislative citizen members appointed by the General Assembly as follows: four nonlegislative citizen members appointed by the Speaker of the House from a list recommended by the House Committee on Science and Technology and the Joint Commission on Technology and Science and four nonlegislative citizen members appointed by the Senate Committee on Rules from a list recommended by the Senate Committee on General Laws and Technology and the Joint Commission on Technology and Science; and (iv) the Secretary of Technology, the Secretary of Commerce and Trade, and the Secretary of Education *three Secretaries as defined in § 2.2-200, to be appointed by the Governor, who shall serve*

ex officio with full voting privileges.

One nonlegislative citizen member appointed by the Governor, one nonlegislative citizen member appointed by the Speaker of the House, and one nonlegislative citizen member appointed by the Senate Committee on Rules shall each have experience as a founding member of a technology company based upon intellectual property that has secured private investment capital. One nonlegislative citizen member appointed by the Governor, one nonlegislative citizen member appointed by the Speaker of the House, and one nonlegislative citizen member appointed by the Senate Committee on Rules shall each have experience as an institutional venture capital investment partner. One nonlegislative citizen member appointed by the Governor, one nonlegislative citizen member appointed by the Speaker of the House, and one nonlegislative citizen member appointed by the Senate Committee on Rules shall each have experience as a senior executive in a technology or scientific research and development company with annual revenues in excess of \$5 million. One nonlegislative citizen member appointed by the Governor, one nonlegislative citizen member appointed by the Speaker of the House and one nonlegislative citizen member appointed by the Senate Committee on Rules shall be from rural areas of the Commonwealth.

The Secretary of ~~Technology Administration~~, Secretary of Commerce and Trade, and Secretary of Education shall serve terms coincident with their terms of office. After the initial staggering of terms, nonlegislative citizen members and presidents shall be appointed for terms of two years. Vacancies in the membership of the Board shall be filled in the same manner as the original appointments for the unexpired portion of the term. No nonlegislative citizen member or president shall be eligible to serve for more than three successive two-year terms; however, after the expiration of a term of one year, or after the expiration of the remainder of a term to which appointed to fill a vacancy, three additional terms may be served by such member if appointed thereto. Members of the Board shall be subject to removal from office in like manner as are state, county, town and district officers under the provisions of §§ 24.2-230 through 24.2-238. Immediately after appointment, the members of the Board shall enter upon the performance of their duties.

The Board shall annually elect from among its members a chairman and a vice-chairman. The Board shall also elect annually a secretary, who need not be a member of the Board, and may also elect such other subordinate officers who need not be members of the Board, as it deems proper. The chairman, or in his absence, the vice-chairman, shall preside at all meetings of the Board. In the absence of both the chairman and vice-chairman, the Board shall appoint a chairman pro tempore, who shall preside at such meetings. Nine members shall constitute a quorum of the Board.

The Board shall employ a President of the Authority, who shall serve at the pleasure of the Board, to direct the day-to-day operations and activities of the Authority and carry out such of the powers and duties conferred upon him by the Board. The President and employees of the Authority shall be compensated in the manner provided by the Board and shall not be subject to the provisions of the Virginia Personnel Act (§ 2.2-2900 et seq.).

§ 2.2-2221. Powers of the Authority.

The Authority is granted all powers necessary or convenient for the carrying out of its statutory purposes, including, but not limited to, the following rights and powers to:

1. Sue and be sued, implead and be impleaded, complain and defend in all courts.
2. Adopt, use, and alter at will a corporate seal.
3. Acquire, purchase, hold, use, lease or otherwise dispose of any project and property, real, personal or mixed, tangible or intangible, or any interest therein necessary or desirable for carrying out the purposes of the Authority, and, without limitation of the foregoing, to lease as lessee, any project and any property, real, personal or mixed, or any interest therein, at such annual rental and on such terms and conditions as may be determined by the Board and to lease as lessor to any person, any project and any property, real, personal or mixed, tangible or intangible, or any interest therein, at any time acquired by the Authority, whether wholly or partially completed, at such annual rental and on such terms and conditions as may be determined by the Board, and to sell, transfer or convey any property, real, personal or mixed, tangible or intangible or any interest therein, at any time acquired or held by the Authority on such terms and conditions as may be determined by the board of the Authority.
4. Plan, develop, undertake, carry out, construct, improve, rehabilitate, repair, furnish, maintain, and operate projects.
5. Adopt bylaws for the management and regulation of its affairs.
6. Establish and maintain satellite offices within the Commonwealth.
7. Fix, alter, charge, and collect rates, rentals, and other charges for the use of projects of, or for the sale of products of or for the services rendered by, the Authority, at rates to be determined by it for the purpose of providing for the payment of the expenses of the Authority, the planning, development, construction, improvement, rehabilitation, repair, furnishing, maintenance, and operation of its projects and properties, the payment of the costs accomplishing its purposes set forth in § 2.2-2219, the payment of the principal of and interest on its obligations, and to fulfill the terms and provisions of any

551 agreements made with the purchasers or holders of any such obligations.

552 8. Borrow money, make and issue bonds including bonds as the Authority may determine to issue
553 for the purpose of accomplishing the purposes set forth in § 2.2-2219 or of refunding bonds previously
554 issued by the Authority, and to secure the payment of all bonds, or any part thereof, by pledge or deed
555 of trust of all or any of its revenues, rentals, and receipts or of any project or property, real, personal or
556 mixed, tangible or intangible, or any interest therein, and to make agreements with the purchasers or
557 holders of such bonds or with others in connection with any such bonds, whether issued or to be issued,
558 as the Authority deems advisable, and in general to provide for the security for the bonds and the rights
559 of holders thereof.

560 9. Make and enter into all contracts and agreements necessary or incidental to the performance of its
561 duties, the furtherance of its purposes and the execution of its powers under this article, including
562 agreements with any person or federal agency.

563 10. Employ, in its discretion, consultants, attorneys, architects, engineers, accountants, financial
564 experts, investment bankers, superintendents, managers and such other employees and agents as may be
565 necessary, and to fix their compensation to be payable from funds made available to the Authority.

566 11. Receive and accept from any federal or private agency, foundation, corporation, association or
567 person grants to be expended in accomplishing the objectives of the Authority, and to receive and accept
568 from the Commonwealth or any state, and any municipality, county or other political subdivision thereof
569 and from any other source, aid or contributions of either money, property, or other things of value, to be
570 held, used and applied only for the purposes for which such grants and contributions may be made.

571 12. Render advice and assistance, and to provide services, to institutions of higher education and to
572 other persons providing services or facilities for scientific and technological research or graduate
573 education, provided that credit towards a degree, certificate or diploma shall be granted only if such
574 education is provided in conjunction with an institution of higher education authorized to operate in
575 Virginia.

576 13. Develop, undertake and provide programs, alone or in conjunction with any person or federal
577 agency, for scientific and technological research, technology management, continuing education and
578 in-service training, provided that credit towards a degree, certificate or diploma shall be granted only if
579 such education is provided in conjunction with an institution of higher education authorized to operate in
580 Virginia; to foster the utilization of scientific and technological research information, discoveries and
581 data and to obtain patents, copyrights and trademarks thereon; to coordinate the scientific and
582 technological research efforts of public institutions and private industry and to collect and maintain data
583 on the development and utilization of scientific and technological research capabilities. The institutions
584 of higher education set forth in § 2.2-2220 shall be the principal leading institutions of higher education
585 in the research institutes.

586 14. Pledge or otherwise encumber all or any of the revenues or receipts of the Authority as security
587 for all or any of the obligations of the Authority.

588 15. Receive, administer, and market any interest in patents, copyrights and materials that were
589 potentially patentable or copyrightable developed by or for state agencies, public institutions of higher
590 education and political subdivisions of the Commonwealth. The Authority shall return to the agency,
591 institution or political subdivision any revenue in excess of its administrative and marketing costs. When
592 general funds are used to develop the patent or copyright or material that was potentially patentable or
593 copyrightable, any state agency, except a public institution of higher education in the Commonwealth,
594 shall return any revenues it receives from the Authority to the general fund unless the Governor
595 authorizes a percentage of the net royalties to be shared with the developer of the patented, copyrighted,
596 or potentially patentable or copyrightable property.

597 16. Provide assistance to the Virginia Research Investment Committee related to the development of
598 the Commonwealth Research and Technology Strategic Roadmap, pursuant to § 23.1-3134, for the
599 Commonwealth to use to identify research areas worthy of institutional focus and Commonwealth
600 investment in order to promote commercialization and economic development efforts in the
601 Commonwealth.

602 17. Foster innovative partnerships and relationships among the Commonwealth, the Commonwealth's
603 state institutions of higher education, the private sector, federal labs, and not-for-profit organizations to
604 improve research and development commercialization efforts.

605 18. Receive and review annual reports from state institutions of higher education regarding the
606 progress of projects funded through the Commonwealth Research Initiative or the Commonwealth
607 Research and Commercialization Fund. The Authority shall develop guidelines, methodologies, and
608 criteria for the reports. The Authority shall aggregate the reports and submit an annual omnibus report
609 on the status of research and development initiatives in the Commonwealth to the Governor and the
610 chairmen of the Senate Finance Committee, the House Appropriations Committee, the Senate Committee
611 on General Laws and Technology, the House Committee on Science and Technology, and the Joint
612 Commission on Technology and Science.

19. In consultation with the Secretary of ~~Technology Commerce and Trade~~, develop guidelines for the application, review, and award of funds from the Commonwealth Research Commercialization Fund pursuant to § 2.2-2233.1. These guidelines shall address, at a minimum, the application process and shall give special emphasis to fostering collaboration between institutions of higher education and partnerships between institutions of higher education and business and industry.

20. Exclusively, or with any other person, form and otherwise develop, own, operate, govern, and otherwise direct the disposition of assets of, or any combination thereof, separate legal entities, on any such terms and conditions and in any such manner as may be determined by the Board, provided that such separate legal entities shall be formed solely for the purpose of managing and administering any assets disposed of by the Authority. These legal entities may include limited liability companies, limited partnerships, charitable foundations, real estate holding companies, investment holding companies, nonstock corporations, and benefit corporations. Any entities created by the Authority shall be operated under the governance of the Authority. The Board shall be provided with quarterly performance reports for all governed entities. The articles of incorporation, partnership, or organization for these entities shall provide that, upon dissolution, the assets of the entities that are owned on behalf of the Commonwealth shall be transferred to the Authority. The legal entity shall ensure that the economic benefits attributable to the income and property rights arising from any transactions in which the entity is involved are allocated on a basis that is equitable in the reasonable business judgment of the Board, with due account being given to the interest of the citizens of the Commonwealth and the needs of the formed entity. No legal entity shall be deemed to be a state or governmental agency, advisory agency, or public body or instrumentality. 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 (§ 2.2-3100 et seq.). Notwithstanding the foregoing, 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 (§ 2.2-3700 et seq.).

21. Do all acts and things necessary or convenient to carry out the powers granted to it by law.

§ 2.2-2221.1. Reporting and transparency requirement for the Center for Innovative Technology.

A. The president of the Center for Innovative Technology shall report annually to the Joint Commission on Technology and Science, created pursuant to § 30-85, regarding a review of the Center's initiatives and projects, its work plan for the year and the expected results therefrom, and an overview of the results that it has achieved to date, to assist the Commission in its effort to stimulate, encourage, and promote the development of technology and science in the Commonwealth and sound public policies related thereto.

B. No later than July 15 of each year, the Innovation and Entrepreneurship Investment Authority shall provide to the Chairmen of the House Appropriations and Senate Finance Committees, the Secretary of ~~Technology Commerce and Trade~~, and the Director of the Department of Planning and Budget a report of its operating plan for each year of the biennium. Within three months after the end of the fiscal year, the Center shall submit to the same persons a detailed expenditure report for the concluded fiscal year. Both reports shall be prepared in the format as approved by the Director of the Department of Planning and Budget and include, but not be limited to, the following:

1. All planned and actual revenue and expenditures along with funding sources, including state, federal, and other revenue sources, of both the Innovation and Entrepreneurship Investment Authority and the Center for Innovative Technology;

2. A listing of the salaries, bonuses, and benefits of all employees of the Innovation and Entrepreneurship Investment Authority and the Center for Innovative Technology;

3. By program, total grants made and investments awarded for each grant and investment program, to include the Commonwealth Research Commercialization Fund;

4. By program, the projected economic impact on the Commonwealth and recoveries of previous grants or investments and sales of equity positions; and

5. Cash balances by funding source, and report, by program, available, committed, and projected expenditures of all cash balances.

C. The president of the Center for Innovative Technology shall report quarterly to the Center's board of directors, the Chairmen of the House Appropriations and Senate Finance Committees, the Secretary of ~~Technology Commerce and Trade~~, and the Director of the Department of Planning and Budget in a format approved by the Board the following:

1. The quarterly financial performance, determined by comparing the budgeted and actual revenues and expenditures with planned revenues and expenditures for the fiscal year;

2. All investments and grants executed compared with projected investment closings and the return on prior investments and grants including all gains and losses; and

3. The financial and programmatic performance of all operating entities owned by the Center.

D. The president of the Center for Innovative Technology shall provide an annual report describing key programs and their economic performance for the Commonwealth in a format understandable by the citizens of the Commonwealth and available on the Center's website.

§ 2.2-2233.1. Commonwealth Research Commercialization Fund; continued; purposes; report.

A. For purposes of this section:

"Guidelines" means guidelines developed in consultation with the Secretary of ~~Technology~~ *Commerce and Trade* and published by the Authority regarding the administration of the Commonwealth Research Commercialization Fund.

"Qualified research and technologies" means research programs or technologies identified in the Commonwealth Research and Technology Strategic Roadmap as areas of focus for technology investment in the Commonwealth, which may include but are not limited to the fields of energy, conservation, environment, microelectronics, robotics and unmanned vehicle systems, advanced shipbuilding, or lifespan biology and medicine.

"Qualifying institution" means (i) 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 pursuant to subdivision B 14 of § 23.1-1303 or (ii) a federal research facility located in the Commonwealth.

"SBIR" means the Small Business Innovation Research Program authorized under 15 U.S.C. § 638.

"STTR" means the Small Business Technology Transfer Program authorized under 15 U.S.C. § 638.

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 Commonwealth Research Commercialization Fund (the Fund), to be administered by the Authority pursuant to the guidelines. 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, which may consist of grants or loans, 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. Awards from the Fund shall be made by the Authority, pursuant to the guidelines and upon the recommendation of the Research and Technology Investment Advisory Committee. Awards from the Fund shall only be made to applications that further the goals set forth in the Commonwealth Research and Technology Strategic Roadmap.

D. Awards from the Fund may be granted for the following programs:

1. For fiscal years beginning with a Fund balance of less than \$7 million, an SBIR matching funds program for Virginia-based technology businesses. Businesses meeting the following criteria shall be eligible to apply for an award:

a. The applicant has received a Phase I SBIR award from the National Institute of Health targeted at the development of qualified research or technologies;

b. The applicant employs fewer than 12 full-time employees;

c. At least 51 percent of the applicant's employees reside in Virginia; and

d. At least 51 percent of the applicant's property is located in Virginia.

The length of time that a business has been incorporated shall have no bearing on an applicant's eligibility for an award. Applicants shall be eligible for matching grants of up to \$50,000 of the Phase I award. All applicants shall be required to submit a commercialization plan with their application.

2. For fiscal years beginning with a Fund balance of \$7 million or greater, an SBIR and STTR matching funds program for Virginia-based technology businesses. Businesses meeting the following criteria shall be eligible to apply for an award:

a. The applicant has received an SBIR or STTR award targeted at the development of qualified research or technologies;

b. The applicant employs fewer than 12 full-time employees;

c. At least 51 percent of the applicant's employees reside in Virginia; and

d. At least 51 percent of the applicant's property is located in Virginia.

The length of time that a business has been incorporated shall have no bearing on an applicant's eligibility for an award. Applicants shall be eligible for matching grants of up to \$100,000 for Phase I awards and up to \$500,000 for Phase II awards. All applicants shall be required to submit a commercialization plan with their application.

3. A matching funds program to assist qualifying institutions and other research institutions in leveraging federal and private funds designated for the commercialization of qualified research or technologies. The chairman of the Authority is authorized to issue letters of financial commitment to

assist applicants in leveraging federal and private funds.

4. A commercialization program to incentivize the commercialization of a product or service related to a qualifying technology. An eligible applicant shall have operations in the Commonwealth, and the project proposed by the applicant shall:

- a. Commercialize a product or service related to a qualifying technology;
- b. Have a demonstrable economic development benefit to the Commonwealth;
- c. Match the award, on at least a one-to-one basis, from other available funds, including funds from an institution of higher education collaborating on the project; and
- d. Have a reasonable probability of enhancing the Commonwealth's national and global competitiveness.

Priority shall be given to those applications that propose projects that (i) are collaborative between private and nonprofit entities, public or private agencies, and qualifying institutions or research institutions; (ii) project a short time to commercialization, although transformative projects with a longer projected time to commercialization shall not be discounted; (iii) have active third-party equity holders; (iv) have technology and management in place that are likely to successfully bring the product or service to the marketplace; or (v) are from applicants who have a history of successful projects funded by the Fund. The length of time that a business has been incorporated shall have no bearing on an applicant's eligibility for an award.

5. An eminent researcher recruitment program to acquire and enhance research superiority at public qualifying institutions. For purposes of applications pursuant to this subdivision, the applicant shall be a public institution of higher education. In order to qualify for an award, the applicant shall:

- a. Demonstrate that the researcher being recruited would create research superiority at the institution;
- b. Demonstrate that the institution making the application has sufficient technology transfer processes and other research capabilities in place to meet the needs of the researcher being recruited;
- c. Involve a private sector partner with business operations in the Commonwealth;
- d. Demonstrate that the research conducted by the researcher is in a qualifying technology; and
- e. Match the award, on at least a one-to-one basis, with 50 percent of the match from the applicant and 50 percent of the match from the private sector partner.

E. Any application for an award from the Fund shall include a strategic plan that, at a minimum, identifies (i) how the proposed project fits into the Commonwealth Research and Technology Strategic Roadmap, (ii) other funds that may be reasonably expected from other sources as a result of an award from the Fund, (iii) the potential for commercialization of the research or technology underlying the application, and (iv) opportunities for public and private collaboration.

F. No award shall be made from the Fund until a performance agreement or memorandum of understanding is agreed to by the Authority and the recipient of the award memorializing the terms and conditions of the award. Such agreement or memorandum of understanding shall set forth any conditions for receipt of the award, any dates certain for the completion of certain acts by the recipient, and provisions for the repayment of any award, including the rate of interest to be charged if any, if the recipient does not meet the terms of the agreement. In the event that an award is to be made over a multi-year period, the performance agreement or memorandum of understanding shall establish certain benchmarks or performance standards against which to measure the interim success of the project before additional funds are disbursed from the Fund.

G. The chairman of the Authority shall provide the Governor and the General Assembly with an annual report to include a detailed list of awards and loans committed, the amount of each approved award or loan, a description of the approved proposals, and the amount of federal or private matching funds anticipated where applicable, a statement concerning how the approved proposals further the goals of the Commonwealth Research and Technology Strategic Roadmap, and an assessment of the effectiveness of the Fund.

H. Administrative expenses related to implementing the guidelines and review process may be reimbursed from the Fund.

§ 2.2-2240.1. Grants paid to the Authority to promote research, development, and commercialization of products.

A. The General Assembly may appropriate grants to the Authority for use by a nonprofit, public benefit research institute that (i) conducts research and development for government agencies, commercial businesses, foundations, and other organizations and (ii) commercializes technology.

B. The Authority is hereby authorized to create a nonprofit, nonstock corporation to receive such grants and to oversee the administration of the payment of the grants. As a condition to the payment of any grants to the Authority under this section, the General Assembly may require that such nonprofit, nonstock corporation be created.

C. Notwithstanding the provisions of § 2.2-2240, the Board of Directors of the nonprofit, nonstock corporation shall consist of nine voting members as follows: (i) the president of the University of

797 Virginia, or his designee, (ii) the president of Virginia Polytechnic Institute and State University, or his
798 designee, (iii) the president of James Madison University, or his designee, (iv) the president (or the
799 designee of such president) of Virginia Commonwealth University, Christopher Newport University, the
800 University of Mary Washington, Radford University, Virginia State University, Norfolk State University,
801 Old Dominion University, George Mason University, or Longwood University, as appointed by the
802 Governor, with appointments to this position rotated equally among such baccalaureate public
803 institutions of higher education, (v) one citizen member who shall have substantial experience in
804 research and development in the fields of pharmaceuticals, engineering, energy, or similar sciences,
805 appointed by the Governor, (vi) a representative of a nonprofit, public benefit research institute that has
806 entered into a Memorandum of Agreement with the Commonwealth, (vii) the Secretary of Commerce
807 and Trade, or his designee, (viii) the Secretary of ~~Technology Administration~~, or his designee, and (ix) a
808 representative of a local government that has concluded a Memorandum of Agreement with such
809 research institute. Citizen members appointed by the Governor shall serve for four-year terms, but no
810 citizen member shall serve for more than two full successive terms. A vacancy for a citizen member
811 shall be filled by the Governor for the unexpired term.

812 D. The Board is authorized to make grant payments only to those nonprofit, public benefit research
813 institutes described in subsection A that have entered into a Memorandum of Agreement (MOA) with
814 the Commonwealth. The MOA shall, at a minimum, (i) require the research institute to perform
815 research, development, and commercialization activities that improve society and facilitate economic
816 growth; (ii) require research to be conducted collaboratively with Virginia public and private institutions
817 and that such collaborative research benefit the capabilities, facilities, and staff of all organizations
818 involved; (iii) require the research institute to develop protocols for the commercialization efforts of the
819 institute, including protocols addressing intellectual property rights; (iv) require the Board to evaluate
820 fulfillment of key milestones for the research institute, which shall include but not be limited to
821 milestones relating to job creation, research institute reinvestment goals, research proposals submissions,
822 and royalties, and to annually evaluate the Commonwealth's investment in the research institute by
823 reporting on the institute's progress in meeting such milestones; and (v) establish relationships and
824 expectations between the research institutes and public institutions of higher education in the
825 Commonwealth, including opportunities for principal investigators to serve as adjunct faculty and the
826 creation of internships for students and postdoctoral appointees.

827 E. The maximum amount of grants awarded by the Board shall not exceed a total of \$22 million per
828 recipient through June 30, 2013.

829 F. The Board of any nonprofit, nonstock corporation created under this section shall be established in
830 the executive branch of state government. The records of the corporation, its Board members, and
831 employees that are deemed confidential or proprietary shall be exempt from disclosure pursuant to
832 subdivision 3 of § 2.2-3705.6 of the Virginia Freedom of Information Act (§ 2.2-3700 et seq.).

833 **§ 2.2-2485. Virginia Growth and Opportunity Board; membership; terms; compensation.**

834 A. The Virginia Growth and Opportunity Board is established as a policy board in the executive
835 branch of state government. The purpose of the Board is to promote collaborative regional economic and
836 workforce development opportunities and activities.

837 B. The Board shall have a total membership of 24 members that shall consist of seven legislative
838 members, 14 nonlegislative citizen members, and three ex officio members. Members shall be appointed
839 as follows: four members of the House of Delegates, consisting of the Chairman of the House
840 Committee on Appropriations and three members appointed by the Speaker of the House of Delegates;
841 three members of the Senate, consisting of the Chairman of the Senate Committee on Finance and two
842 members appointed by the Senate Committee on Rules; two nonlegislative citizen members to be
843 appointed by the Speaker of the House of Delegates, who shall be from different regions of the
844 Commonwealth and have significant private-sector business experience; two nonlegislative citizen
845 members to be appointed by the Senate Committee on Rules, who shall be from different regions of the
846 Commonwealth and have significant private-sector business experience; two nonlegislative citizen
847 members to be appointed by the Governor, who shall be from different regions of the Commonwealth
848 and have significant private-sector business experience; and eight nonlegislative citizen members to be
849 appointed by the Governor, subject to the confirmation of the General Assembly, who shall have
850 significant private-sector business experience. Of the Governor's nonlegislative citizen appointments
851 subject to General Assembly confirmation, no more than two appointees may be from any one region of
852 the Commonwealth. The Speaker of the House of Delegates and the Senate Committee on Rules shall
853 submit a list of recommended nonlegislative citizens with significant private-sector business experience
854 for the Governor to consider in making his nonlegislative citizen appointments. The Governor shall also
855 appoint three Secretaries from the following, who shall serve ex officio with voting privileges: the
856 Secretary of Agriculture and Forestry, the Secretary of Commerce and Trade, the Secretary of Education,
857 and the Secretary of Finance, ~~and the Secretary of Technology~~. Nonlegislative citizen members shall be
858 citizens of the Commonwealth.

C. Legislative members and ex officio members of the Board shall serve terms coincident with their terms of office. After the initial staggering of terms, nonlegislative citizen members shall be appointed for a term of four years. Appointments to fill vacancies, other than by expiration of a term, shall be for the unexpired terms. Vacancies shall be filled in the same manner as the original appointments. No House member appointed by the Speaker of the House shall serve more than four consecutive two-year terms, no Senate member appointed by the Senate Committee on Rules shall serve more than two consecutive four-year terms, and no nonlegislative citizen member shall serve more than two consecutive four-year terms. The remainder of any term to which a member is appointed to fill a vacancy shall not constitute a term in determining the member's eligibility for reappointment.

D. The Board shall elect a chairman and vice-chairman from among its membership. The chairman shall be a nonlegislative citizen member. A majority of the members shall constitute a quorum.

E. Any decision by the Board shall require an affirmative vote of a majority of the members of the Board.

F. Legislative members of the Board shall receive such compensation as provided in § 30-19.12, and nonlegislative citizen members shall receive compensation as provided in § 2.2-2813 for the performance of their duties. All members shall be reimbursed for all reasonable and necessary expenses incurred in the performance of their duties as provided in §§ 2.2-2813 and 2.2-2825.

G. Staff support and technical assistance to the Board and the Governor in carrying out the provisions of this article shall be provided by the agencies of the Secretariats of Commerce and Trade, Education, and Finance.

§ 2.2-2698. Modeling and Simulation Advisory Council; purpose; membership; chairman.

A. The Modeling and Simulation Advisory Council (the Council) is established as an advisory council, within the meaning of § 2.2-2100, in the executive branch of state government. The purpose of the Council shall be to advise the Governor on policy and funding priorities to promote the modeling and simulation industry in the Commonwealth.

B. The Council shall consist of 15 members as follows: three legislative members of the House of Delegates to be appointed by the Speaker of the House of Delegates; one legislative member of the Senate to be appointed by the Senate Committee on Rules; six citizen representatives of the modeling and simulation industry and two citizen members representing Virginia public institutions of higher education with modeling and simulation capabilities to be appointed by the Governor; ~~the Secretary of Technology and the Secretary of Commerce and Trade or their designees~~ *two Secretaries as defined in § 2.2-200 to be appointed by the Governor*; and the Executive Director of the Virginia Modeling, Analysis and Simulation Center.

Beginning July 1, 2012, the Governor's appointments shall be staggered as follows: two members for a term of two years, two members for a term of three years, and two members for a term of four years. Thereafter, appointments by the Governor shall be for terms of four years, except an appointment to fill a vacancy, which shall be for the unexpired term. Ex officio members and legislative members shall serve terms coincident with their terms of office. All members shall be eligible for reappointment. Vacancies shall be filled in the manner of the original appointments.

C. The Council shall elect a chairman and a vice-chairman annually from among its membership. A majority of the members shall constitute a quorum. The Council shall meet biannually and at such other times as may be called by the chairman or a majority of the Council. Staff to the Council shall be provided by the office of the Secretary of ~~Technology~~ *Administration*.

§ 2.2-2699.1. Aerospace Advisory Council; purpose; membership; compensation; chairman.

A. The Aerospace Advisory Council (the Council) is established as an advisory council, within the meaning of § 2.2-2100, in the executive branch of state government. The purpose of the Council shall be to advise the Governor, the Joint Commission on Technology and Science, and the Secretaries of Commerce and Trade, ~~Technology~~, and Education on policy and funding priorities with respect to aerospace economic development, workforce training, educational programs, and educational curriculum. The Council shall suggest strategies to attract and promote the development of existing aerospace companies, new aerospace companies, federal aerospace agencies, aerospace research, venture and human capital, and applied research and technology that contribute to the growth and development of the aerospace sector in the Commonwealth.

B. The Council shall have a total membership of 20 members that shall consist of four legislative members, nine nonlegislative citizen members, and seven ex officio members. Members shall be appointed as follows: three members of the House of Delegates to be appointed by the Speaker of the House of Delegates in accordance with the principles of proportional representation contained in the Rules of the House of Delegates; one member of the Senate, to be appointed by the Senate Committee on Rules; and nine nonlegislative citizen members, of whom one shall represent the Mid-Atlantic Regional Spaceport, one shall represent Old Dominion University, one shall represent the University of Virginia, one shall represent Virginia Tech, and five shall represent aerospace companies or suppliers

920 within the Commonwealth, to be appointed by the Governor, and serve with voting privileges. The
921 Director of the Department of Aviation, Director of the National Institute of Aerospace, President and
922 CEO of the Virginia Tourism Authority, Director of the Virginia Space Grant Consortium, and President
923 and CEO of the Virginia Economic Development Partnership, or their designees, shall serve as ex
924 officio members with voting privileges. A representative of NASA Wallops Flight Facility and a
925 representative of NASA's Langley Research Center shall be requested to serve by the Governor as ex
926 officio members with nonvoting privileges. Nonlegislative citizen members of the Council shall be
927 citizens of the Commonwealth.

928 Legislative members and ex officio members shall serve terms coincident with their terms of office.
929 Other members shall be appointed for terms of two years. Appointments to fill vacancies, other than by
930 expiration of a term, shall be for the unexpired terms. Vacancies shall be filled in the same manner as
931 the original appointments. All members may be reappointed.

932 C. Legislative members of the Council shall receive such compensation as provided in § 30-19.12.
933 Nonlegislative citizen members shall serve without compensation or reimbursement for reasonable and
934 necessary expenses. Funding for compensation and expenses of legislative members shall be provided by
935 the operating budgets of the Clerk of the House of Delegates and the Clerk of the Senate upon approval
936 of the Joint Rules Committee. All other expenses of the Council shall be provided by the Department of
937 Aviation.

938 D. The Council shall elect a chairman and a vice-chairman annually from among its legislative
939 membership. A majority of the members shall constitute a quorum. The Council shall meet at such times
940 as may be called by the chairman or a majority of the Council.

941 E. Staff to the Council shall be provided by the Department of Aviation. The Division of Legislative
942 Services shall provide additional staff support to legislative members serving on the Council.

943 **§ 2.2-2699.3. (Expires July 1, 2019) Broadband Advisory Council; purpose; membership;**
944 **compensation; chairman.**

945 A. The Broadband Advisory Council (the Council) is established as an advisory council, within the
946 meaning of § 2.2-2100, in the executive branch of state government. The purpose of the Council shall be
947 to advise the Governor on policy and funding priorities to expedite deployment and reduce the cost of
948 broadband access in the Commonwealth.

949 B. The Council shall have a total membership of 14 members that shall consist of six legislative
950 members, four nonlegislative citizen members, and four ex officio members. Members shall be appointed
951 as follows: four members of the House of Delegates to be appointed by the Speaker of the House of
952 Delegates in accordance with the principles of proportional representation contained in the Rules of the
953 House of Delegates; two members of the Senate to be appointed by the Senate Committee on Rules; and
954 four nonlegislative citizen members to be appointed by the Governor, of whom one shall be a
955 representative of the Virginia Cable Telecommunications Association, one shall be a representative of the
956 Virginia Telecommunications Industry Association, one shall be a representative from local
957 government recommended by the Virginia Municipal League and Virginia Association of Counties, and
958 one shall be a representative of the Virginia Wireless Internet Service Providers Association. ~~The~~
959 ~~Secretaries of Agriculture and Forestry, Commerce and Trade, and Technology, or their designees, and~~
960 ~~the~~ *The* executive director of the Center for Rural Virginia *and three Secretaries as defined in § 2.2-200*
961 *to be appointed by the Governor* shall serve ex officio. Legislative and ex officio members shall serve
962 terms coincident with their terms of office. Other members shall be appointed for terms of two years.
963 Appointments to fill vacancies, other than by expiration of a term, shall be for the unexpired terms.
964 Vacancies shall be filled in the same manner as the original appointments. All members may be
965 reappointed.

966 C. Legislative members of the Council shall receive such compensation as provided in § 30-19.12.
967 Nonlegislative citizen members shall serve without compensation. All members shall be reimbursed for
968 all reasonable and necessary expenses incurred in the performance of their duties as provided in
969 §§ 2.2-2813 and 2.2-2825. Funding for compensation and expenses of legislative members shall be
970 provided by the operating budgets of the Clerk of the House of Delegates and the Clerk of the Senate
971 upon approval of the Joint Rules Committee. ~~Funding for the~~ *The Governor shall designate the office of*
972 *one of the secretaries appointed pursuant to subsection B to provide funding for the costs of expenses*
973 *of the nonlegislative citizen members and all other expenses of the Council shall be provided by the*
974 *Office of the Secretary of Technology.*

975 D. The Council shall elect a chairman and a vice-chairman annually from among its membership. A
976 majority of the members shall constitute a quorum. The Council shall meet at such times as may be
977 called by the chairman or a majority of the Council.

978 E. Staff to the Council shall be provided by the Office of Telework Promotion and Broadband
979 Assistance. The Division of Legislative Services shall provide additional staff support to legislative
980 members serving on the Council.

981 **§ 2.2-2699.4. (Expires July 1, 2019) Powers and duties of the Council.**

The Council shall have the power and duty to:

1. Monitor the broadband-based development efforts of other states and nations in areas such as business, education, and health;

2. Advise the Governor, *the Secretary of Technology Commerce and Trade*, and the General Assembly on policies and strategies related to making affordable broadband services available to every Virginia home and business;

3. Monitor broadband-related activities at the federal level;

4. Encourage public-private partnerships to increase the deployment and adoption of broadband services and applications;

5. Annually report to the Governor and the Joint Commission on Technology and Science on the progress towards the goal of universal access for businesses and on the assessment of Commonwealth broadband infrastructure investments and utilization of Council-supported resources to promote broadband access;

6. Periodically review and comment on the quality, availability, and accessibility of state-maintained or funded broadband resources and programs, including but not limited to: Virginia Resources Authority Act funding of the "Online Community Toolkit"; the Center for Innovative Technology's mapping and outreach initiatives; investments made through programs administered by the Department of Education, Department of Housing and Community Development, Department of Public Rail and Transportation, and the Tobacco Region Revitalization Commission; and

7. Monitor regulatory and policy changes for potential impact on broadband deployment and sustainability in the Commonwealth.

§ 2.2-2699.5. Information Technology Advisory Council; membership; terms; quorum; compensation; staff.

A. The Information Technology Advisory Council (ITAC) is established as an advisory council, within the meaning of § 2.2-2100, in the executive branch of state government. The ITAC shall be responsible for advising the Chief Information Officer (CIO) and the Secretary of *Technology Administration* on the planning, budgeting, acquiring, using, disposing, managing, and administering of information technology in the Commonwealth.

B. The ITAC shall consist of not more than 16 members as follows: (i) one representative from an agency under each of the Governor's Secretaries, as set out in Chapter 2 (§ 2.2-200 et seq.), to be appointed by the Governor and serve with voting privileges; (ii) the Secretary of *Technology Administration* and the CIO, who shall serve ex officio with voting privileges; (iii) the Secretary of the Commonwealth or his designee; and (iv) at the Governor's discretion, not more than two nonlegislative citizen members to be appointed by the Governor and serve with voting privileges.

Nonlegislative citizen members shall be appointed for terms of four years. Appointments to fill vacancies, other than by expiration of a term, shall be for the unexpired terms. All members may be reappointed. However, no nonlegislative citizen member shall serve more than two consecutive four-year terms. The remainder of any term to which a member is appointed to fill a vacancy shall not constitute a term in determining the member's eligibility for reappointment. Vacancies shall be filled in the same manner as the original appointments.

C. The ITAC shall elect a chairman and vice-chairman annually from among the members, except that neither the Secretary of *Technology Administration* nor the CIO may serve as chairman. A majority of the members shall constitute a quorum. The meetings of the ITAC shall be held at the call of the chairman, the Secretary of *Technology Administration*, or the CIO, or whenever the majority of the members so request.

D. Nonlegislative citizen members shall receive compensation and shall be reimbursed for all reasonable and necessary expenses incurred in the performance of their duties, as provided in §§ 2.2-2813 and 2.2-2825. Funding for the costs of compensation and expenses of the members shall be provided by the Virginia Information Technologies Agency.

E. The disclosure requirements of subsection B of § 2.2-3114 of the State and Local Government Conflict of Interests Act shall apply to citizen members of the ITAC.

F. The Virginia Information Technologies Agency shall serve as staff to the ITAC.

§ 2.2-2699.7. Health Information Technology Standards Advisory Committee.

The ITAC may appoint an advisory committee of persons with expertise in health care and information technology to advise the ITAC on the utilization of nationally recognized technical and data standards for health information technology systems or software pursuant to subdivision A 5 of § 2.2-2699.6. The ITAC, in consultation with the Secretary of Health and Human Resources, may appoint up to five persons to serve on the advisory committee. Members appointed to the advisory committee shall serve without compensation, but shall be reimbursed for all reasonable and necessary expenses incurred in the performance of their duties as provided in § 2.2-2825. The CIO, the Secretary of *Technology Administration*, and the Secretary of Health and Human Resources, or their designees, may

1043 also serve on the advisory committee.

1044 **§ 2.2-2738. Virginia International Trade Corporation; purpose; membership; meetings.**

1045 A. The Virginia International Trade Corporation (the Corporation) is established in the executive
1046 branch of state government. The purpose of the Corporation shall be to promote international trade in
1047 the Commonwealth.

1048 B. The Corporation shall be governed by a board of directors (the Board) composed of 17 16
1049 members as follows: the Secretaries of Agriculture and Forestry, Commerce and Trade, Finance,
1050 Technology, and Transportation, or their designees, serving ex officio with voting privileges, and 12
1051 nonlegislative citizen members appointed by the Governor, subject to confirmation by the General
1052 Assembly. The members appointed by the Governor shall have experience as senior management
1053 personnel or leaders in the areas of agriculture, finance, development, international business,
1054 manufacturing, and trade with at least two having background and experience specific to agriculture. Ex
1055 officio members of the Board shall serve terms coincident with their terms of office. Appointments to
1056 fill vacancies, other than by expiration of a term, shall be for the unexpired terms. After the initial
1057 staggering of terms, nonlegislative citizen members shall be appointed for a term of six years.
1058 Nonlegislative citizen members shall be citizens of the Commonwealth.

1059 C. The Board shall elect a chairman and a vice-chairman from among its members. The Secretaries
1060 of Agriculture and Forestry, Commerce and Trade, Finance, Technology, and Transportation shall not be
1061 eligible to serve as chairman or vice-chairman.

1062 D. The Board shall meet at least four times annually and more often if deemed necessary or
1063 advisable by the chairman.

1064 E. Members of the Board shall receive no compensation for their services but shall be reimbursed for
1065 all reasonable and necessary expenses incurred in the performance of their duties as provided in
1066 §§ 2.2-2813 and 2.2-2825.

1067 **§ 2.2-2817.1. State agencies to establish alternative work schedules; reporting requirement.**

1068 A. In accordance with the statewide telecommuting and alternative work schedule policy, to be
1069 developed by the Secretary of Administration pursuant to § 2.2-203.1, the head of each state agency
1070 shall establish a telecommuting and alternative work policy under which eligible employees of such
1071 agency may telecommute, participate in alternative work schedules, or both, to the maximum extent
1072 possible without diminished employee performance or service delivery. The policy shall identify types of
1073 employees eligible for telecommuting and alternative work schedules, the broad categories of positions
1074 determined to be ineligible for telecommuting and the justification therefor, any benefits of
1075 telecommuting including the use of alternate work locations that are separate from the agency's central
1076 workplace, and any benefits of using alternative work schedules. The policy shall promote use of
1077 Commonwealth information technology assets where feasible but may allow for eligible employees to
1078 use computers, computing devices, or related electronic equipment not owned or leased by the
1079 Commonwealth to telecommute, if such use is technically and economically practical, and so long as
1080 such use meets information security standards as established by the Virginia Information Technologies
1081 Agency, or receives an exception from such standards approved by the CIO of the Commonwealth or
1082 his designee. The policy shall be updated periodically as necessary.

1083 B. The head of each agency shall set annual percentage targets for the number of positions eligible
1084 for alternative work schedules. By July 1, 2009, each state agency shall have a goal of not less than 25
1085 percent of its eligible workforce participating in alternative work schedules. By January 1, 2010, each
1086 state agency, except the Department of State Police, shall have a goal of not less than 20 percent of its
1087 eligible workforce telecommuting.

1088 C. The head of each state agency shall annually report to the (i) Secretary of Administration or his
1089 designee on the status and efficiency of telecommuting and participation in alternative work schedules
1090 and (ii) Secretary of Technology or his designee concerning specific budget requests for information
1091 technology, software, telecommunications connectivity (i.e., broadband Internet access, additional
1092 telephone lines, and online collaborative tools), or other equipment or services needed to increase
1093 opportunities for telecommuting and participation in alternate work locations.

1094 D. As used in this section:

1095 "Alternate work locations" means approved locations other than the employee's central workplace
1096 where official state business is performed. Such locations may include, but not be limited to the home
1097 of an employee and satellite offices.

1098 "Alternative work schedule" means schedules that differ from the standard workweek, 40-hour
1099 workweek schedule, if such schedules are deemed to promote efficient agency operations. Alternative
1100 work schedules may include, but not be limited to, four 10-hour days, rotational shifts, and large-scale
1101 job sharing.

1102 "Central workplace" means an employer's place of work where employees normally are located.

1103 "Telecommuting" means a work arrangement in which supervisors direct or permit employees to
1104 perform their usual job duties away from their central workplace at least one day per week and in

accordance with work agreements.

"Work agreement" means a written agreement between the employer and employee that details the terms and conditions of an employee's work away from his central workplace.

§ 2.2-2822. Ownership and use of patents and copyrights developed by certain public employees; Creative Commons copyrights.

A. Patents, copyrights or materials that were potentially patentable or copyrightable developed by a state employee during working hours or within the scope of his employment or when using state-owned or state-controlled facilities shall be the property of the Commonwealth.

B. The Secretary of Administration; ~~in consultation with the Secretary of Technology~~, shall establish policies, subject to the approval of the Governor, regarding the protection and release of patents and copyrights owned by the Commonwealth. Such policies shall include, at a minimum, the following:

1. A policy granting state agencies the authority over the protection and release of patents and copyrights created by employees of the agency. Such policy shall authorize state agencies to release all potentially copyrightable materials under the Creative Commons or Open Source Initiative licensing system, as appropriate.

2. A provision authorizing state agencies to seek patent protection only in those instances where the agency reasonably determines the patent has significant commercial value. The responsible state agency shall file with the Secretary a summary of the expected commercial value of the patent.

3. A procedure authorizing state agencies to determine whether to license or transfer to a state employee any interest in potentially patentable material developed by that employee during work hours, as well as to determine the terms of such license or transfer.

4. A procedure authorizing state agencies to determine whether to license or transfer to a private entity any interest in potentially patentable material developed by that agency, as well as to determine the terms of such license or transfer.

C. Nothing in this section shall be construed to limit access to public records as provided in the Virginia Freedom of Information Act (§ 2.2-3700 et seq.).

D. This section shall not apply to employees of public institutions of higher education who shall be subject to the patent and copyright policies of the institution employing them.

§ 2.2-3503. Procurement requirements.

A. The technology access clause specified in clause (iii) of § 2.2-3502 shall be developed by the Secretary of ~~Technology Administration~~ and shall require compliance with the nonvisual access standards established in subsection B of ~~this section~~. The clause shall be included in all future contracts for the procurement of information technology by, or for the use of, entities covered by this chapter on or after the effective date of this chapter.

B. At a minimum, the nonvisual access standards shall include the following: (i) the effective, interactive control and use of the technology (including the operating system), applications programs, and format of the data presented, shall be readily achievable by nonvisual means; (ii) the technology equipped for nonvisual access shall be compatible with information technology used by other individuals with whom the blind or visually impaired individual interacts; (iii) nonvisual access technology shall be integrated into networks used to share communications among employees, program participants, and the public; and (iv) the technology for nonvisual access shall have the capability of providing equivalent access by nonvisual means to telecommunications or other interconnected network services used by persons who are not blind or visually impaired. A covered entity may stipulate additional specifications in any procurement.

Compliance with the nonvisual access standards shall not be required if the head of a covered entity determines that ~~(i)~~ (a) the information technology is not available with nonvisual access because the essential elements of the information technology are visual and ~~(ii)~~ (b) nonvisual equivalence is not available.

§ 2.2-3504. Implementation.

A. The head of any covered entity may, with respect to nonvisual access software or peripheral devices, approve the exclusion of the technology access clause only to the extent that the cost of the software or devices for the covered entity would increase the total cost of the procurement by more than five percent. All exclusions of the technology access clause from any contract shall be reported annually to the Secretary of ~~Technology Administration~~.

B. The acquisition and installation of hardware, software, or peripheral devices used for nonvisual access when the information technology is being used exclusively by individuals who are not blind or visually impaired shall not be required.

C. Notwithstanding the provisions of subsection B, the applications programs and underlying operating systems (including the format of the data) used for the manipulation and presentation of information shall permit the installation and effective use of nonvisual access software and peripheral devices.

§ 2.2-3803. Administration of systems including personal information; Internet privacy policy; exceptions.

A. Any agency maintaining an information system that includes personal information shall:

1. Collect, maintain, use, and disseminate only that personal information permitted or required by law to be so collected, maintained, used, or disseminated, or necessary to accomplish a proper purpose of the agency;

2. Collect information to the greatest extent feasible from the data subject directly, or through the sharing of data with other agencies, in order to accomplish a proper purpose of the agency;

3. Establish categories for maintaining personal information to operate in conjunction with confidentiality requirements and access controls;

4. Maintain information in the system with accuracy, completeness, timeliness, and pertinence as necessary to ensure fairness in determinations relating to a data subject;

5. Make no dissemination to another system without (i) specifying requirements for security and usage including limitations on access thereto, and (ii) receiving reasonable assurances that those requirements and limitations will be observed. This subdivision shall not apply, however, to a dissemination made by an agency to an agency in another state, district or territory of the United States where the personal information is requested by the agency of such other state, district or territory in connection with the application of the data subject therein for a service, privilege or right under the laws thereof, nor shall this apply to information transmitted to family advocacy representatives of the United States Armed Forces in accordance with subsection N of § 63.2-1503;

6. Maintain a list of all persons or organizations having regular access to personal information in the information system;

7. Maintain for a period of three years or until such time as the personal information is purged, whichever is shorter, a complete and accurate record, including identity and purpose, of every access to any personal information in a system, including the identity of any persons or organizations not having regular access authority but excluding access by the personnel of the agency wherein data is put to service for the purpose for which it is obtained;

8. Take affirmative action to establish rules of conduct and inform each person involved in the design, development, operation, or maintenance of the system, or the collection or use of any personal information contained therein, about all the requirements of this chapter, the rules and procedures, including penalties for noncompliance, of the agency designed to assure compliance with such requirements;

9. Establish appropriate safeguards to secure the system from any reasonably foreseeable threat to its security; and

10. Collect no personal information concerning the political or religious beliefs, affiliations, and activities of data subjects that is maintained, used or disseminated in or by any information system operated by any agency unless authorized explicitly by statute or ordinance.

B. Every public body, as defined in § 2.2-3701, that has an Internet website associated with that public body shall develop an Internet privacy policy and an Internet privacy policy statement that explains the policy to the public. The policy shall be consistent with the requirements of this chapter. The statement shall be made available on the public body's website in a conspicuous manner. The Secretary of ~~Technology Administration~~ or his designee shall provide guidelines for developing the policy and the statement, and each public body shall tailor the policy and the statement to reflect the information practices of the individual public body. At minimum, the policy and the statement shall address (i) what information, including personally identifiable information, will be collected, if any; (ii) whether any information will be automatically collected simply by accessing the website and, if so, what information; (iii) whether the website automatically places a computer file, commonly referred to as a "cookie," on the Internet user's computer and, if so, for what purpose; and (iv) how the collected information is being used or will be used.

C. Notwithstanding the provisions of subsection A, the Virginia Retirement System may disseminate information as to the retirement status or benefit eligibility of any employee covered by the Virginia Retirement System, the Judicial Retirement System, the State Police Officers' Retirement System, or the Virginia Law Officers' Retirement System, to the chief executive officer or personnel officers of the state or local agency by which he is employed.

D. Notwithstanding the provisions of subsection A, the Department of Social Services may disseminate client information to the Department of Taxation for the purposes of providing specified tax information as set forth in clause (ii) of subsection C of § 58.1-3.

E. Notwithstanding the provisions of subsection A, the State Council of Higher Education for Virginia may disseminate student information to agencies acting on behalf or in place of the U.S. government to gain access to data on wages earned outside the Commonwealth or through federal employment, for the purposes of complying with § 23.1-204.1.

§ 15.2-2425. Prioritization of loans.

In approving loans, the Authority shall give preference to loans for projects that will (i) utilize private industry in the operation and maintenance of such projects where a material savings in cost can be shown over public operation and maintenance, (ii) serve two or more local governments to encourage regional cooperation, or (iii) provide broadband services in areas with a demonstrated need that, in the opinion of the Secretary of ~~Technology Administration~~ and the Secretary of Commerce and Trade, are currently unserved by broadband providers.

§ 23.1-2911.1. Northern Virginia Community College; computer science training and professional development activities for public school teachers.

A. Northern Virginia Community College, in consultation with the Department of Education, shall contract with a partner organization to develop, market, and implement high-quality and effective computer science training and professional development activities for public school teachers throughout the Commonwealth for the purpose of improving the computer science literacy of all public school students in the Commonwealth.

B. Northern Virginia Community College shall also establish an advisory committee for the purpose of advising the college and its partner organization on the development, marketing, and implementation of training and professional development activities pursuant to subsection A. The Secretary of Commerce and Trade, the Secretary of Education, and the Secretary of ~~Technology Administration~~ shall each submit to the college a list of names of qualified individuals, and the college shall appoint members to such advisory committee from such lists.

§ 23.1-3102. Board of trustees.

A. The Extension Partnership shall be governed by a 24-member board of trustees (the board) consisting of (i) three presidents of comprehensive community colleges; two presidents of baccalaureate public institutions of higher education; one president of a baccalaureate private institution of higher education; and 15 nonlegislative citizen members representing manufacturing industries, to be appointed by the Governor and (ii) the director of the Center for Innovative Technology; ~~the Secretary of Commerce and Trade, and the Secretary of Technology and two Secretaries as defined in § 2.2-200 to be appointed by the Governor,~~ to serve ex officio with voting privileges.

B. Appointments shall be for terms of four years. Ex officio members of the board shall serve terms coincident with their terms of office. Appointments to fill vacancies, other than by expiration of a term, shall be for the unexpired terms. Vacancies shall be filled in the same manner as the original appointments. All members may be reappointed. No member shall serve more than two consecutive four-year terms; however, a member appointed to serve an unexpired term is eligible to serve two consecutive four-year terms immediately succeeding such unexpired term.

C. The board shall elect a chairman and a vice-chairman from among its membership. The board shall elect a secretary and a treasurer who need not be members of the board. The board may elect other subordinate officers who need not be members of the board.

D. Eight members shall constitute a quorum. The meetings of the board shall be held at the call of the chairman or whenever the majority of the members so request.

E. The board may adopt, alter, or repeal its own bylaws that govern the manner in which its business may be transacted and may form committees and advisory councils, which may include representatives who are not board members.

§ 30-279. Public-Private Partnership Advisory Commission established; membership; terms; compensation; staff; quorum.

A. The Public-Private Partnership Advisory Commission (the Commission) is established as an advisory commission in the legislative branch. The purpose of the Commission shall be to advise responsible public entities that are agencies or institutions of the Commonwealth on proposals received pursuant to the Public-Private Education Facilities and Infrastructure Act of 2002 (§ 56-575.1 et seq.).

B. The Commission shall consist of ~~11~~ 10 members, including eight legislative members, as follows: (i) the Chair of the House Committee on Appropriations or his designee and four members of the House of Delegates appointed by the Speaker of the House, (ii) the Chair of the Senate Committee on Finance or his designee and two members of the Senate appointed by the Senate Committee on Rules, and (iii) ~~the Secretary of Administration, the Secretary of Finance, and the Secretary of Technology or their designees~~ three Secretaries as defined in § 2.2-200 to be appointed by the Governor. Legislative members shall serve on the Commission until the expiration of their terms of office or until their successors shall qualify. Executive branch agency members shall serve only as long as they retain their positions.

C. The members of the Commission shall elect from among the legislative membership a chairman and a vice-chairman who shall serve for two-year terms. The Commission shall hold meetings quarterly or upon the call of the chairman. A majority of the Commission shall constitute a quorum.

D. Members of the Commission shall receive no compensation for their services but shall be reimbursed for all reasonable and necessary expenses incurred in the performance of their duties as

1289 provided in §§ 2.2-2813, 2.2-2825, and 30-19.12, as appropriate.

1290 E. Administrative staff support shall be provided by the Office of the Clerk of the Senate or the
1291 Office of the Clerk of the House of Delegates as may be appropriate for the house in which the
1292 chairman of the Commission serves. The Division of Legislative Services shall provide legal, research,
1293 and policy analysis services to the Commission. Technical assistance shall be provided by the staffs of
1294 the House Committee on Appropriations and the Senate Finance Committee and the Auditor of Public
1295 Accounts. Additional assistance as needed shall be provided by the Department of General Services.

1296 F. A copy of the proceedings of the Commission shall be filed with the Division of Legislative
1297 Services.

1298 **§ 58.1-322.02. Virginia taxable income; subtractions.**

1299 In computing Virginia taxable income pursuant to § 58.1-322, to the extent included in federal
1300 adjusted gross income, there shall be subtracted:

1301 1. Income derived from obligations, or on the sale or exchange of obligations, of the United States
1302 and on obligations or securities of any authority, commission, or instrumentality of the United States to
1303 the extent exempt from state income taxes under the laws of the United States, including, but not
1304 limited to, stocks, bonds, treasury bills, and treasury notes but not including interest on refunds of
1305 federal taxes, interest on equipment purchase contracts, or interest on other normal business transactions.

1306 2. Income derived from obligations, or on the sale or exchange of obligations, of the Commonwealth
1307 or of any political subdivision or instrumentality of the Commonwealth.

1308 3. Benefits received under Title II of the Social Security Act and other benefits subject to federal
1309 income taxation solely pursuant to § 86 of the Internal Revenue Code.

1310 4. Up to \$20,000 of disability income, as defined in § 22(c)(2)(B)(iii) of the Internal Revenue Code;
1311 however, any person who claims a deduction under subdivision 5 of § 58.1-322.03 may not also claim a
1312 subtraction under this subdivision.

1313 5. The amount of any refund or credit for overpayment of income taxes imposed by the
1314 Commonwealth or any other taxing jurisdiction.

1315 6. The amount of wages or salaries eligible for the federal Work Opportunity Credit which was not
1316 deducted for federal purposes on account of the provisions of § 280C(a) of the Internal Revenue Code.

1317 7. Any amount included therein less than \$600 from a prize awarded by the Virginia Lottery.

1318 8. The wages or salaries received by any person for active and inactive service in the National Guard
1319 of the Commonwealth of Virginia, not to exceed the amount of income derived from 39 calendar days
1320 of such service or \$3,000, whichever amount is less; however, only those persons in the ranks of O3
1321 and below shall be entitled to the deductions specified in this subdivision.

1322 9. Amounts received by an individual, not to exceed \$1,000 in any taxable year, as a reward for
1323 information provided to a law-enforcement official or agency, or to a nonprofit corporation created
1324 exclusively to assist such law-enforcement official or agency, in the apprehension and conviction of
1325 perpetrators of crimes. This subdivision shall not apply to the following: an individual who is an
1326 employee of, or under contract with, a law-enforcement agency, a victim or the perpetrator of the crime
1327 for which the reward was paid, or any person who is compensated for the investigation of crimes or
1328 accidents.

1329 10. The amount of "qualified research expenses" or "basic research expenses" eligible for deduction
1330 for federal purposes, but which were not deducted, on account of the provisions of § 280C(c) of the
1331 Internal Revenue Code and which shall be available to partners, shareholders of S corporations, and
1332 members of limited liability companies to the extent and in the same manner as other deductions may
1333 pass through to such partners, shareholders, and members.

1334 11. Any income received during the taxable year derived from a qualified pension, profit-sharing, or
1335 stock bonus plan as described by § 401 of the Internal Revenue Code, an individual retirement account
1336 or annuity established under § 408 of the Internal Revenue Code, a deferred compensation plan as
1337 defined by § 457 of the Internal Revenue Code, or any federal government retirement program, the
1338 contributions to which were deductible from the taxpayer's federal adjusted gross income, but only to the
1339 extent the contributions to such plan or program were subject to taxation under the income tax in
1340 another state.

1341 12. Any income attributable to a distribution of benefits or a refund from a prepaid tuition contract
1342 or savings trust account with the Virginia College Savings Plan, created pursuant to Chapter 7
1343 (§ 23.1-700 et seq.) of Title 23.1. The subtraction for any income attributable to a refund shall be
1344 limited to income attributable to a refund in the event of a beneficiary's death, disability, or receipt of a
1345 scholarship.

1346 13. All military pay and allowances, to the extent included in federal adjusted gross income and not
1347 otherwise subtracted, deducted, or exempted under this section, earned by military personnel while
1348 serving by order of the President of the United States with the consent of Congress in a combat zone or
1349 qualified hazardous duty area that is treated as a combat zone for federal tax purposes pursuant to § 112
1350 of the Internal Revenue Code.

14. For taxable years beginning before January 1, 2015, the gain derived from the sale or exchange of real property or the sale or exchange of an easement to real property which results in the real property or the easement thereto being devoted to open-space use, as that term is defined in § 58.1-3230, for a period of time not less than 30 years. To the extent that a subtraction is taken in accordance with this subdivision, no tax credit under this chapter for donating land for its preservation shall be allowed for three years following the year in which the subtraction is taken.

15. Fifteen thousand dollars of military basic pay for military service personnel on extended active duty for periods in excess of 90 days; however, the subtraction amount shall be reduced dollar-for-dollar by the amount by which the taxpayer's military basic pay exceeds \$15,000 and shall be reduced to zero if such military basic pay amount is equal to or exceeds \$30,000.

16. The first \$15,000 of salary for each federal and state employee whose total annual salary from all employment for the taxable year is \$15,000 or less.

17. Unemployment benefits taxable pursuant to § 85 of the Internal Revenue Code.

18. Any amount received as military retirement income by an individual awarded the Congressional Medal of Honor.

19. Items of income attributable to, derived from, or in any way related to (i) assets stolen from, hidden from, or otherwise lost by an individual who was a victim or target of Nazi persecution or (ii) damages, reparations, or other consideration received by a victim or target of Nazi persecution to compensate such individual for performing labor against his will under the threat of death, during World War II and its prelude and direct aftermath. This subtraction shall not apply to assets acquired with such items of income or with the proceeds from the sale of assets stolen from, hidden from, or otherwise lost to, during World War II and its prelude and direct aftermath, a victim or target of Nazi persecution. The provisions of this subdivision shall only apply to an individual who was the first recipient of such items of income and who was a victim or target of Nazi persecution, or a spouse, widow, widower, or child or stepchild of such victim.

As used in this subdivision:

"Nazi regime" means the country of Nazi Germany, areas occupied by Nazi Germany, those European countries allied with Nazi Germany, or any other neutral European country or area in Europe under the influence or threat of Nazi invasion.

"Victim or target of Nazi persecution" means any individual persecuted or targeted for persecution by the Nazi regime who had assets stolen from, hidden from, or otherwise lost as a result of any act or omission in any way relating to (i) the Holocaust, (ii) World War II and its prelude and direct aftermath, (iii) transactions with or actions of the Nazi regime, (iv) treatment of refugees fleeing Nazi persecution, or (v) the holding of such assets by entities or persons in the Swiss Confederation during World War II and its prelude and aftermath. A "victim or target of Nazi persecution" also includes any individual forced into labor against his will, under the threat of death, during World War II and its prelude and direct aftermath.

20. The military death gratuity payment made after September 11, 2001, to the survivor of deceased military personnel killed in the line of duty, pursuant to 10 U.S.C. Chapter 75; however, the subtraction amount shall be reduced dollar-for-dollar by the amount that the survivor may exclude from his federal gross income in accordance with § 134 of the Internal Revenue Code.

21. The death benefit payments from an annuity contract that are received by a beneficiary of such contract, provided that (i) the death benefit payment is made pursuant to an annuity contract with an insurance company and (ii) the death benefit payment is paid solely by lump sum. The subtraction under this subdivision shall be allowed only for that portion of the death benefit payment that is included in federal adjusted gross income.

22. Any gain recognized from the sale of launch services to space flight participants, as defined in 49 U.S.C. § 70102, or launch services intended to provide individuals with the training or experience of a launch, without performing an actual launch. To qualify for a deduction under this subdivision, launch services must be performed in Virginia or originate from an airport or spaceport in Virginia.

23. Any gain recognized as a result of resupply services contracts for delivering payload, as defined in 49 U.S.C. § 70102, entered into with the Commercial Orbital Transportation Services division of the National Aeronautics and Space Administration or other space flight entity, as defined in § 8.01-227.8, and launched from an airport or spaceport in Virginia.

24. Any income taxed as a long-term capital gain for federal income tax purposes, or any income taxed as investment services partnership interest income (otherwise known as investment partnership carried interest income) for federal income tax purposes. To qualify for a subtraction under this subdivision, such income shall be attributable to an investment in a "qualified business," as defined in § 58.1-339.4, or in any other technology business approved by the Secretary of Technology Administration, provided that the business has its principal office or facility in the Commonwealth and less than \$3 million in annual revenues in the fiscal year prior to the investment. To qualify for a

1412 subtraction under this subdivision, the investment shall be made between the dates of April 1, 2010, and
1413 June 30, 2020. No taxpayer who has claimed a tax credit for an investment in a "qualified business"
1414 under § 58.1-339.4 shall be eligible for the subtraction under this subdivision for an investment in the
1415 same business.

1416 25. For taxable years beginning on and after January 1, 2014, any income of an account holder for
1417 the taxable year taxed as (i) a capital gain for federal income tax purposes attributable to such person's
1418 first-time home buyer savings account established pursuant to Chapter 32 (§ 55-555 et seq.) of Title 55
1419 and (ii) interest income or other income for federal income tax purposes attributable to such person's
1420 first-time home buyer savings account.

1421 Notwithstanding the statute of limitations on assessments contained in § 58.1-312, any subtraction
1422 taken under this subdivision shall be subject to recapture in the taxable year or years in which moneys
1423 or funds withdrawn from the first-time home buyer savings account were used for any purpose other
1424 than the payment of eligible costs by or on behalf of a qualified beneficiary, as provided under
1425 § 55-558. The amount subject to recapture shall be a portion of the amount withdrawn in the taxable
1426 year that was used for other than the payment of eligible costs, computed by multiplying the amount
1427 withdrawn and used for other than the payment of eligible costs by the ratio of the aggregate earnings in
1428 the account at the time of the withdrawal to the total balance in the account at such time.

1429 However, recapture shall not apply to the extent of moneys or funds withdrawn that were (i)
1430 withdrawn by reason of the qualified beneficiary's death or disability; (ii) a disbursement of assets of the
1431 account pursuant to a filing for protection under the United States Bankruptcy Code, 11 U.S.C. §§ 101
1432 through 1330; or (iii) transferred from an account established pursuant to Chapter 32 (§ 55-555 et seq.)
1433 of Title 55 into another account established pursuant to such chapter for the benefit of another qualified
1434 beneficiary.

1435 For purposes of this subdivision, "account holder," "eligible costs," "first-time home buyer savings
1436 account," and "qualified beneficiary" mean the same as those terms are defined in § 55-555.

1437 26. For taxable years beginning on and after January 1, 2015, any income for the taxable year
1438 attributable to the discharge of a student loan solely by reason of the student's death. For purposes of
1439 this subdivision, "student loan" means the same as that term is defined under § 108(f) of the Internal
1440 Revenue Code.

1441 27. a. Income, including investment services partnership interest income (otherwise known as
1442 investment partnership carried interest income), attributable to an investment in a Virginia venture
1443 capital account. To qualify for a subtraction under this subdivision, the investment shall be made on or
1444 after January 1, 2018, but before December 31, 2023. No subtraction shall be allowed under this
1445 subdivision for an investment in a company that is owned or operated by a family member or an
1446 affiliate of the taxpayer. No subtraction shall be allowed under this subdivision for a taxpayer who has
1447 claimed a subtraction under subdivision 24 or a tax credit under § 58.1-339.4 for the same investment.

1448 b. As used in this subdivision 27:

1449 "Qualified portfolio company" means a company that (i) has its principal place of business in the
1450 Commonwealth; (ii) has a primary purpose of production, sale, research, or development of a product or
1451 service other than the management or investment of capital; and (iii) provides equity in the company to
1452 the Virginia venture capital account in exchange for a capital investment. "Qualified portfolio company"
1453 does not include a company that is an individual or sole proprietorship.

1454 "Virginia venture capital account" means an investment fund that has been certified by the
1455 Department as a Virginia venture capital account. In order to be certified as a Virginia venture capital
1456 account, the operator of the investment fund shall register the investment fund with the Department prior
1457 to December 31, 2023, (i) indicating that it intends to invest at least 50 percent of the capital committed
1458 to its fund in qualified portfolio companies and (ii) providing documentation that it employs at least one
1459 investor who has at least four years of professional experience in venture capital investment or
1460 substantially equivalent experience. "Substantially equivalent experience" includes, but is not limited to,
1461 an undergraduate degree from an accredited college or university in economics, finance, or a similar
1462 field of study. The Department may require an investment fund to provide documentation of the
1463 investor's training, education, or experience as deemed necessary by the Department to determine
1464 substantial equivalency. If the Department determines that the investment fund employs at least one
1465 investor with the experience set forth herein, the Department shall certify the investment fund as a
1466 Virginia venture capital account at such time as the investment fund actually invests at least 50 percent
1467 of the capital committed to its fund in qualified portfolio companies.

1468 28. a. Income attributable to an investment in a Virginia real estate investment trust. To qualify for a
1469 subtraction under this subdivision, the investment shall be made on or after January 1, 2019, but before
1470 December 31, 2024. No subtraction shall be allowed for an investment in a trust that is managed by a
1471 family member or an affiliate of the taxpayer. No subtraction shall be allowed under this subdivision for
1472 a taxpayer who has claimed a subtraction under subdivision 24 or 27 or a tax credit under § 58.1-339.4
1473 for the same investment.

b. As used in this subdivision 28:
 "Distressed" means satisfying the criteria applicable to a locality described in subdivision E 2 of § 2.2-115.

"Double distressed" means satisfying the criteria applicable to a locality described in subdivision E 3 of § 2.2-115.

"Virginia real estate investment trust" means a real estate investment trust, as defined in 26 U.S.C. § 856, that has been certified by the Department as a Virginia real estate investment trust. In order to be certified as a Virginia real estate investment trust, the trustee shall register the trust with the Department prior to December 31, 2024, indicating that it intends to invest at least 90 percent of trust funds in Virginia and at least 40 percent of trust funds in real estate in localities that are distressed or double distressed. If the Department determines that the trust satisfies the preceding criteria, the Department shall certify the trust as a Virginia real estate investment trust at such time as the trust actually invests at least 90 percent of trust funds in Virginia and at least 40 percent of trust funds in real estate in localities that are distressed or double distressed.

§ 58.1-402. Virginia taxable income.

A. For purposes of this article, Virginia taxable income for a taxable year means the federal taxable income and any other income taxable to the corporation under federal law for such year of a corporation adjusted as provided in subsections B, C, D, and E.

For a regulated investment company and a real estate investment trust, such term means the "investment company taxable income" and "real estate investment trust taxable income," respectively, to which shall be added in each case any amount of capital gains and any other income taxable to the corporation under federal law which shall be further adjusted as provided in subsections B, C, D, and E.

B. There shall be added to the extent excluded from federal taxable income:

1. Interest, less related expenses to the extent not deducted in determining federal taxable income, on obligations of any state other than Virginia, or of a political subdivision of any such other state unless created by compact or agreement to which the Commonwealth is a party;

2. Interest or dividends, less related expenses to the extent not deducted in determining federal taxable income, on obligations or securities of any authority, commission or instrumentality of the United States, which the laws of the United States exempt from federal income tax but not from state income taxes;

3. [Repealed.]

4. The amount of any net income taxes and other taxes, including franchise and excise taxes, which are based on, measured by, or computed with reference to net income, imposed by the Commonwealth or any other taxing jurisdiction, to the extent deducted in determining federal taxable income;

5. Unrelated business taxable income as defined by § 512 of the Internal Revenue Code;

6. [Repealed.]

7. The amount required to be included in income for the purpose of computing the partial tax on an accumulation distribution pursuant to § 667 of the Internal Revenue Code;

8. a. For taxable years beginning on and after January 1, 2004, the amount of any intangible expenses and costs directly or indirectly paid, accrued, or incurred to, or in connection directly or indirectly with one or more direct or indirect transactions with one or more related members to the extent such expenses and costs were deductible or deducted in computing federal taxable income for Virginia purposes. This addition shall not be required for any portion of the intangible expenses and costs if one of the following applies:

(1) The corresponding item of income received by the related member is subject to a tax based on or measured by net income or capital imposed by Virginia, another state, or a foreign government that has entered into a comprehensive tax treaty with the United States government;

(2) The related member derives at least one-third of its gross revenues from the licensing of intangible property to parties who are not related members, and the transaction giving rise to the expenses and costs between the corporation and the related member was made at rates and terms comparable to the rates and terms of agreements that the related member has entered into with parties who are not related members for the licensing of intangible property; or

(3) The corporation can establish to the satisfaction of the Tax Commissioner that the intangible expenses and costs meet both of the following: (i) the related member during the same taxable year directly or indirectly paid, accrued or incurred such portion to a person who is not a related member, and (ii) the transaction giving rise to the intangible expenses and costs between the corporation and the related member did not have as a principal purpose the avoidance of any portion of the tax due under this chapter.

b. A corporation required to add to its federal taxable income intangible expenses and costs pursuant to subdivision a may petition the Tax Commissioner, after filing the related income tax return for the taxable year and remitting to the Tax Commissioner all taxes, penalties, and interest due under this

1535 article for such taxable year including tax upon any amount of intangible expenses and costs required to
1536 be added to federal taxable income pursuant to subdivision a, to consider evidence relating to the
1537 transaction or transactions between the corporation and a related member or members that resulted in the
1538 corporation's taxable income being increased, as required under subdivision a, for such intangible
1539 expenses and costs.

1540 If the corporation can demonstrate to the Tax Commissioner's sole satisfaction, by clear and
1541 convincing evidence, that the transaction or transactions between the corporation and a related member
1542 or members resulting in such increase in taxable income pursuant to subdivision a had a valid business
1543 purpose other than the avoidance or reduction of the tax due under this chapter, the Tax Commissioner
1544 shall permit the corporation to file an amended return. For purposes of such amended return, the
1545 requirements of subdivision a shall not apply to any transaction for which the Tax Commissioner is
1546 satisfied (and has identified) that the transaction had a valid business purpose other than the avoidance
1547 or reduction of the tax due under this chapter. Such amended return shall be filed by the corporation
1548 within one year of the written permission granted by the Tax Commissioner and any refund of the tax
1549 imposed under this article shall include interest at a rate equal to the rate of interest established under
1550 § 58.1-15 and such interest shall accrue as provided under § 58.1-1833. However, upon the filing of
1551 such amended return, any related member of the corporation that subtracted from taxable income
1552 amounts received pursuant to subdivision C 21 shall be subject to the tax imposed under this article on
1553 that portion of such amounts for which the corporation has filed an amended return pursuant to this
1554 subdivision. In addition, for such transactions identified by the Tax Commissioner herein by which he
1555 has been satisfied by clear and convincing evidence, the Tax Commissioner may permit the corporation
1556 in filing income tax returns for subsequent taxable years to deduct the related intangible expenses and
1557 costs without making the adjustment under subdivision a.

1558 The Tax Commissioner may charge a fee for all direct and indirect costs relating to the review of
1559 any petition pursuant to this subdivision, to include costs necessary to secure outside experts in
1560 evaluating the petition. The Tax Commissioner may condition the review of any petition pursuant to this
1561 subdivision upon payment of such fee.

1562 No suit for the purpose of contesting any action of the Tax Commissioner under this subdivision
1563 shall be maintained in any court of this Commonwealth.

1564 c. Nothing in subdivision B 8 shall be construed to limit or negate the Department's authority under
1565 § 58.1-446;

1566 9. a. For taxable years beginning on and after January 1, 2004, the amount of any interest expenses
1567 and costs directly or indirectly paid, accrued, or incurred to, or in connection directly or indirectly with
1568 one or more direct or indirect transactions with one or more related members to the extent such
1569 expenses and costs were deductible or deducted in computing federal taxable income for Virginia
1570 purposes. This addition shall not be required for any portion of the interest expenses and costs, if:

1571 (1) The related member has substantial business operations relating to interest-generating activities, in
1572 which the related member pays expenses for at least five full-time employees who maintain, manage,
1573 defend or are otherwise responsible for operations or administration relating to the interest-generating
1574 activities; and

1575 (2) The interest expenses and costs are not directly or indirectly for, related to or in connection with
1576 the direct or indirect acquisition, maintenance, management, sale, exchange, or disposition of intangible
1577 property; and

1578 (3) The transaction giving rise to the expenses and costs between the corporation and the related
1579 member has a valid business purpose other than the avoidance or reduction of taxation and payments
1580 between the parties are made at arm's length rates and terms; and

1581 (4) One of the following applies:

1582 (i) The corresponding item of income received by the related member is subject to a tax based on or
1583 measured by net income or capital imposed by Virginia, another state, or a foreign government that has
1584 entered into a comprehensive tax treaty with the United States government;

1585 (ii) Payments arise pursuant to a pre-existing contract entered into when the parties were not related
1586 members provided the payments continue to be made at arm's length rates and terms;

1587 (iii) The related member engages in transactions with parties other than related members that
1588 generate revenue in excess of \$2 million annually; or

1589 (iv) The transaction giving rise to the interest payments between the corporation and a related
1590 member was done at arm's length rates and terms and meets any of the following: (a) the related
1591 member uses funds that are borrowed from a party other than a related member or that are paid,
1592 incurred or passed-through to a person who is not a related member; (b) the debt is part of a regular and
1593 systematic funds management or portfolio investment activity conducted by the related member, whereby
1594 the funds of two or more related members are aggregated for the purpose of achieving economies of
1595 scale, the internal financing of the active business operations of members, or the benefit of centralized
1596 management of funds; (c) financing the expansion of the business operations; or (d) restructuring the

debt of related members, or the pass-through of acquisition-related indebtedness to related members.

b. A corporation required to add to its federal taxable income interest expenses and costs pursuant to subdivision a may petition the Tax Commissioner, after filing the related income tax return for the taxable year and remitting to the Tax Commissioner all taxes, penalties, and interest due under this article for such taxable year including tax upon any amount of interest expenses and costs required to be added to federal taxable income pursuant to subdivision a, to consider evidence relating to the transaction or transactions between the corporation and a related member or members that resulted in the corporation's taxable income being increased, as required under subdivision a, for such interest expenses and costs.

If the corporation can demonstrate to the Tax Commissioner's sole satisfaction, by clear and convincing evidence, that the transaction or transactions between the corporation and a related member or members resulting in such increase in taxable income pursuant to subdivision a had a valid business purpose other than the avoidance or reduction of the tax due under this chapter and that the related payments between the parties were made at arm's length rates and terms, the Tax Commissioner shall permit the corporation to file an amended return. For purposes of such amended return, the requirements of subdivision a shall not apply to any transaction for which the Tax Commissioner is satisfied (and has identified) that the transaction had a valid business purpose other than the avoidance or reduction of the tax due under this chapter and that the related payments between the parties were made at arm's length rates and terms. Such amended return shall be filed by the corporation within one year of the written permission granted by the Tax Commissioner and any refund of the tax imposed under this article shall include interest at a rate equal to the rate of interest established under § 58.1-15 and such interest shall accrue as provided under § 58.1-1833. However, upon the filing of such amended return, any related member of the corporation that subtracted from taxable income amounts received pursuant to subdivision C 21 shall be subject to the tax imposed under this article on that portion of such amounts for which the corporation has filed an amended return pursuant to this subdivision. In addition, for such transactions identified by the Tax Commissioner herein by which he has been satisfied by clear and convincing evidence, the Tax Commissioner may permit the corporation in filing income tax returns for subsequent taxable years to deduct the related interest expenses and costs without making the adjustment under subdivision a.

The Tax Commissioner may charge a fee for all direct and indirect costs relating to the review of any petition pursuant to this subdivision, to include costs necessary to secure outside experts in evaluating the petition. The Tax Commissioner may condition the review of any petition pursuant to this subdivision upon payment of such fee.

No suit for the purpose of contesting any action of the Tax Commissioner under this subdivision shall be maintained in any court of this Commonwealth.

c. Nothing in subdivision B 9 shall be construed to limit or negate the Department's authority under § 58.1-446.

d. For purposes of subdivision B 9:

"Arm's-length rates and terms" means that (i) two or more related members enter into a written agreement for the transaction, (ii) such agreement is of a duration and contains payment terms substantially similar to those that the related member would be able to obtain from an unrelated entity, (iii) the interest is at or below the applicable federal rate compounded annually for debt instruments under § 1274(d) of the Internal Revenue Code that was in effect at the time of the agreement, and (iv) the borrower or payor adheres to the payment terms of the agreement governing the transaction or any amendments thereto.

"Valid business purpose" means one or more business purposes that alone or in combination constitute the motivation for some business activity or transaction, which activity or transaction improves, apart from tax effects, the economic position of the taxpayer, as further defined by regulation.

10. a. For taxable years beginning on and after January 1, 2009, the amount of dividends deductible under §§ 561 and 857 of the Internal Revenue Code by a Captive Real Estate Investment Trust (REIT). For purposes of this subdivision, a REIT is a Captive REIT if:

(1) It is not regularly traded on an established securities market;

(2) More than 50 percent of the voting power or value of beneficial interests or shares of which, at any time during the last half of the taxable year, is owned or controlled, directly or indirectly, by a single entity that is (i) a corporation or an association taxable as a corporation under the Internal Revenue Code; and (ii) not exempt from federal income tax pursuant to § 501(a) of the Internal Revenue Code; and

(3) More than 25 percent of its income consists of rents from real property as defined in § 856(d) of the Internal Revenue Code.

b. For purposes of applying the ownership test of subdivision 10 a (2), the following entities shall not be considered a corporation or an association taxable as a corporation:

- 1658 (1) Any REIT that is not treated as a Captive REIT;
1659 (2) Any REIT subsidiary under § 856 of the Internal Revenue Code other than a qualified REIT
1660 subsidiary of a Captive REIT;
1661 (3) Any Listed Australian Property Trust, or an entity organized as a trust, provided that a Listed
1662 Australian Property Trust owns or controls, directly or indirectly, 75 percent or more of the voting or
1663 value of the beneficial interests or shares of such trust; and
1664 (4) Any Qualified Foreign Entity.
1665 c. For purposes of subdivision B 10, the constructive ownership rules prescribed under § 318(a) of
1666 the Internal Revenue Code, as modified by § 856(d)(5) of the Internal Revenue Code, shall apply in
1667 determining the ownership of stock, assets, or net profits of any person.
1668 d. For purposes of subdivision B 10:
1669 "Listed Australian Property Trust" means an Australian unit trust registered as a Management
1670 Investment Scheme, pursuant to the Australian Corporations Act, in which the principal class of units is
1671 listed on a recognized stock exchange in Australia and is regularly traded on an established securities
1672 market.
1673 "Qualified Foreign Entity" means a corporation, trust, association or partnership organized outside the
1674 laws of the United States and that satisfies all of the following criteria:
1675 (1) At least 75 percent of the entity's total asset value at the close of its taxable year is represented
1676 by real estate assets, as defined in § 856(c)(5)(B) of the Internal Revenue Code, thereby including shares
1677 or certificates of beneficial interest in any REIT, cash and cash equivalents, and U.S. Government
1678 securities;
1679 (2) The entity is not subject to a tax on amounts distributed to its beneficial owners, or is exempt
1680 from entity level tax;
1681 (3) The entity distributes, on an annual basis, at least 85 percent of its taxable income, as computed
1682 in the jurisdiction in which it is organized, to the holders of its shares or certificates of beneficial
1683 interest;
1684 (4) The shares or certificates of beneficial interest of such entity are regularly traded on an
1685 established securities market or, if not so traded, not more than 10 percent of the voting power or value
1686 in such entity is held directly, indirectly, or constructively by a single entity or individual; and
1687 (5) The entity is organized in a country that has a tax treaty with the United States.
1688 e. For taxable years beginning on or after January 1, 2016, for purposes of subdivision B 10, any
1689 voting power or value of the beneficial interests or shares in a REIT that is held in a segregated asset
1690 account of a life insurance corporation as described in § 817 of the Internal Revenue Code shall not be
1691 taken into consideration when determining if such REIT is a Captive REIT.
1692 11. For taxable years beginning on or after January 1, 2016, to the extent that tax credit is allowed
1693 for the same donation pursuant to § 58.1-439.12:12, any amount claimed as a federal income tax
1694 deduction for such donation under § 170 of the Internal Revenue Code, as amended or renumbered.
1695 C. There shall be subtracted to the extent included in and not otherwise subtracted from federal
1696 taxable income:
1697 1. Income derived from obligations, or on the sale or exchange of obligations, of the United States
1698 and on obligations or securities of any authority, commission or instrumentality of the United States to
1699 the extent exempt from state income taxes under the laws of the United States including, but not limited
1700 to, stocks, bonds, treasury bills, and treasury notes, but not including interest on refunds of federal taxes,
1701 interest on equipment purchase contracts, or interest on other normal business transactions.
1702 2. Income derived from obligations, or on the sale or exchange of obligations of this Commonwealth
1703 or of any political subdivision or instrumentality of this Commonwealth.
1704 3. Dividends upon stock in any domestic international sales corporation, as defined by § 992 of the
1705 Internal Revenue Code, 50 percent or more of the income of which was assessable for the preceding
1706 year, or the last year in which such corporation has income, under the provisions of the income tax laws
1707 of the Commonwealth.
1708 4. The amount of any refund or credit for overpayment of income taxes imposed by this
1709 Commonwealth or any other taxing jurisdiction.
1710 5. Any amount included therein by the operation of the provisions of § 78 of the Internal Revenue
1711 Code (foreign dividend gross-up).
1712 6. The amount of wages or salaries eligible for the federal Targeted Jobs Credit which was not
1713 deducted for federal purposes on account of the provisions of § 280C(a) of the Internal Revenue Code.
1714 7. Any amount included therein by the operation of § 951 of the Internal Revenue Code (subpart F
1715 income).
1716 8. Any amount included therein which is foreign source income as defined in § 58.1-302.
1717 9. [Repealed.]
1718 10. The amount of any dividends received from corporations in which the taxpaying corporation
1719 owns 50 percent or more of the voting stock.

11. [Repealed.]

12, 13. [Expired.]

14. For taxable years beginning on or after January 1, 1995, the amount for "qualified research expenses" or "basic research expenses" eligible for deduction for federal purposes, but which were not deducted, on account of the provisions of § 280C(c) of the Internal Revenue Code.

15. For taxable years beginning on or after January 1, 2000, the total amount actually contributed in funds to the Virginia Public School Construction Grants Program and Fund established in Chapter 11.1 (§ 22.1-175.1 et seq.) of Title 22.1.

16. For taxable years beginning on or after January 1, 2000, but before January 1, 2015, the gain derived from the sale or exchange of real property or the sale or exchange of an easement to real property which results in the real property or the easement thereto being devoted to open-space use, as that term is defined in § 58.1-3230, for a period of time not less than 30 years. To the extent a subtraction is taken in accordance with this subdivision, no tax credit under this chapter for donating land for its preservation shall be allowed for three years following the year in which the subtraction is taken.

17. For taxable years beginning on and after January 1, 2001, any amount included therein with respect to § 58.1-440.1.

18. For taxable years beginning on and after January 1, 1999, income received as a result of (i) the "Master Settlement Agreement," as defined in § 3.2-3100; and (ii) the National Tobacco Grower Settlement Trust dated July 19, 1999, by (a) tobacco farming businesses; (b) any business holding a tobacco marketing quota, or tobacco farm acreage allotment, under the Agricultural Adjustment Act of 1938; or (c) any business having the right to grow tobacco pursuant to such a quota allotment.

19, 20. [Repealed.]

21. For taxable years beginning on and after January 1, 2004, any amount of intangible expenses and costs or interest expenses and costs added to the federal taxable income of a corporation pursuant to subdivision B 8 or B 9 shall be subtracted from the federal taxable income of the related member that received such amount if such related member is subject to Virginia income tax on the same amount.

22. For taxable years beginning on and after January 1, 2009, any gain recognized from the sale of launch services to space flight participants, as defined in 49 U.S.C. § 70102, or launch services intended to provide individuals the training or experience of a launch, without performing an actual launch. To qualify for a deduction under this subdivision, launch services must be performed in Virginia or originate from an airport or spaceport in Virginia.

23. For taxable years beginning on and after January 1, 2009, any gain recognized as a result of resupply services contracts for delivering payload, as defined in 49 U.S.C. § 70102, entered into with the Commercial Orbital Transportation Services division of the National Aeronautics and Space Administration or other space flight entity, as defined in § 8.01-227.8, and launched from an airport or spaceport in Virginia.

24. For taxable years beginning on or after January 1, 2011, any income taxed as a long-term capital gain for federal income tax purposes, or any income taxed as investment services partnership interest income (otherwise known as investment partnership carried interest income) for federal income tax purposes. To qualify for a subtraction under this subdivision, such income must be attributable to an investment in a "qualified business," as defined in § 58.1-339.4, or in any other technology business approved by the Secretary of ~~Technology~~ *Administration*, provided the business has its principal office or facility in the Commonwealth and less than \$3 million in annual revenues in the fiscal year prior to the investment. To qualify for a subtraction under this subdivision, the investment must be made between the dates of April 1, 2010, and June 30, 2020. No taxpayer who has claimed a tax credit for an investment in a "qualified business" under § 58.1-339.4 shall be eligible for the subtraction under this subdivision for an investment in the same business.

25. a. Income, including investment services partnership interest income (otherwise known as investment partnership carried interest income), attributable to an investment in a Virginia venture capital account. To qualify for a subtraction under this subdivision, the investment shall be made on or after January 1, 2018, but before December 31, 2023. No subtraction shall be allowed under this subdivision for an investment in a company that is owned or operated by an affiliate of the taxpayer. No subtraction shall be allowed under this subdivision for a taxpayer who has claimed a subtraction under subdivision C 24 for the same investment.

b. As used in this subdivision 25:

"Qualified portfolio company" means a company that (i) has its principal place of business in the Commonwealth; (ii) has a primary purpose of production, sale, research, or development of a product or service other than the management or investment of capital; and (iii) provides equity in the company to the Virginia venture capital account in exchange for a capital investment. "Qualified portfolio company" does not include a company that is an individual or sole proprietorship.

1781 "Virginia venture capital account" means an investment fund that has been certified by the
1782 Department as a Virginia venture capital account. In order to be certified as a Virginia venture capital
1783 account, the operator of the investment fund shall register the investment fund with the Department prior
1784 to December 31, 2023, (i) indicating that it intends to invest at least 50 percent of the capital committed
1785 to its fund in qualified portfolio companies and (ii) providing documentation that it employs at least one
1786 investor who has at least four years of professional experience in venture capital investment or
1787 substantially equivalent experience. "Substantially equivalent experience" includes, but is not limited to,
1788 an undergraduate degree from an accredited college or university in economics, finance, or a similar
1789 field of study. The Department may require an investment fund to provide documentation of the
1790 investor's training, education, or experience as deemed necessary by the Department to determine
1791 substantial equivalency. If the Department determines that the investment fund employs at least one
1792 investor with the experience set forth herein, the Department shall certify the investment fund as a
1793 Virginia venture capital account at such time as the investment fund actually invests at least 50 percent
1794 of the capital committed to its fund in qualified portfolio companies.

1795 26. a. Income attributable to an investment in a Virginia real estate investment trust. To qualify for a
1796 subtraction under this subdivision, the investment shall be made on or after January 1, 2019, but before
1797 December 31, 2024. No subtraction shall be allowed for an investment in a trust that is managed by an
1798 affiliate of the taxpayer. No subtraction shall be allowed under this subdivision for a taxpayer who has
1799 claimed a subtraction under subdivision C 24 or 25 for the same investment.

1800 b. As used in this subdivision 26:

1801 "Distressed" means satisfying the criteria applicable to a locality described in subdivision E 2 of
1802 § 2.2-115.

1803 "Double distressed" means satisfying the criteria applicable to a locality described in subdivision E 3
1804 of § 2.2-115.

1805 "Virginia real estate investment trust" means a real estate investment trust, as defined in 26 U.S.C.
1806 § 856, that has been certified by the Department as a Virginia real estate investment trust. In order to be
1807 certified as a Virginia real estate investment trust, the trustee shall register the trust with the Department
1808 prior to December 31, 2024, indicating that it intends to invest at least 90 percent of trust funds in
1809 Virginia and at least 40 percent of trust funds in real estate in localities that are distressed or double
1810 distressed. If the Department determines that the trust satisfies the preceding criteria, the Department
1811 shall certify the trust as a Virginia real estate investment trust at such time as the trust actually invests
1812 at least 90 percent of trust funds in Virginia and at least 40 percent of trust funds in real estate in
1813 localities that are distressed or double distressed.

1814 D. For taxable years beginning on and after January 1, 2006, there shall be subtracted from federal
1815 taxable income contract payments to a producer of quota tobacco or a tobacco quota holder as provided
1816 under the American Jobs Creation Act of 2004 (P.L. 108-357) as follows:

1817 1. If the payment is received in installment payments, then the recognized gain, including any gain
1818 recognized in taxable year 2005, may be subtracted in the taxable year immediately following the year
1819 in which the installment payment is received.

1820 2. If the payment is received in a single payment, then 10 percent of the recognized gain may be
1821 subtracted in the taxable year immediately following the year in which the single payment is received.
1822 The taxpayer may then deduct an equal amount in each of the nine succeeding taxable years.

1823 E. Adjustments to federal taxable income shall be made to reflect the transitional modifications
1824 provided in § 58.1-315.

1825 F. Notwithstanding any other provision of law, the income from any disposition of real property
1826 which is held by the taxpayer for sale to customers in the ordinary course of the taxpayer's trade or
1827 business, as defined in § 453(l)(1)(B) of the Internal Revenue Code, of property made on or after
1828 January 1, 2009, may, at the election of the taxpayer, be recognized under the installment method
1829 described under § 453 of the Internal Revenue Code, provided that (i) the election relating to the dealer
1830 disposition of the property has been made on or before the due date prescribed by law (including
1831 extensions) for filing the taxpayer's return of the tax imposed under this chapter for the taxable year in
1832 which the disposition occurs, and (ii) the dealer disposition is in accordance with restrictions or
1833 conditions established by the Department, which shall be set forth in guidelines developed by the
1834 Department. Along with such restrictions or conditions, the guidelines shall also address the recapture of
1835 such income under certain circumstances. The development of the guidelines shall be exempt from the
1836 Administrative Process Act (§ 2.2-4000 et seq.).

1837 **§ 59.1-497. Interoperability.**

1838 A public body of the Commonwealth which adopts standards pursuant to § 59.1-496 and the
1839 Secretary of ~~Technology~~ Administration may encourage and promote consistency and interoperability
1840 with similar requirements adopted by other public bodies of the Commonwealth, other states and the
1841 federal government and nongovernmental persons interacting with public bodies of the Commonwealth.
1842 If appropriate, those standards may specify differing levels of standards from which public bodies of the

Commonwealth may choose in implementing the most appropriate standard for a particular application.

§ 59.1-550. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Attribute provider" means an entity, or a supplier, employee, or agent thereof, that acts as the authoritative record of identifying information about an identity credential holder.

"Commonwealth identity management standards" means the minimum specifications and standards that must be included in an identity trust framework so as to define liability pursuant to this chapter that are set forth in guidance documents approved by the Secretary of ~~Technology~~ *Administration* pursuant to Chapter 4.3 (§ 2.2-436 et seq.) of Title 2.2.

"Identity attribute" means identifying information associated with an identity credential holder.

"Identity credential" means the data, or the physical object upon which the data may reside, that an identity credential holder may present to verify or authenticate his identity in a digital or online transaction.

"Identity credential holder" means a person bound to or in possession of an identity credential who has agreed to the terms and conditions of the identity provider.

"Identity proofer" means a person or entity authorized to act as a representative of an identity provider in the confirmation of a potential identity credential holder's identification and identity attributes prior to issuing an identity credential to a person.

"Identity provider" means an entity, or a supplier, employee, or agent thereof, certified by an identity trust framework operator to provide identity credentials that may be used by an identity credential holder to assert his identity, or any related attributes, in a digital or online transaction. For purposes of this chapter, "identity provider" includes an attribute provider, an identity proofer, and any suppliers, employees, or agents thereof.

"Identity trust framework" means a digital identity system with established identity, security, privacy, technology, and enforcement rules and policies adhered to by certified identity providers that are members of the identity trust framework. Members of an identity trust framework include identity trust framework operators and identity providers. Relying parties may be, but are not required to be, a member of an identity trust framework in order to accept an identity credential issued by a certified identity provider to verify an identity credential holder's identity.

"Identity trust framework operator" means the entity that (i) defines rules and policies for member parties to an identity trust framework, (ii) certifies identity providers to be members of and issue identity credentials pursuant to the identity trust framework, and (iii) evaluates participation in the identity trust framework to ensure compliance by members of the identity trust framework with its rules and policies, including the ability to request audits of participants for verification of compliance.

"Relying party" is an individual or entity that relies on the validity of an identity credential or an associated trustmark.

"Trustmark" means a machine-readable official seal, authentication feature, certification, license, or logo that may be provided by an identity trust framework operator to certified identity providers within its identity trust framework to signify that the identity provider complies with the written rules and policies of the identity trust framework.

2. That Article 9 (§§ 2.2-225 and 2.2-225.1) of Chapter 2 of the Code of Virginia is repealed.

3. That the third enactment of Chapter 818 of the Acts of Assembly of 2009 is repealed.

4. That the third enactment of Chapter 852 of the Acts of Assembly of 2009 is repealed.