

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: HB2444

House of Origin	<u> X </u>	Introduced	<u> </u>	Substitute	<u> </u>	Engrossed
Second House	<u> </u>	In Committee	<u> </u>	Substitute	<u> </u>	Enrolled

2. Patron: Sickles

3. Committee: Science and Technology

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

5. Summary: First, the bill would require the Virginia Economic Development Partnership (VEDP) to promote biosciences-related research and industry in the Commonwealth in order to stay competitive with similar efforts in neighboring states. Second, the bill changes the existing Commonwealth Technology Research Fund (CTRF) to the Commonwealth Research Commercialization Fund (CRCF) to better focus the moneys available under this program to key areas of research and development in the Commonwealth, to emphasize the importance of commercialization of research and development through matching-funds programs and the leveraging of private and federal funds for commercialization activities, and to provide a loan program for the construction of facilities utilized in commercializing qualified research. This bill is a recommendation of the Joint Subcommittee Studying Biosciences and Biotechnology in the Commonwealth (HJR 248).

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

7. Budget Amendment Necessary: No.

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

The Innovative Technology Authority (Center for Innovative Technology) would continue to administer the Fund, and establish and maintain specific guidelines for the award of funds in consultation with VEDP and the State Council of Higher Education (SCHEV). Currently, the Virginia Research and Technology Advisory Commission makes recommendations on awards from the Fund, under the proposed legislation the commission would no longer have

this responsibility. It is not anticipated that the proposed legislation will have a fiscal impact to the Center for Innovative Technology.

The proposed legislation also adds to VEDP's economic development services. Specifically, VEDP is required to undertake initiatives to encourage the development of research and industry in fields related to the biosciences, including marketing, promoting, and publicizing biosciences-related research advances and business developments in the Commonwealth. Such initiatives and marketing may include the use of press releases or use of the Partnership's website to promote biosciences in the Commonwealth. Currently, VEDP conducts numerous marketing activities related to the biotechnology sector through its science and research team in its business development division. VEDP markets Virginia to the biotechnology sector through sponsorship of the Mid-Atlantic Bio conference, and the Governor's attendance at the 2008 BIO International Convention in San Diego. In conjunction with the VirginiaBIO Technology Association, VEDP will update an economic impact study on the biotechnology industry in Virginia. It is not anticipated that the proposed legislation will have a fiscal impact to VEDP.

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

10. Technical Amendment Necessary: No.

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

SB1338 also changes the existing CTRF and requires VEDP to promote biosciences-related research and industry in the Commonwealth in order to stay competitive with similar efforts in neighboring states. Unlike this bill, SB1338 amends the existing qualified equity and subordinated debt investment tax credit to limit its applicability only to companies engaged in science and technology-related businesses, and to encourage investment in companies focused on commercializing research developed at universities.

Date: 1/23/2009 tmw

Document: G:\2009 Session\Legislation\Fiscal Impact Statements\HB2444.DOC

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