

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: HB2324

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

2. Patron: Lingamfelter

3. Committee: General Laws and Technology

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

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

Expands the Commonwealth Research Commercialization Fund (CRCF) to allow for awards from the fund to be used to encourage commercialization (a commercialization program) and to attract research talent at state institutions of higher education (an eminent researcher recruitment program).

Under the provisions of the bill, the Governor, in consultation with the Virginia Economic Development Partnership (VEDP), the Center for Innovative Technology (CIT), and the State Council of Higher Education for Virginia (SCHEV), will develop guidelines for the administration and award of funds from CRCF. Also, the bill defines “qualified research” or “qualifying technologies” as research programs or technologies substantially focused in the following fields: energy, conservation, environment, microelectronics, robotics and unmanned vehicle systems, advanced shipbuilding, or lifespan biology and medicine, biomedical sciences, information technology services, chemicals and materials, or other sectors identified in the guidelines. In addition to 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), other research institutions will be eligible to apply for matching funds from CRCF.

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

Awards under the eminent researcher recruitment program will be used to attract distinguished researchers in a qualifying technology to Virginia’s state universities. The institution applying for an award must have a private sector partner with business operations

in the state and match, at least one-to-one, the amount of the award with funds of their own and funds from the private sector partner.

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

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

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

- 7. Fiscal impact estimates are indeterminate.** See item 8, below.
- 8. Fiscal Implications:** The fiscal impact of the proposed bill is indeterminate and scalable to within the amount of funding, and expenditures will depend upon the number and amount of any awards and administrative costs related to the implementation of the guidelines and review process. HB1500/SB800 includes \$25 million in FY 2012, from the general fund, to implement VRTIP.
- 9. Specific Agency or Political Subdivisions Affected:** Public institutions of higher education in Virginia; the Virginia Economic Development Partnership; the Innovation and Entrepreneurship Investment Authority (IEIA); and the Center for Innovative Technology, (IEIA's non-profit operating company).
- 10. Technical Amendment Necessary:** No.
- 11. Other Comments:** The House Substitute version of SB1485 also expands CRCF to include a commercialization program and an eminent researcher recruitment program.

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

Date: 2/18/11