

# 2026 SESSION

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1 **HOUSE BILL NO. 363**

2 Offered January 14, 2026

3 Prefiled January 12, 2026

4 *A BILL to amend and reenact §§ 2.2-2357 and 2.2-2359 of the Code of Virginia, relating to Commonwealth*  
5 *of Virginia Innovation Partnership Act; Regional Innovation Fund; Commonwealth Commercialization*  
6 *Fund; matching funds.*

7 Patron—Dougherty

8 Committee Referral Pending

9 **Be it enacted by the General Assembly of Virginia:**

10 **1. That §§ 2.2-2357 and 2.2-2359 of the Code of Virginia are amended and reenacted as follows:**  
11 **§ 2.2-2357. Division of Entrepreneurial Ecosystems.**

12 A. Within the Authority shall be created a Division of Entrepreneurial Ecosystems (the Division) to  
13 support and promote technology-based entrepreneurial activities in the Commonwealth. The Division shall  
14 have the authority to (i) connect regional entrepreneurial support services; (ii) administer the Regional  
15 Innovation Fund (the Fund); (iii) coordinate marketing efforts between statewide and regional campaigns;  
16 (iv) establish entrepreneurs in residence to align local needs with state initiatives and funds; (v) compile,  
17 maintain, and promote an information portal of available public and private funding vehicles; and (vi)  
18 perform any other duties assigned by the Board. In performing such duties and responsibilities, the Division  
19 may (a) seek to build networks between regional entrepreneur support services; (b) facilitate state-wide  
20 information sharing and exchange of ideas and best practices; (c) establish a portal to highlight the  
21 availability of regional entrepreneurial support services; (d) aggregate information from national, regional,  
22 and local sources and promote available public and private funding vehicles; and (e) undertake any other  
23 activities or provide any other services relative to the purpose of the Division.

24 B. The Division shall be advised by an Advisory Committee (Advisory Committee) on Entrepreneurial  
25 Ecosystems, to be appointed by the Board.

26 C. The Division may partner with the GO Virginia regional councils to offer resources and expertise  
27 related to entrepreneurial ecosystem development, to identify multiregion initiatives, and to facilitate  
28 communication regarding best practices across regional councils.

29 D. 1. There is hereby created a permanent fund to be known as the Regional Innovation Fund, to be  
30 administered by the Authority. Interest earned on moneys in the Fund shall remain in the Fund and be  
31 credited to it. Any moneys remaining in the Fund at the end of each fiscal year, including interest thereon,  
32 shall not revert to the general fund but shall remain in the Fund. Expenditures and disbursements from the  
33 Fund, which may consist of grants or loans, shall be made by authorization of the president, chairman, or  
34 vice-chairman of the Authority.

35 2. Moneys in the Fund shall be used for (i) competitive grants or loans to advance regional ecosystem  
36 development activities, (ii) support for enhanced capacity building projects, (iii) assistance with the creation  
37 and maintenance of appropriate infrastructure for the execution of innovation and startup programming, or  
38 (iv) technical assistance to startups in regional ecosystems. Moneys from the Fund shall be used for the  
39 purposes set forth in this subdivision that further the goals set forth in the Index.

40 3. Awards from the Fund shall be made by the Authority pursuant to guidelines, procedures, and criteria  
41 for the application for and award of grants or loans developed by the Division in consultation with the  
42 Advisory Committee and approved by the Board.

43 4. Any award from the Fund *greater than \$100,000* shall require matching funds at least equal to the  
44 award, provided, however, that the Authority shall have the authority to reduce the match requirement to no  
45 less than half of the grant upon a finding by the Authority of fiscal distress or an exceptional economic  
46 opportunity in a region. Such matching funds may be from local, regional, federal, or private funds, but shall  
47 not include any state general funds, from whatever source. *Any award from the Fund of \$100,000 or less*  
48 *shall not require matching funds.*

49 **§ 2.2-2359. Division of Commercialization.**

50 A. Within the Authority shall be created a Division of Commercialization (the Division). The Division  
51 shall (i) promote research and development excellence in the Commonwealth; (ii) provide guidance and  
52 coordination, as deemed necessary, to existing efforts to support research in the Commonwealth with  
53 commercial potential; (iii) review and advise on the Index; (iv) administer the Commonwealth  
54 Commercialization Fund (the Fund); and (v) perform any other duties or responsibilities assigned by the  
55 Board.

56 B. The Division shall be advised by an Advisory Committee on Commercialization (the Advisory

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59 Committee), to be appointed by the Board. The Board shall consider including at least one representative  
60 from a major public research institution of higher education located outside of the Commonwealth and at  
61 least one representative from a public institution of higher education located within the Commonwealth.

62 C. The Division, in consultation with the Advisory Committee and subject to approval of the Board, shall  
63 develop guidelines, procedures, and criteria for the (i) application for grants and loans from the Fund; (ii)  
64 review, certification of scientific merits, and scoring or prioritization of applications for grants and loans from  
65 the Fund; and (iii) evaluation and recommendation to the Authority regarding the award of grants and loans  
66 from the Fund. The guidelines, procedures, and criteria shall include requirements that applicants  
67 demonstrate and the Authority consider:

68 1. Other grants, awards, loans, or funds awarded to the proposed program or project by the  
69 Commonwealth;

70 2. Other applications from the applicant for state grants, awards, loans, or funds currently pending at the  
71 time of the application;

72 3. The potential of the program or project for which a grant or loan is sought to (i) culminate in the  
73 commercialization of research; (ii) culminate in the formation or spin-off of technology-based companies;  
74 (iii) promote the build-out of scientific areas of expertise in science and technology; (iv) promote applied  
75 research and development in the areas of focus identified in the Index; (v) provide modern facilities or  
76 infrastructure for research and development; (vi) result in significant capital investment and job creation; or  
77 (vii) promote collaboration among the public institutions of higher education.

78 D. The Division may forward any application for a grant or loan from the Fund to an entity with  
79 recognized science and technology expertise for a review and certification of the scientific merits of the  
80 proposal, including a scoring or prioritization of applicant programs and projects deemed viable by the  
81 reviewing entity.

82 E. 1. There is hereby created a permanent fund to be known as the Commonwealth Commercialization  
83 Fund. Interest and other income earned on the Fund shall be credited to the Fund. Any moneys remaining in  
84 the Fund, including interest and other income thereon, at the end of each fiscal year shall not revert to the  
85 general fund but shall remain in the Fund. Expenditures and disbursements from the Fund, which may consist  
86 of grants or loans, shall be made upon authorization of the president, chairman, or vice-chairman of the  
87 Authority.

88 2. Awards from the Fund shall be made pursuant to the guidelines developed by the Division and  
89 approved by the Board.

90 3. Moneys in the Fund shall be used for grants and loans to (i) foster innovative and collaborative  
91 research, development, and commercialization efforts in the Commonwealth in projects and programs with a  
92 high potential for economic development and job creation opportunities; (ii) position the Commonwealth as a  
93 national leader in science-based and technology-based research, development, and commercialization; (iii)  
94 attract and effectively recruit and retain eminent researchers to enhance research superiority at public  
95 institutions of higher education; and (iv) encourage cooperation and collaboration among public institutions  
96 of higher education, and with the private sector, in areas and with activities that foster economic development  
97 and job creation in the Commonwealth. Grants and loans from the Fund shall be made to applications that  
98 further the goals set forth in the Virginia Innovation Index.

99 4. Awards from the Fund *greater than \$100,000* shall require a match of funds at least equal to the  
100 amount awarded.

101 F. The Division, by December 1, 2020, and annually by December 1 each year thereafter, in consultation  
102 with the State Council of Higher Education for Virginia and the Board, shall make recommendations  
103 regarding oversight of initiatives or Commonwealth centers of excellence related to technology-based or  
104 innovation-based economic development. Initiatives and Commonwealth centers of excellence subject to  
105 such recommendations include (i) those that engage in commercialization of university research, (ii)  
106 technology-driven industries such as unmanned systems, (iii) advanced innovation concepts such as smart  
107 community technologies, and (iv) technology-based entrepreneurial activity. Recommendations to evaluate  
108 and measure current and future initiatives shall be developed in alignment with the Index to assist the  
109 Governor and General Assembly in determining appropriate initiatives to pursue while preventing the  
110 establishment of redundant activities.

111 G. Institutions of higher education may choose to coordinate with the Division and participate in projects  
112 using moneys granted or loaned from the Fund. The Division shall coordinate with participating institutions  
113 of higher education technology transfer officers and vice-presidents of research and innovation to advance  
114 founder-friendly policies throughout the Commonwealth. The results of such partnerships may include the  
115 establishment of a central Commonwealth-run technology transfer office and founder-friendly terms for  
116 optional use; the creation of an inventory library of statewide available technologies and intellectual property;  
117 the support and strengthening of existing technology transfer offices, with focus on the need for proof of  
118 concept funds; and the development of commercialization advancement plans.

119 H. The Division may coordinate with public institutions of higher education, technology transfer offices,

120 the State Council of Higher Education for Virginia, and the Office of the Attorney General to identify the  
121 allowable uses of buildings owned by public institutions of higher education for research-led spin-off  
122 companies and student commercial initiatives that originate at public institutions of higher education. The  
123 Division and its partners shall take official notice of the fact that no general prohibition exists in the acts of  
124 assembly or the Code that generally prohibits such use, but that limitations may exist on a case-by-case basis  
125 that may prohibit the use of a particular building, facility, or piece of equipment for the purposes set forth in  
126 this subsection.

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