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HOUSE BILL NO. 363

Offered January 14, 2026

Prefiled January 12, 2026

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

 Patron—Dougherty

 Committee Referral Pending

Be it enacted by the General Assembly of Virginia:**1. That §§ 2.2-2357 and 2.2-2359 of the Code of Virginia are amended and reenacted as follows:****§ 2.2-2357. Division of Entrepreneurial Ecosystems.**

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

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

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

D. 1. There is hereby created a permanent fund to be known as the Regional Innovation Fund, to be administered by the Authority. 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 authorization of the president, chairman, or vice-chairman of the Authority.

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

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

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

§ 2.2-2359. Division of Commercialization.

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

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

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

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

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

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

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

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

E. 1. There is hereby created a permanent fund to be known as the Commonwealth Commercialization Fund. Interest and other income earned on the Fund shall be credited to the Fund. Any moneys remaining in the Fund, including interest and other income thereon, at the end of each fiscal year 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 upon authorization of the president, chairman, or vice-chairman of the Authority.

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

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

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

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

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

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.

INTRODUCED

HB363