

# March 2024 Legislative Update

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## Procurement

HB242 and SB242 each passed the General Assembly and will now go to the governor for his consideration. The bills prohibit agencies from scoring or evaluating IT vendors based on exceptions to the proposed terms and conditions in the RFP. This legislation was initiated by the rvatech policy committee.

HB311 mandates that all local public bodies provide an option to submit bids or proposals for procurement contracts through the Commonwealth's statewide electronic procurement system, known as eVA or other electronic means. Current law only encourages local public bodies to use eVA for such submissions. This bill has passed both chambers.

HB1404 establishes the Small SWaM Business Procurement Enhancement Program with a statewide goal of 42 percent of certified small SWaM business utilization in all discretionary spending by executive branch agencies and covered institutions in procurement orders, prime contracts, and subcontracts, as well as a target goal of 50 percent subcontracting to small SWaM businesses in instances where the prime contractor is not a small SWaM business for all new capital outlay construction solicitations that are issued. This bill will be heard in committee on 3/1.

## Taxing Technology Goods and Services

Both chambers included the Governor's expanded sales tax on certain aspects of the digital economy, the Senate went further than the House, and further than the vast majority of states, by applying sales tax to business-to-business (B2B) transactions. Along with other state tech councils, rvatech has written to general assembly members the proposed B2B tax would place Virginia companies at a competitive disadvantage compared to their competitors around the country and around the globe who will not have to pay such taxes.

## Artificial Intelligence

SB487 prohibits public bodies from using artificial intelligence systems unless they conduct impact assessments to prevent discrimination or disparate impact. It mandates annual reports on these assessments and requires the Chief Information Officer to develop policies for AI systems. Additionally, it establishes a Commission on Artificial Intelligence to advise the General Assembly, operational until July 1, 2027. If passed, the bill becomes effective on July 1, 2025. This bill will be voted on by the full House of Delegates in the next several days.

## Broadband Expansion

HB800 and SB713 require electric cooperatives to establish and adhere to pole attachment practices and procedures to accommodate telecommunications needs. Virginia has identified "make ready" as a key component of broadband delays and noted in the fall of 2023 that there are 260,000+ poles under current ARPA funded projects still waiting to be "made ready". The Senate version of this bill has passed both the House and Senate.

## Research and Development Tax Credits

HB1518 bill introduces a step-rate reimbursement structure for the major research and development expenses tax credit, offering a 10% credit on the difference between Virginia qualified research and development expenses and 50% of the average expenses over the previous three years, capped at \$1 million, with an additional 5% credit for amounts exceeding \$1 million. It sets an annual per taxpayer cap of \$300,000, rising to \$400,000 if the research is conducted with a Virginia institution of higher education. Additionally, it reduces the yearly aggregate cap for the tax credit from \$24 million to \$16 million while increasing the aggregate cap on the research and development expenses tax credit from \$7.77 million to \$15.77 million starting in 2023. This bill has passed both the House and Senate.

## Consumer Data Privacy

SB361 prohibits companies from using a child's personal data for targeted ads or selling it without parental consent. It also limits how long they can keep the data and requires explanation if they want to collect a child's precise location. Parents must give permission for these actions, following the Children's Online Privacy Protection Act. This bill passed the Senate and then recently passed committee in the House.

HB744 requires a supplier making automatic renewal or continuous service offers that automatically renew after more than 30 days and extend the automatic renewal or continuous service offer for more than a period of 12 months to notify the consumer, as defined in the bill, of the option to cancel no less than 30 days and no more than 60 days before the cancellation deadline or the end of the current contract term. This bill passed out of senate commerce and labor on 2/26 and should pass the senate by the end of the week.

# STEM+C

SB5 establishes the Science, Technology, Engineering, Mathematics, and Computing (STEM+C) Competition Team Grant Program and Fund to encourage interest in STEM+C-related subject areas and support STEM+C-related extracurricular team-building activities in public schools in the Commonwealth by providing grants to qualified schools, as defined in the bill, for use in establishing or supporting STEM+C competition teams.

This bill has passed both the House and Senate.

HB615 expands the purpose of the Virginia Science, Technology, Engineering, and Mathematics (STEM) Education Advisory Board to include promoting the participation of historically underrepresented students, in primary and secondary schools in STEM education. This bill has passed both the House and Senate.

SJ 48 designates March 31st as FIRST Robotics Day in Virginia and aims to raise awareness of robotics education's impact and recognizes the role of FIRST, a nonprofit organization, in promoting robotics education for STEM development. It emphasizes the importance of robotics in workforce preparation and economic growth.

# Cybersecurity

SB222 exempts cybersecurity information from the provisions of the Virginia Freedom of Information Act and the Government Data Collection and Dissemination Practices Act while in possession of the Virginia Information Technologies Agency (VITA). The bill requires VITA to keep such cybersecurity information confidential unless the Chief Information Officer or his designee authorizes publication or disclosure of reports or aggregate cybersecurity information. This bill passed the House on 2/26.

HB651 tasks the Virginia Information Technologies Agency (VITA) with evaluating the feasibility of establishing a cyber civilian corps. This corps would aid the Commonwealth in protecting critical infrastructure and responding to cybersecurity incidents. The evaluation will cover the need for such a corps, eligibility criteria, volunteer availability, and other relevant factors. VITA will collaborate with stakeholders and submit recommendations to relevant committees by November 1, 2024. This bill has passed both chambers and has been sent to the Governor.

# Cryptocurrency

SB439 establishes the Blockchain and Cryptocurrency Commission in the legislative branch of state government for the purpose of studying and making recommendations related to blockchain technology and cryptocurrency and fostering the appropriate expansion of blockchain technology and the cryptocurrency industry in the Commonwealth. This bill passed the House Appropriations Committee on 2/28.



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