Agency Name:	Jobs-Economic Development Authority		
Agency Code:	P340	Section:	51

Fiscal Year FY 2027-2028

Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

	For FY 2027-2028, my agency is (mark "X"):	
OPERATING REQUESTS *(FORM B1)*		Requesting General Fund Appropriations.
		Requesting Federal/Other Authorization.
	X	Not requesting any changes.

	For FY 2027-2028, my agency is (mark "X"):	
NON-RECURRING REQUESTS *(FORM B2)*		Requesting Non-Recurring Appropriations.
		Requesting Non-Recurring Federal/Other Authorization.
	X	Not requesting any changes.

	For FY 2027-2028, my agency is (mark "X"):	
CAPITAL REQUESTS *(FORM C)*		Requesting funding for Capital Projects.
	X	Not requesting any changes.

	For FY 2027-2028, my agency is (mark "X"):	
PROVISOS *(FORM D)*	X	Requesting a new proviso and/or substantive changes to existing provisos.
		Only requesting technical proviso changes (such as date references).
		Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	Name	*Phone*	*Email*
PRIMARY CONTACT:	Angela Scott	(803) 737-0487	ascott@scjeda.com
SECONDARY CONTACT:	Jesse Smith	(803) 737-0627	jsmith@scjeda.com

I have reviewed and approved the enclosed FY 2027-2028 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	Agency Director	*Board or Commission Chair*
SIGN/DATE:	Jesse Smith Jesse Smith (Sep 29, 2026 13:19:25 EDT)	M N
TYPE/PRINT NAME:	Jesse Smith	Michael Nix

This form must be signed by the agency head – not a delegate.

Agency Name:	Jobs-Economic Development Authority		
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FORM D – PROVISO REVISION REQUEST

NUMBER	New

Cite the proviso according to the renumbered list (or mark "NEW").

TITLE	Venture Capital funds

Provide the title from the renumbered list or suggest a short title for any new request.

BUDGET PROGRAM	SC Jobs-Economic Development Authority

Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	Section 51 - P340 SC Jobs Economic Development Authority

Is this request associated with a budget request you have submitted for FY 2027-2028? If so, cite it here.

REQUESTED ACTION	Add

Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	SC Department of Commerce and S.C. Code Section 11-45-40(C) as follows: (C) Any fees or other amounts received by the authority pursuant to any designated investor contract must be held by the authority in a fund that is separate and distinct from the state general fund. Subject to approval by the board of directors, the fund must be administered by the Department of Commerce to support the economic development goals of this State in accordance with the strategy established by the Department of Commerce.

Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	**BACKGROUND** The Venture Capital Investment Act was created by the state legislature in 2005 to promote the availability of capital for creating and building business ventures in South Carolina. The Venture Capital Authority (VCA) was established as an authority within the Department of Commerce to identify and select qualified professional investors who would invest in South Carolina companies. The authority was a seven-member board selected by the governor and state lawmakers. In 2007, the authority received financing by a private institutional lender secured by state tax credits. Four venture capital firms were then selected to make investments within the state. The VCA is part of a state agency (DOC) and was not allowed to make direct equity investments. Therefore, InvestSC, Inc. was formed by the South Carolina Jobs-Economic Development Authority at the specific request of the VCA. The authority then selected InvestSC to serve as a "Designated Investor Group" for the purpose of assisting the authority in meeting the goals and objectives of the Venture Capital Investment Act (Act). InvestSC was organized in 2007 as a nonprofit corporation and received 501(c)(3) tax-exempt status approval from the Internal Revenue Service to perform a function for the government that it is unable to do itself. The VCA Board approved DBAH Capital LLC (Deutsche Bank) as a lender under the Act and received approval from the State Budget and Control Board. On June 22, 2007, InvestSC and DBAH signed a Securities Purchase Agreement for $50 million in notes.. The notes were secured by all the investments and tax credit certificates issued by the VCA.

The InvestSC Board approved the funds selected by the VCA and verified that each fund's investment plan provides for the investment in "South Carolina based companies" as provided in the Act. The VCA authorized investments in the following funds: Norm-Moseley, Frontier, Nexus Medical Partners, and Azalea. The final principal and interest payments to Deutsche Bank were made in February 2022 from investment returns and issuance of tax credit certificates. At that time, the remaining investments held by Nexus were transferred to InvestSC. As of this date, InvestSC holds approximately $5 million in cash investments, expected earnouts of $2 - $3 million over the next three years, and equity investments in another South Carolina company. The Designated Investor Group contract between the VCA and InvestSC requires InvestSC to maintain all funds and investments until the latter of payoff of notes or liquidation of all investments. At that time, it would be expected for the VCA Board to approve the subsequent use of any of the remaining funds.

After the VCA Board fulfilled its mission of securing financing, selecting the authorized investments and implementing the investment plan, there were few policy decisions that required their action. As a result, the VCA Board has not been required to take any action for over 10 years and therefore has been considered inactive.

As such, InvestSC is seeking an alternative approval process for proceeds of the program. Given the nexus of the Jobs-Economic Development Authority (JEDA) to the formation of InvestSC on behalf of the VCA, it would seem natural for the JEDA to be provided the authority to fulfill the obligation under Code Section 11-45-40(C). This would allow for the further use of funds for the purpose of economic development in the State.

Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

Release of at least $5 million to support economic development initiatives in South Carolina.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISO TEXT

(51._____Funds Received by Venture Capital Authority from Designated Investor Group) For the current fiscal year, JEDA is authorized to receive and maintain funds received pursuant to a designated investor contract authorized by Chapter 45, Title 11 of the Code and may authorize the designated investor group selected in accordance with Section 11-45-50 to utilize those funds, subject to approval by JEDA's Board to support economic development goals of this State. S.C. Code Section 11-45-40(C) is suspended for the current fiscal year.

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.