



Report of the Subcommittee on
Economic Development and
Natural Resources

(Senate Bills 29 and 30,
as Introduced)

Senate Finance Committee
Virginia General Assembly

February 20, 2000

REPORT OF THE SUBCOMMITTEE ON ECONOMIC DEVELOPMENT AND NATURAL RESOURCES

Mr. Chairmen and Members of the Committee:

I am pleased to report the recommendations of the Economic Development and Natural Resources Subcommittee. The subcommittee's goal was to focus limited resources on those items that promise the greatest return on investment as measured by more employment, greater economic prosperity, improved service delivery, and a cleaner natural environment. It was no small challenge to review and reconcile over \$500 million of budget amendments to the resources available.

ECONOMIC DEVELOPMENT

The subcommittee brings before you today a budget plan to strengthen Virginia's economy, through small business development, regional and local economic development projects, and technical and marketing assistance.

The subcommittee endorses the Governor's efforts to boost Virginia tourism. Tourism is an \$11.7 billion industry employing some 192,800 workers. The subcommittee is also supportive of the Governor's initiative for the Motion Picture Opportunity Fund, and honored the state's commitment to Virginia businesses through the Governor's workforce training amendment for the Virginia Employment Commission. Finally, the subcommittee applauds the Governor for his actions taken to continue the Opportunity Development Fund through the next biennium.

However, the most important issue addressed by the subcommittee this year concerns initiatives to spur economic development in rural Virginia. To that end, the subcommittee recommends additional funding for small business development centers and to sustain the A.L. Philpott Manufacturing Extension Partnership. In addition to financial assistance, the subcommittee also recommends language amendments carried over from the 1999 Appropriation Act that will help direct spending in other economic development programs, such as the Shell Building Program and industrial development parks program.

To further promote regional economic vitality, the subcommittee proposes new spending for regional industrial parks and increased funding for Regional Competitiveness Act programs.

The subcommittee realizes that the state's budget must reflect priorities beyond the missions of the agencies in economic development and natural resources. To that end, the spending plan recommended by the subcommittee is tempered by other committees' priorities, including funding for transportation, mental health and higher education.

The subcommittee's actions to reduce a portion of the proposed spending in SB 30 are targeted. The subcommittee's reductions reflect a general policy of phasing in new projects and refocusing the intent of initiatives.

NATURAL RESOURCES

For natural resources, the major issues facing the subcommittee are improving water quality, protecting the Commonwealth's open spaces, and preserving our state parks.

Concerning the Governor's proposal for cleaning state waters, the subcommittee elected to support the initiative with some modification.

The subcommittee recommends almost \$30.0 million to fulfill the objectives and requirements of the Water Quality Improvement Act. These moneys are from the general fund, interest earned by the Fund through January of this year, and other adjustments. The Water Quality Improvement Fund will not be used to support the on-going expenses of state agencies or to supplant general fund dollars.

However, the subcommittee recognizes the importance of most of the items designated for Water Quality Improvement Funds in the introduced Budget Bill. To that end, the Subcommittee recommends general fund dollars to match federal moneys for the James River Combined Sewer Overflow Projects, restore the proposed budget reductions in the Department of Conservation and Recreation, implement the poultry litter control program, and address the needs of the Soil and Water Conservation Districts.

Mr. Chairman, the subcommittee has long-recognized the importance of conserving open space. Equally as important, Mr. Chairman, should be our commitment to protect the livelihood of those Virginians who work the land and the state's waters.

To that end, the subcommittee proposes to further capitalize the Virginia Land Conservation Fund to promote the protection of farmland, open space, natural areas, and historic resources. The subcommittee also

proposes language to ensure that the people who work the land have a voice in how these moneys are spent.

Lastly, the subcommittee recommends new spending for the Division of State Parks to properly operate and maintain the capital improvements made to the park system through the 1992 General Obligation Bonds.

The subcommittee is pleased with the amendments we offer here today, and we are confident that the work of protecting our environment and of promoting economic opportunity and development will remain important goals in Virginia. We believe that our budget recommendations will help meet those objectives.

Respectfully submitted,

Walter A. Stosch, Chairman

Madison E. Marye

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Charles R. Hawkins

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Malfourd W. Trumbo

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Economic Development Amendments to SB 30

AGENCIES	General Fund Recommendations			NGF
	FY 2001	FY 2002	Biennium	Biennium
Secretary of Commerce & Trade				
SB 30, as introduced	618,051	619,268	1,237,319	0
Business Incentives Study	language			
Study on Web-based Info. Center	language			
<i>Total</i>	618,051	619,268	1,237,319	0
Housing & Community Dev.				
SB 30, as introduced	42,236,843	42,241,657	84,478,500	121,160,673
Regional Industrial Parks	2,400,000	0	2,400,000	0
PDC Support	200,000	200,000	400,000	0
Regional Competitiveness Act	618,000	618,000	1,236,000	0
<i>Total</i>	45,454,843	43,059,657	88,514,500	121,160,673
VA Economic Dev. Partnership				
SB 30, as introduced	21,940,031	21,946,229	43,886,260	0
Certified Community Advertising	(250,000)	(250,000)	(500,000)	0
SEUS/Japan Conference	(250,000)	0	(250,000)	0
Carrier Integration Center	0	(750,000)	(750,000)	0
Regional Printing Institute	55,350	55,350	110,700	0
Telecommunications	100,000	0	100,000	0
Community Dev. Certification	200,000	200,000	400,000	0
Southside VA Bus. & Educ. Comm.	100,000	0	100,000	0
Alleghany Shell Building	200,000	0	200,000	0
<i>Total</i>	22,095,381	21,201,579	43,296,960	0
Business Assistance				
SB 30, as introduced	19,551,302	19,582,299	39,133,601	5,935,374
VA-Israel Advisory Board	0	(20,000)	(20,000)	0
VA Business Information Center	(393,823)	(523,380)	(917,203)	0
Small Business Dev. Centers	260,000	0	260,000	0
<i>Total</i>	19,417,479	19,038,919	38,456,398	5,935,374
Minority Business Enterprise				
SB 30, as introduced	947,998	1,048,628	1,996,626	2,052,753
Capital Access Fund	(300,000)	(400,000)	(700,000)	0
Automate Info Clearinghouse	(200,000)	(250,000)	(450,000)	0
<i>Total</i>	447,998	398,628	846,626	2,052,753
Labor and Industry				
SB 30, as introduced	7,599,274	7,605,522	15,204,796	10,458,067

No amendments				
<i>Total</i>	7,599,274	7,605,522	15,204,796	10,458,067
Professional & Occupational Reg.				
SB 30, as introduced	0	0	0	20,965,238
No amendments				
<i>Total</i>	0	0	0	20,965,238
Agriculture & Consumer Services				
SB 30, as introduced	26,427,108	26,468,367	52,895,475	39,859,585
Operations/Commodity Surveys	100,000	100,000	200,000	0
<i>Total</i>	26,527,108	26,568,367	53,095,475	39,859,585
VA Agricultural Council				
SB 30, as introduced	0	0	0	680,668
No amendments				
<i>Total</i>	0	0	0	680,668
Milk Commission				
SB 30, as introduced	0	0	0	1,479,925
No amendments				
<i>Total</i>	0	0	0	1,479,925
Mines, Minerals & Energy				
SB 30, as introduced	13,375,815	16,085,654	29,461,469	30,457,022
Solar Photovoltaic Grants	(675,000)	(1,800,000)	(2,475,000)	0
<i>Total</i>	12,700,815	14,285,654	26,986,469	30,457,022
VA Employment Commission				
SB 30, as introduced	99,999	99,996	199,995	845,821,362
Education for Independence Pgm.	Language			
<i>Total</i>	99,999	99,996	199,995	845,821,362
Forestry				
SB 30, as introduced	14,275,979	14,283,059	28,559,038	18,665,577
Operations Support	410,000	840,000	1,250,000	0
<i>Total</i>	14,685,979	15,123,059	29,809,038	18,665,577
VA Racing Commission				
SB 30, as introduced	0	0	0	6,689,254
No amendments				
<i>Total</i>	0	0	0	6,689,254
VA Tourism Authority				
SB 30, as introduced	21,983,141	21,686,356	43,669,497	0
Tourism Advertising	(1,625,000)	(1,875,000)	(3,500,000)	0
Travel Guide for Disabled	50,000	0	50,000	0
Civil War Museum	0	(250,000)	(250,000)	0

<i>Total</i>	20,408,141	19,561,356	39,969,497	0
Central Appropriations				
Governor's Film Fund	0	(1,000,000)	(1,000,000)	0
Visitor Centers	(4,000,000)	0	(4,000,000)	0
Development Opportunity Fund	language			
<i>Total</i>	(4,000,000)	(1,000,000)	(5,000,000)	0
VCCS				
A.L. Philpott Manufacturing Cntr.	350,000	0	350,000	0
Technology Planning				
Technology Internship Program	0	(1,134,744)	(1,134,744)	0
CIT				
Technology Conference	(300,000)	0	(300,000)	0
Treasury Board				
Carrier Integration Center	292,466	2,080,560	2,373,026	
Commerce & Trade - Amends	999,527	(4,105,030)	(3,105,503)	0
Commerce & Trade - Grand Total	170,055,068	167,562,005	337,617,073	1,104,225,498

Economic Development
Amendments to SB 29

AGENCIES	General Fund Recommendations
	FY 2000
Central Appropriations	
Opportunity Funds for DBA	language
Carrier Integration Center	language
<i>Total</i>	0
Housing & Community Dev.	
Enterprise Zone Job Grants	(200,000)
Business Assistance	
Workforce Training Funds	(2,173,603)
CIT	
Venture Capital Fund	(500,000)

Natural Resources Amendments to SB 30

AGENCIES	General Fund Recommendations			NGF
	FY 2001	FY 2002	Biennium	Biennium
Secretary of Natural Resources				
SB 30, as introduced	544,673	545,505	1,090,178	0
<i>Total</i>	544,673	545,505	1,090,178	0
Environmental Quality				
SB 30, as introduced	61,272,563	40,936,251	102,208,814	161,390,797
WQIF Recalculation	(9,700,000)	0	(9,700,000)	0
Nontidal Wetlands (SB 648)	0	500,000	500,000	0
Groundwater Research	1,200,000	0	1,200,000	0
Elizabeth River Cleanup	86,000	66,000	152,000	0
Cooperative Source Grant language				
CEDS Automation	500,000	0	500,000	0
Poultry Litter Control	600,000	600,000	1,200,000	0
Fish Tissue (SB 179)	300,000	300,000	600,000	0
TMDLs	300,000	300,000	600,000	0
Bay Tributary Strategies	300,000	400,000	700,000	0
James River CSOs	7,600,000	0	7,600,000	0
Citizen Water Quality Monitoring	200,000	200,000	400,000	0
VA Wastewater Revolving Fund language				
<i>Total</i>	62,658,563	43,302,251	105,960,814	161,390,797
Chippokes Plantation				
SB 30, as introduced	0	0	0	158,000
Foundation Support/Development	300,000	300,000	600,000	0
<i>Total</i>	300,000	300,000	600,000	158,000
Historic Resources				
SB 30, as introduced	2,608,906	2,610,384	5,219,290	1,917,848
Operations Support	750,000	750,000	1,500,000	0
<i>Total</i>	3,358,906	3,360,384	6,719,290	1,917,848
Conservation and Recreation				
SB 30, as introduced	45,841,449	28,324,447	74,165,896	33,018,228
Soil & Water Districts Funding	1,000,000	1,000,000	2,000,000	0
WQIF Recalculation	(4,038,170)	0	(4,038,170)	0
Virginia Outdoors Foundation	230,000	230,000	460,000	0
State Parks Operations	1,000,000	1,000,000	2,000,000	0
BMP Engineering Services	200,000	0	200,000	0

WQIA Support	526,620	526,620	1,053,240	0
Rappahannock River Basin Comm.	60,000	0	60,000	0
TMDL Support	619,085	619,085	1,238,170	0
Conservation Reserve Program	91,255	91,255	182,510	0
Poultry Litter Control	400,000	400,000	800,000	0
Breaks Interstate Park	750,000	0	750,000	0
Norfolk Breakwaters	300,000	0	300,000	0
Norfolk's Pretty Lake	75,000	0	75,000	0
Land Conservation Foundation	6,200,000	6,200,000	12,400,000	0
Best Management Practices	2,000,000	0	2,000,000	0
Dam Maintenance & Rehabilitation	1,050,000	50,000	1,100,000	0
Horse Trail EIS	200,000	0	200,000	0
WQIA and Southern Tributaries	Language			
<i>Total</i>	56,505,239	38,441,407	94,946,646	33,018,228

Game and Inland Fisheries

SB 30, as introduced	0	0	0	76,913,360
No amendments				
<i>Total</i>	0	0	0	76,913,360

Marine Resources Commission

SB 30, as introduced	9,557,201	9,571,031	19,128,232	9,717,141
Operations Support	90,000	90,000	180,000	0
"Friend of the Chesapeake Bay"	0	0	0	(320,000)
<i>Total</i>	9,647,201	9,661,031	19,308,232	9,397,141

Chesapeake Bay Local Assistance

SB 30, as introduced	2,626,318	2,628,318	5,254,636	0
No amendments				
<i>Total</i>	2,626,318	2,628,318	5,254,636	0

Natural History Museum

SB 30, as introduced	2,290,351	2,291,608	4,581,959	761,053
No amendments				
<i>Total</i>	2,290,351	2,291,608	4,581,959	761,053

Capital Projects

DCR-Mason Neck State Park	800,000	0	800,000
DCR - Hungry Mother State Park	language		
VMNH - Museum Building	language		

Miscellaneous Provisions

Inspection/Maintenance Fees	1,500,000		1,500,000
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Natural Resources - Operating	13,189,790	13,622,960	26,812,750	(320,000)
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Natural Resources - Capital	800,000	0	800,000	
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27,612,750

**Natural Resources
Amendments to SB 29**

AGENCIES	General Fund Recommendations		NGF	
	FY 2000		FY 2000	
Environmental Quality				
TBT Research Project	(500,000)			
Chesapeake Bay License Tags				341,812
<i>Total</i>	(500,000)	0	0	341,812

Water Quality Improvement Fund Plan

Table Summary

Proposed Uses of the WQIF in SFC Plan		
(in millions)		
	<u>FY 2001</u>	<u>FY 2002</u>
<i>DEQ – Point Source Program</i>		
Construction Grants to Localities	\$16.85	\$0.0
<i>DCR – Nonpoint Source Program.</i>		
Grants to Localities and Others	\$8.40	\$0.0
Landowner Payments	\$4.60	\$0.0
<i>TOTAL WQIF SPENDING</i>	\$29.85	\$0.0
Proposed General Fund Amendments to Undo Overrides of WQIA		
(in millions)		
Total Maximum Daily Loads	\$0.3	\$0.3
Poultry Litter Control	\$0.6	\$0.6
James River CSOs	\$7.6	\$0.0
Fish Tissue Analyses	\$0.3	\$0.3
Bay Tributary Strategies	<u>\$0.3</u>	<u>\$0.4</u>
DEQ Totals	\$9.1	\$1.6
Total Maximum Daily Loads	0.6	0.6
Managing Water Quality Act	0.5	0.5

Conservation Reserve Program	0.1	0.1
Poultry Litter Control	0.4	0.4
BMPs Engineering Services	<u>0.2</u>	<u>0.0</u>
DCR Totals	\$1.8	\$1.6

Notes:

1. Table represents a recalculation of the amount deposited to the WQIF in the introduced budget bill.
2. Revised WQIF amounts include interest earned by the Fund through January 2000, explicit adjustments such as the removal of language allocating \$3.35 million for the Blue Plains Wastewater Treatment Facility, and an additional general fund deposit of \$2.0 million for nonpoint source control programs.
3. Dollar amounts in the shaded portion of the table are proposed general fund amendments to pay for the on-going activities of state agencies. In the introduced budget bill, these activities are funded through the WQIF.