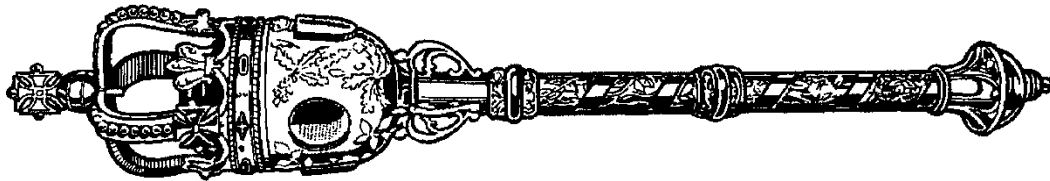


*Report of the  
House Appropriations  
Subcommittee*

*on*

*Commerce & Economic  
Development*



*House Bill 29  
&  
House Bill 30*

*February 20, 2000*

**Respectfully Submitted by the House Appropriations Subcommittee  
on Commerce & Economic Development:**

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**A. Victor Thomas, Chairman**

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**James H. Dillard, II**

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**Joe T. May**

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**Frank M. Ruff**

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**L. Preston Bryant, Jr.**

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**Whittington W. Clement**

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**Clarence E. Phillips**

# **REPORT OF THE SUBCOMMITTEE on COMMERCE/ECONOMIC DEVELOPMENT**

Mr. Chairmen and Members of the Committee:

For the last several weeks, the Subcommittee has been hard at work reviewing the Governor's spending proposals. We've talked to a lot of folks – including state agency staff, agriculture and timber industry representatives, and people who are out in the community promoting industrial development.

What we have talked about is balance – how to meet the Governor's priorities and the subcommittee's priorities by balancing dollars spent with return on investment. We believe the recommendations offered today will produce the greatest return on investment as measured by more employment and, we think, special emphasis should be placed on bringing greater economic prosperity to regions that are struggling with high unemployment.

The Subcommittee recommendations can be divided into three specific areas: Tourism Promotion; Business Assistance, to include Industrial Development and Worker Training; and, Agriculture and Forestry.

In the area of Tourism, the Governor recommended a new investment in core advertising activities for the promotion of Revolutionary and Civil War history, African-American Heritage, and upgrading our state Welcome Centers. The Subcommittee endorses the Governor's spending recommendations in this area, which total over \$6.3 million for the biennium. In addition, the Subcommittee recommends another \$3.3 million over the biennium to expand tourism opportunities throughout the state. Specifically, we recommend that \$1.0 million be made available for technology grants to the 42 state-certified local visitor centers. These grants will be used for the purchase of technology software, hardware, and Internet connections to provide direct links to the Virginia Tourism Corporation Web site. This use of technology will make every local visitor center a "state-wide" visitor center.

Further, we recommend \$1.0 million to allow the Tourism Corporation to partner with a film company for the filming, in Virginia, of up to two movies on the Civil War. Prior to receiving incentives, the film company must certify that a distribution and production agreement has been reached with a network, cable or theatrical distributor. Also, incentives would have to be directly tied to an in-kind promotional agreement between the film company and the Virginia Tourism Corporation, such that Virginia would receive substantial national exposure from the venture.

Beyond tourism promotion, we focused on three key economic development functions: Business Assistance, Industrial Development and Worker Training. Several weeks ago, this Committee passed HB 1268, which provides community economic development grants for infrastructure, related to industrial development. The Subcommittee recommends \$1.0 million in the second year to provide these grants.

In the area of industrial development, we are told over and over that a roadblock in rural Virginia is the lack of a “product” or useable site that can be marketed. Over the last several years, the General Assembly has invested in industrial parks through the Industrial Sites Fund to try and remedy this problem. The Subcommittee thanks the Governor for providing \$5.5 million each year to continue this important initiative. But we feel that it is necessary to go a little further, we recommend \$1.1 million the first year to continue development of three industrial parks in Southwest Virginia. It is obvious that a multi-year effort is required in this region to attract industrial prospects and bring new job opportunities to an area that has long suffered high unemployment.

Another area of the state that needs special attention is Southside. The Subcommittee recommends \$1.6 million over the biennium for a number of economic development initiatives for this region. We have to find a way to “retool” in both of these areas of the state.

Let me touch briefly on the subcommittee’s efforts in Agriculture and Forestry. For years, these programs have not received the attention they deserve. The role of agriculture and forestry in Virginia is profound. Not only does it provide jobs, but also it plays an integral role in maintaining our environment and our quality of life in rural Virginia.

We believe it is time to take action to support this industry and recommend over \$3.9 million in new funds for forestry operations. This money will provide 31 additional forester positions and support current mandates dealing with silvicultural water quality law enforcement, wildfire prevention and suppression and implementation of Virginia's Riparian Buffer Initiative.

Economic development has a lot of faces. It relates not only to industrial activities, but also to making our communities better places to live and work. In the area of community rehab, we applaud the Governor’s action to include \$1.0 million over the biennium to assist communities in acquiring, removing or repairing derelict structures which cause a blight upon the neighborhoods in which they are located. In fact, we recommend that the amount be increased by another \$1.0 million in the first year. The removal of derelict structures accomplishes two purposes -- it improves the appearance of our communities, and second, it reduces crime.

Finally, Mr. Chairman, in an effort to continue bringing Virginia’s communities together to work towards common goals in economic development, we recommend an additional \$520,000 for the Regional Competitiveness Fund in the next biennium. This amount, coupled with funds in HB 30, will bring the annual appropriations to over \$11.0 million. This level of funding ensures that the partnerships already approved will be level-funded and that no partnership will receive less than \$250,000.

Mr. Chairman, in addition to these spending recommendations, the Subcommittee reviewed the budget proposals made by the Governor and recommends funding adjustments totaling \$26.6 million. Approximately \$16.5 million of this amount was redirected to priorities in Commerce and Trade identified by the Subcommittee, with the remaining amount made available for Committee priorities in other areas. Staff will detail all of these adjustments on the attached spreadsheet.

In closing, let me thank the Co-Chairmen, Delegates Dickinson and Callahan, and members of the Subcommittee for their hard work and support during the Session. Mr. Chairmen, I respectfully request the Committee's approval of this Subcommittee report.

## Budget Amendment Recommendations Commerce/Economic Development

<u>Amendment</u>	2000 - 2002 BIENNIAL TOTAL		
	<u>General</u>	<u>Nongeneral</u>	<u>FTE</u>
	<u>Fund</u>	<u>Fund</u>	

<b>Dept. of Housing &amp; Community Dev.</b>			
Va. Water Project	400,000		
Derelict Structures Fund	1,000,000		
Planning District Commissions - GIS Grants	714,000		
Planning District Commissions - \$20,000 increase	840,000		
Industrial Parks - Southwest and New River Valley	1,100,000		
Regional Competitiveness Program - Increase Min.	519,210		
Coalfield WaterDevelopment Fund	25,000		
Emergency Home Repair	300,000		
Mainstreet Program	400,000		
Enterprise Zone Grants - 1st year Technical Adj.	(215,000)		
Resource Conservation and Development Councils	100,000		
<b>Department of Business Assistance</b>			
Small Business Development Centers	1,000,000		
Martinsville Incubator - Planning	50,000		
Business Assitance Call Center	(1,017,203)		-7.00
Development Business Assistance Interactive Web Site	150,000		
Remove Workforce Training - (\$2,173,603)	HB 29		
<b>Department of Minority Business Enterprise</b>			
Disadvantage Capital Access Fund	(700,000)		
Business Assitance Center	(500,000)		
<b>Virginia Economic Development Partnership</b>			
Southside Business and Education Commission	300,000		
Heavy Equipment Training Program - Ft. Pickett	400,000		
Regional Printing Institute	25,000		
Chase City Worker Training Facility	400,000		
Local Industrial Advertising Grant Program - 1st yr.	(500,000)		
<b>Virginia Tourism Authority</b>			
Virginia Coalfield Tourism Authority	150,000		
New River Valley Alliance Visitor Center	200,000		
Centerstate-29 Welcome Center	500,000		
Southwest Blue Ridge Highlands, Inc.	150,000		
Local Visitor Centers - Technology Grants	1,000,000		
Dismal Swamp Eco-Tourism Study/Development Plan	200,000		
Travel Guide for Disabled	75,000		
Civil War Movie partnership	1,000,000		
Motion Picture Fund	(2,000,000)		
Regional Visitor Centers	(6,000,000)		
Golf Promotion	(2,200,000)		
Civil War Muesum - second year funding	(250,000)		
<b>Department of Agriculture &amp; Consumer Ser.</b>			
Agriculture Vitality Program	150,000		1.00
Agriculture Education Specialists	400,000		2.00
Animal Control Officer Statewide Training	240,000		2.00
<b>Department of Forestry</b>			

**Budget Amendment Recommendations  
Commerce/Economic Development**

<u>Amendment</u>	2000 - 2002 BIENNIAL TOTAL		
	<u>General Fund</u>	<u>Nongeneral Fund</u>	<u>FTE</u>
Forestry Operating Support (HJR 730)	3,800,000		31.00
Urban Forester Program	200,000		
<b>Virginia Employment Commission</b>			
Economic Bridge	300,000		
Education for Independence Program		Language	
<b>Department of Mines Minerals and Energy</b>			
Reduce Solor Photovoltaic Grant	(2,475,000)		
Reduce Solor Photovoltaic Grant - (\$250,000)		HB 29	
<b>Economic Contingency Fund</b>			
Deal Closing Fund - Loan to City of Salem		Language	
Deal Closing Fund - Payment to Loudoun		Language	
Local Economic Development Grants - HB 1268	1,000,000		
Newport News Ship Center - (\$6.5 million)		HB 29	
Economic Contingency Fund	(2,000,000)		
<b>Subcommittee Spending</b>	<b>(768,993)</b>	<b>-</b>	<b>29.00</b>