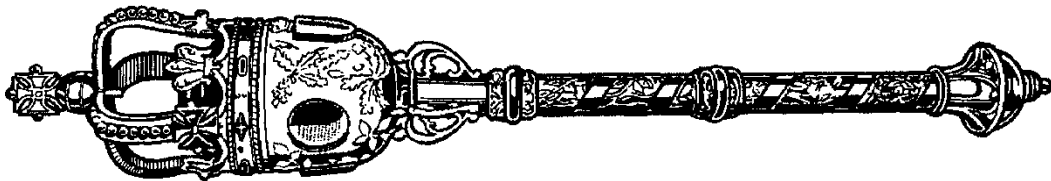


*Report of the
House Appropriations
Subcommittee*

on

*Commerce & Economic
Development*



House Bill 1600

February 4, 2001

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

A. Victor Thomas, Chairman

James H. Dillard, II

Joe T. May

L. Preston Bryant, Jr.

Allen W. Dudley

Whittington W. Clement

Clarence E. Phillips

REPORT OF THE SUBCOMMITTEE

on

COMMERCE/ECONOMIC DEVELOPMENT

Mr. Chairmen and Members of the Committee:

For the last three weeks, the Subcommittee has been hard at work considering the difficult spending and reduction proposals before us. 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.

This Committee and the General Assembly has made tremendous progress in addressing these issues over the past few General Assembly Sessions. For example, through the industrial site fund, we have helped more rural areas plan and develop the capital infrastructure necessary to be in a more competitive position to attract and retain business. You have also strongly supported the state's forestry operations, enabling us to address the critical needs in that area.

Clearly, the economic reality facing this budget required that the Subcommittee first take a somewhat retrospective and deliberative approach to the task that faced us. Quite simply, we had to ask, knowing what we now know regarding the budget and the pressures on it, would we begin new initiatives, expand initiatives, or continue potentially marginal programs? It was on this basis, that we proceeded with the task ahead of us.

In our deliberations we talked about the need to balance the important and competing needs facing our economic development, tourism, agriculture, and forestry efforts. As you know, economic development encompasses more than just attracting and growing businesses; it also involves making our Commonwealth a better place to live and work. The Subcommittee has recognized that not only are these issues applicable to the rapidly expanding high technology industry, but are also vital components of our State's farming and forestry industries.

Mr. Chairman, these two business sectors not only provide jobs, they also have an important, albeit often overlooked, role in our environmental and quality of life efforts. As a result, we believe the recommendations offered today by the Subcommittee will produce the greatest return on investment in the future.

Every program and request was diligently reviewed and evaluated by the Subcommittee. The Subcommittee recommendations can generally be grouped into

three broad areas: Business Assistance including Industrial Development and Worker Training; Agriculture and Forestry; and Tourism Promotion.

In the area of Industrial Development, the General Assembly has recently made major investments in local industrial parks through the Industrial Sites Fund. This Fund provides resources to remedy the lack of properly developed sites for businesses and industries in rural areas of our state. Reflective of this, the Subcommittee has proposed \$850,000 to restore some of the proposed reductions to the Industrial Site Fund. While not entirely restoring the proposed reductions, it will allow for the continued planning and development of more of these important facilities than otherwise would be possible. The Subcommittee recognizes that this amount will not address all of the critical needs in this area, but it is an area we will revisit again next year and every year thereafter until resources are matched with legitimate needs.

Regarding the need for Worker Training for businesses and employees outside the “golden crescent,” the Subcommittee recommends \$2.0 million in the second year to be targeted for manufacturing and industrial businesses in areas of high unemployment, high fiscal stress, and low income. This will help ensure that areas and businesses outside the state’s “golden crescent” have access to the worker training services necessary to equally compete in the current economy.

Mr. Chairman, let me touch briefly on the subcommittee’s efforts in Agriculture and Forestry. This Committee and the General Assembly has continually expressed its support of these vital industries. Last year you recognized the importance of these areas by providing additional funding to the Department of Forestry to support the provision of mandated services. Reflective of that support, the Subcommittee recommends restoring \$400,000 of the proposed reductions for the Department to ensure that the important work this agency carries out on a daily basis can continue to the benefit of all Virginians.

The Subcommittee’s deliberations also recognize the key role Agriculture has in Virginia. To ensure that the Virginia Department of Agriculture and Consumer Services is able to continue to provide all necessary services in the areas of Consumer Protection and Animal Industry Services, the Subcommittee is recommending adding \$1.0 million to partially restore proposed reductions. This appropriation will be directed at maintaining meat and poultry inspection services, dairy and food inspection services, and laboratory and veterinary services. These restorations should enable a high level of quality and the necessary services for the agriculture industry and our citizens in general to continue.

In the area of Tourism, the Subcommittee attempted to target those programs that provide the greatest benefits for the entire state and specific regions. For example, the “See Virginia First” advertising program, which targets Virginia tourist sites to all Virginia residents, has consistently returned at least two dollars in commercial benefits for every dollar invested. The Subcommittee recommends that the funding required to carry out this beneficial program be provided by the Cooperative Advertising Program. In addition, the Subcommittee recommends that the important development of the National Civil War Museum be continued.

Mr. Chairman, in addition to these spending recommendations, the Subcommittee reviewed the budget proposals made by the Governor and recommends funding adjustments totaling \$8.9 million. Approximately \$5.3 million of this amount was redirected to the 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		
	General <u>Fund</u>	Nongeneral <u>Fund</u>	<u>FTE</u>

Dept. of Housing & Community Dev.			
Industrial Site Development Program	850,000		
Planning District Commissions	105,000		
Southside Economic Development Commission	(218,000)		
Department of Business Assistance			
Workforce Training - Second Year Language	2,000,000		
Workforce Training - First Year	(4,500,000)		
Web-Based Information Funding	(101,000)		
Small Business Development Centers	145,000		
Economic Development Loan Fund	(1,000,000)		
Export Loan Fund	(315,000)		
Department of Minority Business Enterprise			
Web-Based Information Funding	(50,000)		
Virginia Economic Development Partnership			
Economic Development Grants	500,000		
Heavy Equipment Training Program - Ft. Pickett	200,000		
Report on Status of Center for Excellence Facility	Language		
Virginia Tourism Authority			
Civil War Museum Funding	(250,000)		
Civil War Museum Funding	Language		
See Virginia First Advertising Cooperative	Language		
See Virginia First Advertising Cooperative	Language		
Southwest Blue Ridge Highlands, Inc.	50,000		
Coalfield Regional Tourism Authority	50,000		
Wright Brother First Flight Centennial	Language		
Department of Agriculture & Consumer Ser.			
Restore Portion of 6% Reductions	900,000		
Animal Control Officer Statewide Training	100,000		
Department of Forestry			
Restore Portion of 6% Reductions	400,000		
Economic Contingency Fund			
GOF Motion Picture Fund	(1,000,000)		
Technology for Regional Welcome Centers	(1,500,000)		
Subcommittee Spending	(3,634,000)	-	-