

## Commerce and Trade

The Governor's recommended amendments for Commerce and Trade agencies result in a net reduction of \$35.7 million GF and \$2.7 million NGF for the biennium. About 111 FTE positions are eliminated.

Two general fund spending amendments for the Department of Labor and Industry total \$247,378 in order to respond to federal OSHA requirements and relocate the agency's Richmond regional office from Main Street Station.

Proposals to increase fees generate a combined \$1.5 million in the Department of Agriculture and Consumer Services and the Department of Mines, Minerals and Energy.

In addition to these amounts, \$1.5 million GF is in the Economic Contingency Account in Central Appropriations to pay indemnity to contract poultry growers and independent egg producers for losses associated with the avian influenza outbreak earlier this year.

Most of the reductions are tied to the Governor's October Plan -- \$25.2 million GF and \$4.6 million NGF. Another \$1.7 million of cuts derive from a series of amendments to capture anticipated savings from the Governor's Information Technology initiative. These savings total \$761,576 GF and \$900,338 NGF the second year.

In addition, the introduced budget contains a proposal to sell the state's portfolio of outstanding loans and other assets comprising the Virginia Housing Partnership Revolving Loan Fund to the Virginia Housing Development Authority. The one-time revenue item will garner \$40.8 million for the general fund in FY 2003.

- **Department of Agriculture and Consumer Services**
  - ***Meat and Poultry Inspections.*** Proposes to eliminate the state inspection program to save \$31,396 GF the first year and \$1.0 million the second year. The strategy assumes that the federal government will continue the inspection program. The department inspects some 33 plants under the Federal-State Cooperative Inspection Program, 99 custom-exempt and some 26 additional plants under state law.
  - ***Governor's October Reductions.*** Reduces spending in the first year by \$2.8 million and \$1.5 million the second year. Most of the

reduction strategies supplant general fund dollars with nongeneral fund revenues; reduce or eliminate operating support, travel, and equipment purchases; or reduce client services.

- ***Weights & Measure Inspection Fee.*** Proposes a \$10 fee beginning in FY 2004 on all businesses and governmental entities falling under Virginia’s weights and measures regulations for each device subject to inspection. The budget as introduced assumes a general fund savings of \$650,000 and a nongeneral fund increase equal to the reduction.
- ***Milk Commission.*** Includes \$755,801 NGF and 10.00 FTE positions the second year from the Milk Commission. The transfer of duties and appropriations is a recommendation of the Commission on Efficiency and Effectiveness. Budget language calls for legislation in the 2004 Session to make permanent this action.
- ***Coyote Control.*** Eliminates general fund support for the program saving \$84,900 the second year. The Governor’s October Reductions includes a cut of \$45,000 for the coyote damage control program.
- **Department of Business Assistance**
  - ***Industrial Training.*** Reduces general fund support for this activity by \$1.3 million each year, leaving \$7.7 million each year.
  - ***Small Business Development Program.*** Reduces general fund assistance for the state network of 30 small business assistance centers by \$422,000 the first year and by \$1.1 million NGF. In the second year, the proposal calls for reductions of \$600,223 GF and \$2.2 million NGF. The department will lay off four employees. Beginning in January, George Mason University will coordinate the program with the federal Small Business Administration.
- **Department of Housing and Community Development**
  - ***Homeless Programs.*** Reduces assistance for the Homeless Intervention Program and the Homeless Shelter Expansion Program by \$784,900 GF the first year and \$625,900 GF the second year.

- **Industrial Site Development Program.** Proposes to eliminate the \$1.7 million GF program in the second year. The program promotes economic activity in rural areas.
  - **Regional Workforce Services.** Eliminates funding for workforce grants to regional partnerships saving \$2.0 million GF each year.
  - **Commission on Local Government.** Includes \$398,399 GF and 3.00 FTE positions the second year from the Commission on Local Government. The transfer of duties and appropriations is a recommendation of the Commission on Efficiency and Effectiveness. The proposal saves \$183,774 and three positions. Budget language calls for legislation in the 2004 Session to make permanent this action.
  - **Virginia Housing Partnership Revolving Loan Fund.** Proposes to sell the Fund’s assets to the Virginia Housing Development Authority (VHDA) for \$40.8 million with the proceeds designated for transfer to the general fund. The estimated price is less than half of the portfolio’s book value, and is based on VHDA analysis. Budget language requires a third-party to review the underwriting of the portfolio. The fund assists low-income families by providing affordable mortgages for both single-family and multi-family housing.
  - **Governor’s October Reductions.** Reduces spending in the first year by \$1.0 million GF, and second year spending by \$712,466 GF and 4.00 FTE positions. Most of the savings are attributed to a reduction in grants to such programs as the Virginia Enterprise Initiative (\$550,000), Planning District Commissions (\$350,000), and the Indoor Plumbing and Rehabilitation Program (\$300,000).
- **Department of Forestry**
    - **Reforestation of Timberlands.** Eliminates the general fund support for the program in the second year to save \$490,000. Budget language overrides *Code* provisions setting the tax rates on forest products. State statutes require lower forest product taxes if the program’s general fund appropriations do not equal or exceed the preceding two-years revenue collections.
    - **Governor’s October Reductions.** Reduces spending in the first year by \$804,555 GF and by \$8,465 NGF. Proposes to reduce second year spending by \$1,416,640 GF and by \$173,759 NGF and 17.62

FTE positions. Most of the savings are in the areas of personnel, training, and lease/purchase of fire suppression equipment.

- **Virginia Economic Development Partnership**
  - **Marketing Missions and Industry Shows.** Reduces general fund support for marketing shows and events by \$235,860 each year. VEDP would not participate in 14 of the 70 planned business development shows and events and two of the 17 planned international trade shows and events.
  - **Staffing Level.** Reduces general fund support by \$307,398 the first year, and \$992,362 the second year, eliminating 5 vacant positions, laying off 7 professionals, 4 support positions, and 1 part-time classified position. None of the professional positions are project managers.
  - **Governor's October Reductions.** Reduces the general fund appropriation by \$692,518 the first year and \$681,388 the second year. The savings are based on reductions to program activities affecting marketing, communications, travel, and training.
  - **Virginia Advanced Shipbuilding and Carrier Integration Center (VASCIC).** Proposes to reduce the second year appropriation by \$2.5 million GF leaving \$2.5 million GF to support the Center's operations. The state provided \$58.0 million GF to construct the Center.
- **Department of Labor and Industry**
  - **Federal OSHA Standards.** Proposes \$114,908 GF and \$114,908 NGF and 5.00 FTE positions the second year to fully fund the state's mandated share of support for positions to monitor compliance with federal health and safety program benchmark standards.
  - **Richmond Regional Office.** Increases second year spending by \$132,470 GF and \$471,330 NGF to relocate the department's staff from the Main Street Station facility.
  - **Civil Penalties.** Proposes budget language to override the *Code* to permit the agency to retain up to \$107,000 in civil penalties assessed to enforce regulations. The moneys are to match federal grants for the voluntary compliance program.

- ***Governor’s October Reductions.*** Reduces the general fund by \$532,224 GF and \$18,868 NGF the first year and \$843,259 GF and \$21,357 NGF and 13.00 FTE positions in the second year. Most of the savings are related to turnover/vacancy, supplanting of general funds with federal dollars, and reductions in operating costs.
- **Virginia Tourism Authority**
  - ***Cooperative Advertising Program.*** Reduces the general fund appropriation by \$1.2 million the first year, and proposes to eliminate spending in the second year to save \$3.2 million. However, \$1.0 million of the second year savings is redirected to the Authority’s own core advertising program.
  - ***Tourism Marketing.*** Proposes to eliminate the authority’s tourism development division, which provides technical services to regions and localities for tourism attractions and events. General fund savings are \$49,800 the first year and \$485,842 the second year.
  - ***Special Allocations.*** Proposes to eliminate general fund support of \$250,000 the second year for the Tredegar National Civil War Center; \$200,000 the first year for the “See Virginia First” campaign operated by the Virginia Association of Broadcasters; and \$50,000 each year for America’s Aviation Adventure to promote the 2003 centennial of the Wright Brothers first flight. In addition, \$100,000 for the African-American Heritage Trails is deleted the first year and proposed for reduction in the second year.
  - ***Governor’s October Reductions.*** Reduces spending in the first year by \$158,311 GF and \$239,305 GF the second year. The savings are from reducing or eliminating contractual services; moving the Washington, D.C. office to a less-expensive Northern Virginia location; and eliminating the vacant director of marketing and promotion position.
- **Department of Mines, Minerals and Energy**
  - ***Solar Photovoltaic Manufacturing Incentive Grant Program.*** Reduces the program by \$647,364 GF the second year. Proposed budget language states the General Assembly’s intent to fulfill outstanding commitments made under the program. The Governor’s October Reductions calls for an additional reduction of \$405,000 GF the second year.

- **Permit and License Fees.** Includes \$835,859 NGF the second year for fee increases related to coal mining permits; gas and oil, and mineral mining permit, license, and board petition fees; and coal license and training fees. All of these increases are contingent upon the passage of legislation in the 2003 Session. A corresponding general fund reduction of \$835,859 is also proposed.
  
- **Governor's October Reductions.** Reduces spending in the first year by \$260,263 GF and \$765,582 GF and 7.00 FTE positions the second year. Most of the savings are tied to personnel actions and the supplanting of general fund dollars.