

## Commerce and Trade

The Governor's proposed 2004-2006 appropriation for Commerce and Trade includes \$235.8 million GF and \$1,462.7 million NGF. This is \$7.7 million GF and \$213.0 million NGF greater than the adjusted appropriation for current operations.

Some \$1.9 million GF is provided in the first year to honor state commitments made under the solar photovoltaic manufacturing incentive grant program. An additional \$6.7 million GF each year is provided in Central Appropriations to honor commitments made under the semiconductor manufacturing performance grant program. In addition, the Governor proposes general fund support for the Governor's Development Opportunity Fund of \$23.0 million for the biennium.

For economic development in Southside and Southwest Virginia, the Governor proposes \$2.0 million GF for special marketing efforts to promote distressed areas and \$500,000 for a Virginia Motorsports Initiative over the biennium.

To support economic opportunities for individuals and small businesses, biennial general fund support of \$630,705 and four positions are proposed to expand the number of minority-owned businesses participating in state procurement. Also, \$1.0 million GF is provided in 2004-2006 to respond to the latest round of military base closings, and \$415,660 GF and five positions are added in the biennium to increase by over 2,000 the number of apprentices participating in state-recognized programs. However, the most significant proposal for individuals is the \$157.7 million NGF item to increase VEC's Unemployment Insurance Program over the biennium.

In tourism, the proposed budget includes \$1.0 million GF each year to promote the 400<sup>th</sup> anniversary of the Jamestown founding and \$150,000 GF each year to promote outdoor recreation and eco-tourism.

Some of the general fund spending proposals are contingent upon passage of the Governor's tax proposal. These include the Jamestown marketing initiative and the economic development marketing initiative for distressed communities. The budget also includes several general fund reductions affecting small business research (\$300,000), forestry equipment (\$318,000), and the 21 planning district commissions (\$429,856).

- **Department of Agriculture and Consumer Services**
  - ***Agriculture Education Specialists.*** Eliminates funding and budget language designating \$75,000 GF each year to support agricultural education specialists. The “pass through” funding went to the Agricultural Education Program at Virginia Tech.
  - ***Fee Authorization.*** Continues budget language from the 2002 and 2003 Sessions authorizing a registration fee for the weights and measures program and an inspection fee for the food establishment inspection program. Some 13.60 FTE positions assigned to these regulatory programs will be supported by nongeneral funds.
  
- **Department of Business Assistance**
  - ***Small Business Research.*** Reduces funding by \$150,000 GF each year and eliminates two general fund positions for small business research.
  - ***Small Business Incubators.*** Curtails funding by \$75,000 GF each year for the statewide small business incubator program, leaving \$335,000 available annually for competitive grants.
  
- **Department of Forestry**
  - ***Equipment Replacement.*** Reduces general fund support for new equipment by \$159,000 each year leaving \$400,000 each year for equipment purchases.
  - ***Two-Way Radio System.*** Proposes \$123,599 GF the first year and \$244,359 GF the second year to replace the agency’s existing two-way radio system. Budget language conditions the spending upon the passage of the Governor’s tax proposal.
  
- **Department of Housing and Community Development**
  - ***State Fire Marshal’s Office.*** Provides \$166,000 GF and \$166,000 NGF the first year and \$160,500 GF and \$160,500 NGF the second year along with 2.50 general fund positions and 2.50 nongeneral fund positions. The initiative targets an estimated 600 high risk buildings (e.g., hospitals, private schools, private college dormitories, and nightclubs) not currently inspected, primarily in communities without local fire marshals. One-half of the costs are

to be recovered from a new fee charged to the buildings' owners, estimated to be \$250.

- ***Planning District Commissions.*** Reduces general fund support by \$214,928 each year. The proposed action is equivalent to a 10 percent reduction in the amount of state support for the 21 regional planning groups.
- **Department of Labor and Industry**
  - ***Apprenticeship Program.*** Proposes \$212,830 GF and \$212,830 NGF the first year and \$202,830 GF and \$202,830 NGF the second year along with four GF positions. The four field representatives will boost participation by 2,108 apprentices along with the 11,400 apprentices currently enrolled. In its 2002-2004 budget reduction plan, the agency trimmed the Apprenticeship Program by seven positions.
- **Department of Mines, Minerals and Energy**
  - ***Solar Photovoltaic Manufacturing Incentive Grants.*** Adds \$1.9 million GF the first year to complete the state's commitment to B.P. Solar under this incentive program.
- **Department of Minority Business Enterprise**
  - ***Minority Procurement.*** Proposes \$301,279 GF the first year and \$329,426 GF the second year and four GF positions to increase the number and value of procurement contracts offered by the Commonwealth to minority businesses. Each Procurement Advocate would counsel and provide procurement information to some 100 minority-owned businesses.
- **Virginia Economic Development Partnership**
  - ***Marketing Distressed Areas of Virginia.*** Proposes \$1.0 million GF each year to market distressed areas of the state. Budget language makes the spending contingent upon passage of the Governor's tax proposal.
  - ***Virginia Commission on Military Bases.*** Provides \$704,000 GF the first year and \$303,000 GF the second year for operating and staff support for the Governor's Commission and for establishing a strategic planning grant program in response to the federal 2005 Base Realignment and Closure Commission.

- **Motor Sports Recruitment.** Adds \$250,000 GF each year to attract motor sports-related businesses to Virginia. The spending proposal is part of the Governor’s Virginia Motorsports Initiative, which was announced in August of 2003.
  - **Virginia Commercial Space Flight Authority.** Continues past general fund support for the Authority at \$100,000 each year.
  - **Staff Reduction.** Eliminates one vacant administrative position saving \$102,000 GF each year. The agency’s Deputy Director assumed the duties of the human resources position.
  - **Shell Building Program.** Reduces general fund support for the activity by \$69,059 the first year and \$200,000 the second year leaving \$45,000 in FY 2006 for three demonstration projects. The projects would target resources on the preliminary work (i.e., design, utilities, construction schedule, permits, etc.) required before construction on a custom-design building can begin.
- **Virginia Employment Commission**
    - **Unemployment Benefits.** Increases nongeneral fund support by \$84.2 million the first year and by \$73.5 million the second year for unemployment insurance benefit payments. The proposed increase will be funded by additional revenue from the Unemployment Insurance Trust Fund.
    - **Information Technology.** Proposes additional nongeneral fund spending of \$17.9 million the first year and \$3.0 million the second year to replace outdated and unreliable equipment and to rewrite or modify several of the agency’s major application systems. Most of the effort will be directed towards redoing the Unemployment Insurance Benefits System to improve efficiency in processing claims, produce statistical reports, address legislative changes, and provide real-time information.
    - **Reed Act Allocations.** Provides \$4.5 million NGF each year to administer the Job Service and Unemployment Insurance Programs. Currently, these two programs are co-located in VEC’s statewide network of 40 full-service field offices. VEC intends to move the Unemployment Insurance Program from these field offices to Customer Contact Centers.

- **VEC Staffing.** Adds nongeneral fund support of \$2.5 million the first year and \$2.8 million the second year along with 67.50 positions to staff two Customer Contact Centers (36 FTEs), support Workforce Investment activities at designated one-stop centers (7 FTEs), provide special services for veterans (15.5 FTEs), resolve the backlog of Unemployment Insurance decisions (8 FTEs), and support information technology applications (1 FTE).
- **Virginia Racing Commission**
  - **Breeders Fund.** Increases the nongeneral fund appropriation by \$390,000 the first year and by \$520,000 the second year to provide financial support to owners and breeders of Virginia-bred racehorses.
  - **Promotion and Marketing Fund.** Includes \$250,000 NGF the first year and \$500,000 NGF the second year to promote and market the horse industry in Virginia. Budget language restricts the expenditure of funds for this purpose if revenue to be deposited to the general fund from pari-mutuel wagering falls below specific targets.
  - **Additional Race Days.** Proposes additional nongeneral fund appropriations of \$144,000 the first year and \$176,000 the second year for the agency’s operations. The number of race days will increase by 18 days in FY 2005 and by another 4 days in FY 2006.
- **Virginia Tourism Authority**
  - **Jamestown 2007 Commemoration.** Proposes \$1.0 million GF each year for advertising and marketing the statewide commemorative events of the 400<sup>th</sup> anniversary of the founding of Jamestown in 1607. Statewide events are being planned beginning in 2006 and continuing through 2007. Budget language makes the spending contingent upon passage of the Governor’s tax proposal.
  - **Outdoor Resources Tourism.** Adds \$150,000 each year from the general fund for a marketing program to leverage state money in partnership with other public and private funds. The program’s focus is outdoor recreation and eco-tourism.
  - **Special Projects.** Continues funding the Tredegar National Civil War Center at \$150,000 GF each year. Also, provides \$150,000 GF each year for the Virginia Foundation for the Humanities and

Public Policy to develop, promote and market the African-American and other ethnic-American heritage trails in the state. Funding for the “See Virginia First” campaign is eliminated.