

*Report of the  
House Appropriations  
Subcommittee*

*on*

*Commerce & Technology*



*House Bill 29  
&  
House Bill 30*

*February 22, 2004*

*February 22, 2004*

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

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**L. Preston Bryant, Jr., Chairman**

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**R. Steven Landes**

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**Joe T. May**

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**Clarence E. Phillips**

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**Beverly J. Sherwood**

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**James M. Scott**

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**Allen W. Dudley**

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**Watkins M. Abbitt, Jr.**

# **REPORT OF THE SUBCOMMITTEE**

## **on**

### **Commerce and Technology**

Mr. Chairman and Members of the Committee:

As we began our review of the funding proposed for Commerce and Trade agencies in the introduced budget, this Subcommittee was fully aware that expenditures within this area of government has been reduced by 35 percent since fiscal year 2001. We also recognized that if the Commonwealth is going to grow its economy, we must provide the tools necessary to those agencies charged with industrial recruitment and tourism development to carry out their promotional, marketing, and recruitment activities.

During this Session, the Subcommittee has examined the agencies and programs that are under our purview to systematically and efficiently allocate our scarce resources. We recognize that in these times of fiscal constraints, we must scrutinize all of our spending and make difficult decisions. At the same time, we sought to protect and, to the extent possible, nurture the activities that sustain our strong economic development and technology base.

Mr. Chairman, we appreciate your commitment to stem the reductions that have taken place over the last three years. The Subcommittee has worked within the framework provided, which was premised on creating no new ongoing commitments of the Commonwealth's revenues. With that obligation guiding our decisions, the Subcommittee was able to restore funds to some core activities that foster the Commonwealth's continued economic growth.

The Subcommittee's review concluded that the state's tourism industry is a key component of the state's economy. More-

over, this industry provides many wonderful opportunities for Virginia's own residents to enjoy the many cultural, historical, and scenic sites across the Commonwealth. The budget for the Secretariat of Commerce and Trade proposed by this subcommittee includes \$1.2 million in additional funding for tourism activities, an industry that contributes more than \$14 billion to Virginia's economy each year. Included in this appropriation is the restoration of funding for both the Tredegar Civil War Center and the Coalfields Tourism Authority. However, the vast majority of tourism increase is provided as flexible funding so that the Virginia Tourism Authority can promote attractions across the Commonwealth. Also included is a modest increase for the Jamestown 2007 efforts, reflecting increased revenue collections from the \$1.00 Jamestown fee collected through DMV registrations. The Jamestown-Yorktown Foundation will work with the Virginia Broadcasters Association to leverage available funding to expand even more its efforts to market to the world Virginia's 400<sup>th</sup> anniversary in 2007.

In the broader area of economic development, I am happy to report that the Subcommittee recommends restoring more than \$700,000 to the Virginia Economic Development Partnership to fund its core marketing initiatives and attract new businesses to the Commonwealth. The Subcommittee proposal also provides a first installment of grant payments due under the semiconductor performance grant programs, and includes \$11.5 million for these payments over the biennium. In addition, \$19 million over the biennium is provided for the Governor's Opportunity Fund, a modest increase over the current appropriation to ensure that funding is available to assist localities in closing deals with new and expanding businesses.

The Subcommittee recognizes that not all areas of the Commonwealth have shared equal levels of economic growth and is committed to helping our distressed areas more fully participate in the current economic expansion. With this in mind, the Subcommittee recommends providing \$500,000 each year to a job creation incentive program at the Department of Housing and Community

Development that is dedicated to attracting employment to our less prosperous localities. Other funds included in the Subcommittee budget geared toward fostering rural development include some \$425,000 for the Department of Business Assistance's capital access fund. These new capital access funds are generated from savings realized by merging the Department of Business Assistance and the Department of Minority Business Enterprise.

The Subcommittee also was able to reduce the weights and measures fee assessed on the Commonwealth's businesses while ensuring sufficient funding remains for the Department of Agriculture and Consumer Services to maintain its inspection programs that protect Virginia's consumers. The Subcommittee, working with the affected industries and the Department, proposes reducing the fee from \$9 to \$4.

To focus funding on core priorities, the Subcommittee has had to reduce some programs in the Commerce and Trade and Technology Secretariats. For example, the Subcommittee recommends that the Business Incubator program – which was initiated during a period of extraordinary revenue growth – be reduced in this budget.

Similarly, the Subcommittee does not recommend providing additional general funds to the Virginia Information Technologies Agency. While the Subcommittee supports efforts to consolidate the state's information technology assets, these activities, as reported on by JLARC and the Auditor of Public Accounts, should be funded through the Internal Service Fund rate charges approved by JLARC.

In closing, Mr. Chairman, while we have reduced certain programs, I am happy to report that the general fund appropriation for the Secretariat of Commerce and Trade is more than \$4.0 million greater than FY 2004 levels. This very fact should demonstrate our Subcommittee's commitment – indeed, our entire Appropriations Committee's commitment – to doing all that we can to grow Vir-

ginia's economy to the benefit of all its citizens and businesses. We all know that the more our economy expands, the less we will have to rely on higher taxes to meet our core services.

Mr. Chairmen and fellow Committee members, I will ask staff to take you through our detailed recommendations, and then I hope it will be your pleasure to adopt our Subcommittee Report.

## Budget Amendment Recommendations

<b><u>Amendment</u></b>	<b>House Bill 29 FY 2004</b>	<b>2004-06 BIENNIAL TOTAL</b>		
		<b>General Fund</b>	<b>Nongeneral Fund</b>	<b>FTE</b>

### COMMERCE & TECHNOLOGY

#### HB 29

#### Economic Contingency

PPEA for Business Modernization Efforts      Language

#### HB 30 (2004-06 Budget)

#### Transfers

VEC Balances      137,307

#### Secretary Of Commerce And Trade

Feasibility of Air Freight Center      Language      -      1.00  
 Secretary of Agriculture & Forestry      86,000      -

#### Department Of Agriculture And Consumer Services

Reduce Weights and Measures Fee      -      (445,960)  
 VA Tech Ag Educ Specialists      300,000      -      3.00  
 Elimination of Sweet Potato Bd.      Language      -  
 Virginia Wine Promotion Fund      Language      -

#### Department Of Business Assistance

Capital Access Program Funding      434,142      -  
 Consolidation of DBA and DMBE      223,326      2,131,848      13.50  
 Reduce Small Business Incubator Prog.      (500,000)      -

#### Department Of Housing And Community Development

Transfer Opp Fund to Distressed Areas Prog      1,000,000      -

#### Department Of Labor And Industry

Eliminate New Initiative -- DLI      (415,660)      -      (4.00)

#### Department Of Mines, Minerals And Energy

Solar Photovoltaic Program Funding      (1,877,758)      -

#### Department Of Minority Business Enterprise

Consolidation of DBA and DMBE      (667,468)      (2,131,848)      (20.00)  
 Eliminate New Initiative -- DMBE      (630,708)      -      (4.00)

#### Virginia Economic Development Partnership

Eliminate New Initiative -- VEDP/Marketing Distressed Areas      (2,000,000)      -  
 Eliminate New Initiative -- VEDP/Motor Sports      (500,000)      -  
 VEDP Core Marketing      714,000      -

#### Virginia Racing Commission

Virginia Racing Commission      Language      -

#### Virginia Tourism Authority

Tredegar Civil War Center      200,000      -  
 Coalfields Tourism Authority      Language      -  
 Historical Film Development Fund      Language      -  
 Tourism and Wineries Web Portal      Language      -

## Budget Amendment Recommendations

<u>Amendment</u>	<b>House Bill 29</b> <u>FY 2004</u>	2004-06 BIENNIAL TOTAL		
		<b>General</b> <u>Fund</u>	<b>Nongeneral</b> <u>Fund</u>	<b>FTE</b>
Eliminate New Init -- VTA Jamestown Marketing		(2,000,000)	-	
VTA Marketing		1,000,000	-	
Eliminate New Init -- VTA Outdoor Tourism		(300,000)	-	
African American Trails Program		(100,000)	-	
<b>Jamestown 2007</b>				
Cooperative Advertising Program		Language		
Adjust Revenue Distribution		Language		
Virginia History Encyclopedia		250,000		
<b>Department of Alcoholic Beverage Control</b>				
Reporting of Virginia Wine Sales		Language		
<b>Virginia Information Technologies Agency</b>				
Clarify Duties of Chairman		Language		
Permit ITIB Set Consolidation Dates		Language		
Remove GFs -- Use ISF Rate Charges		(7,785,000)		
<b>Central Appropriations</b>				
Virginia Horse Center Debt Service		-	-	
Transfer Opp Fund to Distressed Areas Prog		(1,000,000)	-	
Eliminate Funding Increase for GOF		(3,000,000)	-	
Defer Portion Semiconductor Grants		(2,000,000)	-	
APM Terminal Project		Language	-	
Forestry 2-Way Radio System		Language	-	
		=====	=====	=====
<b>Total: HB 30</b>		<b>(18,431,819)</b>	<b>(445,960)</b>	<b>(10.50)</b>



Commerce - Economic Development Subcommittee

Item 512 #3h

**Central Appropriations**

Central Appropriations

Language

**Language:**

Page 254, after line 35, insert:

"S.1. The Secretaries of Technology, Finance, and Administration are directed to expedite initial review of any conceptual proposals for enterprise-wide business modernization efforts submitted under the Public-Private Education Facilities and Infrastructure Act of 2002. A report on the initial review of any conceptual proposal shall be made to the Chairmen of the House Appropriations and Senate Finance committees within 15 days of any determination to reject any proposal or proceed to post notice of acceptance of an unsolicited conceptual proposal and invite competing proposals. Unless any proposal submitted prior to January 1, 2004, is found to be wholly infeasible, the responsible Secretary shall issue an invitation for competing proposals by June 1, 2004. Such review shall be undertaken in accordance with the guidelines adopted by the Secretary of Administration effective December 2002.

2. The Secretaries of Technology, Finance, and Administration shall identify and evaluate opportunities to expand public-private partnerships and present a joint report on the findings of such evaluation to the Chairmen of the House Appropriations and Senate Finance Committees by November 15, 2004."

**Explanation:**

(This amendment directs the Secretaries of Technology, Finance and Administration to expedite review of proposals to expand public-private partnerships for enterprise-wise business modernization efforts and report on opportunities to expand such activities by November 15, 2004.)

*Request for Amendment to House Bill 30 as Introduced*

Commerce - Economic Development Subcommittee

Item 95 #2h

**Commerce And Trade**

Secretary Of Commerce And Trade

Language

**Language:**

Page 68, after line 55, insert:

"C. The Secretary of Commerce and Trade, in conjunction with the Department of Aviation, shall examine the feasibility of developing an air freight center at the Virginia Highlands Airport in Abingdon, Virginia, or the Lonesome Pine Airport in Wise, Virginia. Such feasibility review shall identify infrastructure improvements that would be required at the respective airports, as well as adjacent improvements to house potential air freight businesses. The resulting report shall include an enumeration of all impediments to such development, a recommendation as to which airport would best serve as an air freight center, and a preliminary plan for the development of an air freight center. The Secretary shall submit his report and findings to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by November 15, 2004."

**Explanation:**

(This amendment directs the Secretary of Commerce and Trade, in conjunction with the Department of Aviation, to examine the feasibility of developing an air freight center at the Virginia Highlands or Lonesome Pine airport.)

Commerce - Economic Development Subcommittee

Item 97 #1h

**Commerce And Trade**

Department Of Agriculture And Consumer Services

**FY 04-05**

\$150,000  
3.00

**FY 05-06**

\$150,000 GF  
3.00 FTE

**Language:**

Page 69, line 14, strike "\$7,890,059" and insert "\$8,040,059".

Page 69, line 14, strike "\$7,890,335" and insert "\$8,040,335".

Page 69, line 22, before "All", insert "A."

Page 69, after line 23, insert:

"B. Out of the amounts in this item shall be transferred to the Agricultural Education Program in the College of Agriculture and Life Sciences at Virginia Polytechnic Institute and State University \$150,000 and three positions from the general fund in the first year and \$150,000 and three positions from the general fund in the second year to support agricultural educational specialists to be located in the eastern and western portions of Virginia."

*Request for Amendment to House Bill 30 as Introduced*

**Explanation:**

(This amendment restores funding for three positions to support agricultural education, as funded in fiscal year 2003. Funding for this activity was not included in House Bill 30. These positions will address the curricula assistance in Agricultural Education consistent with the provisions of House Bill 30.)

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Commerce - Economic Development Subcommittee

Item 99 #3h

**Commerce And Trade**

Department Of Agriculture And  
Consumer Services

Language

**Language:**

Page 70, line 43, strike "Winegrowers Advisory" and insert "Wine".  
Page 70, line 44, strike "Winegrower's Productivity Fund" and insert:  
"Virginia Wine Promotion Fund".

**Explanation:**

(This amendment redirects the existing appropriation for the Winegrowers Advisory Board to the Virginia Wine Board created pursuant to House Bill 1230. The shift to the Wine Board would allow the Board to engage in revenue generating activities, such as charging admission to wine tasting events and including paid advertising in the Board's annual Winery Festival and Tour Guide, activities not permitted under the existing Winegrowers Advisory Board.)

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Commerce - Economic Development Subcommittee

Item 134 #1h

**Commerce And Trade**

Virginia Tourism Authority

**FY 04-05**

\$100,000

**FY 05-06**

\$100,000 GF

**Language:**

Page 89, line 43, strike "\$11,369,914" and insert "\$11,469,914".  
Page 89, line 43, strike "\$11,370,098" and insert "\$11,470,098".  
Page 90, line 44, strike the first "\$150,000" and insert "\$250,000".  
Page 90, line 44, strike the second "\$150,000" and insert "\$250,000".

**Explanation:**

(This amendment restores the annual appropriation for the Tredegar Civil War Center to \$250,000 each year. The Tredegar Foundation has raised \$15 million privately and requires the additional funding to ensure continued operation as the remaining \$3.5 million in funding requirements is raised from private donations and the Center is constructed.)

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Commerce - Economic Development Subcommittee

Item 134 #3h

**Commerce And Trade**

Virginia Tourism Authority

Language

**Language:**

Page 91, after line 12, insert:

"J. Out of the amounts for Tourist Promotion shall be provided \$25,000 the first year and \$25,000 the second year from the general fund to support the activities of the Coalfield Regional Tourism Authority."

**Explanation:**

(This amendment restores \$25,000 each year to support the activities of the Coalfield Regional Tourism Authority.)

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Commerce - Economic Development Subcommittee

Item 134 #10h

**Commerce And Trade**

Virginia Tourism Authority

Language

**Language:**

Page 91, after line 12, insert:

"J. The Virginia Tourism Authority shall undertake an assessment of the feasibility of creating a film development fund dedicated to supporting films produced to showcase Virginia's history. The Virginia Tourism Authority shall report to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by November 15, 2004, on the appropriate structure and funding source of such a fund."

**Explanation:**

(This amendment directs the Virginia Tourism Authority to assess the feasibility of creating a fund devoted to supporting the production of films developed to showcase Virginia's history.)

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Commerce - Economic Development Subcommittee

Item 134 #13h

**Commerce And Trade**

Virginia Tourism Authority

Language

**Language:**

Page 91, after line 12, insert:

*Request for Amendment to House Bill 30 as Introduced*

"J. The Virginia Tourism Authority, in cooperation with the Virginia Wineries Association, the Virginia Wine Board and such other groups as necessary, shall enhance its "Virginia.org" tourism website to include comprehensive hyperlinked listings of wineries, "bed and breakfast" establishments, and historic attractions by geographic area of the Commonwealth. The web site shall include photographs of wineries and other attractions, which the Virginia Tourism Authority shall request from the respective Virginia wineries. Such hyperlinked directory shall be designed to assist potential travelers to the Commonwealth in the development of travel itineraries, and shall be organized such that the information is searchable by geographic vicinity. The Virginia Tourism Authority shall report on revisions made to its web site to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by November 15, 2004."

**Explanation:**

(This amendment directs the Virginia Tourism Corporation, in conjunction with the Virginia Wineries Association and the Virginia Wine Board, to develop a web site the contains links to bed and breakfasts, wineries and historical attractions in each region of the Commonwealth.)

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Commerce - Economic Development Subcommittee

Item 255 #2h

**Education: Other**

Jamestown 2007

Language

**Language:**

Page 190, line 21, after "below.", insert:

"Included in the appropriation for this item is \$200,000 the first year and \$200,000 the second year from the general fund to support the "See Virginia First" cooperative advertising program operated by the Virginia Association of Broadcasters. The Virginia Association of Broadcasters shall work with the Virginia Tourism Authority and the Jamestown-Yorktown Foundation to develop advertising designed to support statewide promotional activities associated with the commemoration of the 400th anniversary of the Jamestown Settlement in 2007."

**Explanation:**

(This amendment provides \$200,000 each year from the general fund to support the "See Virginia First" cooperative advertising program operated by the Virginia Association of Broadcasters as part of the statewide effort to promote activities associated with the celebration of Jamestown 2007.)

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Commerce - Economic Development Subcommittee

Item 255 #3h

**Education: Other**

Jamestown 2007

Language

**Language:**

Page 191, line 42, strike "\$3,000,000" and insert "\$3,500,000".

Page 191, line 51, strike "\$3,000,000" and insert "\$3,500,000".

Page 191, line 51, strike "\$5,000,000" and insert "\$5,500,000".

Page 192, line 2, strike "\$5,000,000" and insert "\$5,500,000".

**Explanation:**

(This amendment adjusts the distribution of funding generated by the existing \$1.00 Jamestown 2007 fee to ensure continued support for Jamestown 2007 and DMV and reflects an updated forecast of the revenues generated from this fee.)

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Commerce - Economic Development Subcommittee

Item 405 #1h

**Public Safety**

Department Of Alcoholic Beverage  
Control

Language

**Language:**

Page 314, after line 17, insert:

"D. By September 1 of each year, the Alcoholic Beverage Control Board shall report for the prior fiscal year the dollar amount of total wine liter tax collections in Virginia, the portion, expressed in dollars, of such tax collections attributable to the sale of Virginia wine in both ABC stores and in private stores, and the percentage of total wine liter tax collections attributable to the sale of Virginia wine. Such report shall be submitted to the Chairmen of the House Appropriations and Senate Finance Committees."

**Explanation:**

(This amendment directs the ABC Board to report tax collections attributable to the sale of Virginia wine to the money committees on an annual basis.)

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Commerce - Economic Development Subcommittee

Item 463 #2h

**Technology**

Virginia Information Technologies  
Agency

Language

**Language:**

Page 342, after line 56, insert:

*Request for Amendment to House Bill 30 as Introduced*

"D. The Board shall not delegate any duties or responsibilities to the Chairman other than to preside over meetings or act as the Board's spokesperson in public meetings. The Chairman shall have no powers or duties greater than those given to any other Board member. The Board shall use the Chief Information Officer to arrange Board and committee meetings and agendas and solicit the Chief Information Officer's advice on Information Technology Investment Board meeting topics and the frequency of meetings."

**Explanation:**

(This amendment clarifies that authority given to the Secretary of Technology during the period prior to the hiring of a Chief Information Officer now reverts to the Chief Information Officer as intended by the legislation approved by the 2003 General Assembly when it approved the creation of VITA.)

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Commerce - Economic Development Subcommittee

Item 463 #3h

**Technology**

Virginia Information Technologies  
Agency

Language

**Language:**

Page 342, after line 56, insert:

"D. The Information Technology Investment Board, in addition to the responsibilities as set forth in the 9th Enactment Clause of Chapter 981 of the Acts of Assembly of 2003, shall have the authority to postpone the implementation schedule of any state agency by a vote of the majority of members. The members may consider the following reasons for postponement: security and sensitivity of information, adverse economic effects on participants' benefits, unusual effects on the impacted agency's budget, or other matters that could adversely effect the Commonwealth's operations in the opinion of the Chief Information Officer."

**Explanation:**

(This amendment authorizes the Information Technology Investment Board to delay the consolidation of any agency into the Virginia Information Technologies Agency. This language clarifies that along with its authority to speed up implementation, the Board also has the authority to delay consolidation of specific agencies.)

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Commerce - Economic Development Subcommittee

Item 506 #8h

**Central Appropriations**

Central Appropriations

Language

**Language:**

Page 378, line 9, after "law.", insert:

"In accordance with Chapters 1019 and 1044 of the Acts of Assembly of 2000, the project list is amended to include state road improvements for the APM terminal to address costs beyond the funding capability of existing programs."

**Explanation:**

(This amendment amends the VTA project list to include the APM terminal to address need for expedited improvements to roadways as part of the Maersk project in Portsmouth.)

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Commerce - Economic Development Subcommittee

Item 3-1.01 #10h

**Transfers**

Interfund Transfers

Language

**Language:**

Page 435, line 41, strike "\$54,922" and insert, "\$109,845".

Page 435, line 41, strike "\$27,461" and insert, "\$109,845".

**Explanation:**

(This amendment sets the Part 3 transfer from VEC at the level proposed by the Governor if the tax package were not adopted.)