

## Commerce and Trade

The 2004-06 appropriation, as adopted, for the Commerce and Trade Secretariat includes \$234.3 million GF and \$1,462.7 million NGF. This total is \$5.1 million GF and \$213.0 million NGF greater than the adjusted appropriation for current operations.

Included in the spending for this secretariat is some \$1.9 million GF the first year in Central Appropriations for 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, general fund support for the Governor's Development Opportunity Fund totals \$21.0 million GF for the biennium.

For economic development in Southside and Southwest Virginia, the budget includes \$1.0 million GF for special marketing efforts to promote distressed areas and \$1.0 million GF for a job creation performance grant program. In addition, another \$1.0 million GF is provided to support local economies potentially affected by the latest round of military base closings.

In tourism, the budget includes \$1.5 million GF for the biennium to promote the 400<sup>th</sup> anniversary of the founding of Jamestown, \$150,000 to partner with other organizations to market eco-tourism, and \$100,000 GF each year to promote the "See Virginia First" marketing campaign.

The budget also includes language requiring the Departments of Agriculture and Consumer Services and Housing and Community Development, along with the Virginia Tourism Authority, to develop performance and accountability goals and measures.

- **Secretary of Agriculture and Forestry**
  - *Establishment of Secretariat.* Provides \$150,000 GF in FY 2006 and 1.00 full-time position to implement legislation enacted by the 2004 Session creating the Agriculture and Forestry secretariat. Budget language directs the Governor to transfer in FY 2006 one position from the Office of the Secretary of Commerce and Trade and one position from the Department of Agriculture and Consumer Services to staff the new Secretary's office.

- **Department of Agriculture and Consumer Services**
  - *Agriculture Education Specialists.* Provides funding and budget language designating \$150,000 GF each year to support three agricultural education specialists. The “pass through” funding goes to the Agricultural Education Program at Virginia Tech.
  - *Fee Authorization.* Revises budget language from the 2003 Session authorizing a registration fee for the weights and measures program. The new language reduces the fee to \$4.00, exempts entities from paying the fee if they are subject to a local inspection fee, and requires the Commissioner to develop a long-term funding plan for the program. In addition, the amendment provides \$25,000 GF each year to help the agency develop and implement the plan.
  - *Products Promotion.* Provides \$100,000 GF in FY 2005 for the Virginia Grown, Virginia’s Finest, and Savor Virginia programs as well as the “Meet Your Customers” missions promoting Virginia’s agriculture and forestry products.
  - *Performance and Accountability.* Directs the agency through budget language to develop performance goals and strategies to measure the agency’s impact in core areas such as marketing, food safety, and inspection services. This information is to be submitted for review during the 2005 Session.
  
- **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.* Eliminates general fund support for the program, saving \$410,000 each year.
  - *Virginia Capital Access Program.* Includes \$300,000 GF the first year to boost private financing for small businesses. Loan loss reserve accounts are set up at participating banks to cover possible losses on loans. The reserve is funded by premiums paid by the borrower, which is usually between three and seven percent and matched by the agency.

- **Department of Forestry**
  - *Equipment Replacement.* Restores \$159,000 GF each year for equipment purchases. The budget, as introduced, had proposed decreasing support for new equipment.
  - *Two-Way Radio System.* Approves \$123,599 GF the first year and \$244,359 GF the second year to replace the agency's existing two-way radio system.
  - *Reforestation Incentives.* Includes \$125,000 GF the first year and \$250,000 GF the second year to partially match the tax paid by the forest industry for reforestation efforts. The industry will raise an estimated \$1.1 million each year from the special tax.
  
- **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. Chapter 787 (HB 451) of the 2004 Acts of Assembly authorizes the agency to charge and recover a fee for the inspection services.
  - *Planning District Commissions.* Reduces general fund support by \$214,928 each year. The action is equivalent to a 10 percent reduction in the amount of state support for the 21 regional planning groups.
  - *Creating Jobs in Economically Distressed Localities.* Includes \$1.0 million GF in FY 2006 for a grant program to attract new and expanding businesses to localities with persistent high-unemployment. Eligible companies can receive performance grants up to a maximum of \$37,500 per business for creating five full-time qualified jobs.
  - *Center for Rural Virginia.* Provides \$50,000 GF the first year and \$100,000 GF the second year to implement legislation (Chapters 938 and 964, 2004 Acts of Assembly) creating the Center for Rural

Virginia. Budget language requires periodic reporting on the Center's needs and accomplishments.

- *Performance and Accountability.* Sets out a series of goals in the 2004-06 biennium to promote greater performance and accountability in the agency's core programs including economic and community development, housing assistance, and homelessness.
- **Department of Labor and Industry**
  - *Apprenticeship Program.* Provides \$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 be responsible for increasing participation in the apprenticeship program from the present level of 11,400 apprentices to 13,500 apprentices.
- **Department of Mines, Minerals and Energy**
  - *Solar Photovoltaic Manufacturing Incentive Grants.* Transfers \$1.9 million GF the first year to the Governor's Development Opportunity Fund. Budget language in the Central Appropriations portion of the budget requires the Secretary of Commerce and Trade and the Auditor of Public Accounts to certify that the applicant has complied with statutory requirements to qualify for the payment.
- **Department of Minority Business Enterprise**
  - *Minority Procurement.* Provides \$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.
- **Virginia Economic Development Partnership**
  - *Marketing Distressed Areas of Virginia.* Provides \$500,000 GF each year to market distressed areas of the state.
  - *Virginia Commission on Military Bases.* Provides \$704,000 GF the first year and \$303,000 GF the second year to support the operating and staff expenses of the Governor's Commission and to establish a strategic planning grant program in response to the federal 2005 Base Realignment and Closure Commission (BRAC).

- *Virginia Commercial Space Flight Authority.* Continues past general fund support for the Authority at \$100,000 each year.
- *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. These projects would target resources on preliminary work (i.e., design, utilities, development of a construction schedule, and securing permits) 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 increase will be funded by additional revenue from the Unemployment Insurance Trust Fund.
  - *Information Technology.* Provides 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, producing statistical reports, addressing legislative changes, and providing 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 FTE), support Workforce Investment activities at designated one-stop centers (7 FTE), provide special services for veterans (15.5 FTE), resolve the backlog of Unemployment Insurance decisions (8 FTE), 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.
  - *Horse Industry Board and Horse Center.* Includes budget language authorizing up to \$40,000 each year for each of these organizations. Net proceeds from pari-mutuel betting is the funding source. State statute (§ 59.1-392, Code of Virginia) designates a portion of betting dollars to the three groups.
  - *State Racing Operations Fund.* Transfers (in Part 3 of the budget) \$90,000 the first year and \$240,000 the second year to the general fund from the State Racing Operations Fund.
  - *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 revenues collected by the general fund from pari-mutuel wagering fall below specific targets.
- **Virginia Tourism Authority**
    - *Jamestown 2007 Commemoration.* Provides \$1.0 million GF the first year and \$500,000 GF the second year for advertising and marketing the statewide events commemorating the 400<sup>th</sup> anniversary of the founding of Jamestown in 1607. Statewide events are being planned that will begin in 2006 and continue through 2007.
    - *Outdoor Resources Tourism.* Adds \$150,000 GF the first year 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.
    - *Motor Sports Initiative.* Includes \$250,000 GF each year for a motor sports initiative. The goal is to identify and recruit research and design facilities, engine fabricators, specialized machine shops, racing controls and instrumentation makers, race car teams, and other businesses that support and supply the auto racing industry. The appropriations will be transferred to the Virginia Economic Development Partnership for spending.

- *“See Virginia First”*. Provides \$100,000 GF each year to support the portion of the program managed by the Virginia Association of Broadcasters. Separate budget language designates \$75,000 each year for the portion of the program managed by the Outdoor Advertising Association of Virginia. This program is designed to encourage Virginians to visit in-state recreational and cultural attractions.
- *Performance and Accountability*. Directs the Virginia Tourism Authority to develop performance goals and strategies for the agency’s core services – marketing and promotions, industry relations, and film and television productions.
- *Tredegar Civil War Center*. Provides \$225,000 GF each year for the Center.
- *Special Projects*. Through a series of amendments, provides \$100,000 GF each year for the Virginia Foundation for the Humanities and Public Policy to develop, promote, and market the African-American Heritage Trail; designates \$25,000 each year to support the activities of the Coalfield Regional Tourism Authority; and directs the Authority to work with other interested parties to develop a web site that links bed and breakfasts, wineries, and historical attractions in each region of the Commonwealth.