

Commerce and Trade

The Governor's recommended amendments for Commerce and Trade agencies result in a net increase of \$23.0 million GF and \$1.9 million NGF for the biennium. This represents a 9.8 percent general fund increase and a negligible change in total nongeneral funds.

The majority of the proposed amendments support the Governor's economic development initiative, "Virginia Works." A total of \$18.9 million from the general fund is provided for a series of new initiatives intended to encourage economic expansion in the distressed rural areas of the Commonwealth. The largest components of the program include: \$5.0 million to support Virginia's artisan and crafts industries, \$4.0 million of which will be used to construct two artisan centers; \$4.0 million for grants to regional workforce training consortia; \$4.0 million to the Department of Environmental Quality for the Brownfields program and industrial site redevelopment; \$3.0 million to support expansion of the "Rails to Trails" program at the Department of Conservation and Recreation; \$1.4 million to support small manufacturing and specialty agriculture development; \$0.8 million to support tourism efforts, including new trails programs and support for local tourism efforts; and, \$0.7 million to finance the establishment of a community development bank and access federal new market tax credits.

Spending proposals at the Department of Business Assistance include an additional \$500,000 GF in the second year for the department's Workforce Services grants; \$150,000 GF in the second year to continue the Small Business Incubator Program; and \$148,700 GF to provide second year support for the Virginia-Israel Advisory Board.

At the Department of Housing and Community Development, \$1.5 million GF is provided for housing assistance for the disabled in the second year, implementing a recommendation of the Olmstead Advisory Committee. About \$700,000 GF is proposed in the second year to replace computer hardware and fund broadband access at the Department of Forestry's regional offices.

In addition to the items funded within agencies of the Secretariat, a number of economic development expenditures are included in Central Appropriations. These include a proposed \$2.0 million GF increase in the first year for the Governor's Development Opportunity Fund, bringing total funding for FY 2005 to \$15.9 million. Also, a language change in economic contingency increases from \$2.0 million to \$5.0 million the amount that the Governor is authorized to utilize from the unappropriated GF balance to support new business prospects. Finally, \$2.0 million GF is proposed in the second year for

Virginia Commonwealth University's School of Engineering for programs in support of the expansion by Infineon Technologies, Inc.

- **Secretary of Commerce and Trade**
 - *Fund Budget Operating Expenses.* Provides \$110,418 GF the first year and \$248,440 GF the second year to accurately reflect the operating budget of the Office of the Secretary of Commerce and Trade. This amendment reflects recent findings by the Auditor of Public Accounts and is one of several affecting the Office of the Governor and the Cabinet Secretaries.

- **Department of Agriculture and Consumer Services**
 - *Fund Relocation of Central Office Staff.* Provides \$209,350 GF the second year to cover unfunded costs associated with moving VDACS central office staff to a new location due to the renovation of the Washington Building.
 - *Fund New Veterinary Pathologist Position.* Includes \$126,785 GF and one position in the second year to establish a board-certified veterinary pathologist position.
 - *Increase Funding for Coyote Control Program.* Provides \$70,000 GF in the second year for the coyote control program to match federal grants for this program.

- **Department of Business Assistance**
 - *Expand Workforce Services Program.* Proposes an additional \$500,000 GF in the second year for DBA's workforce services grant program, bringing total funding for the program to \$8.2 million in FY 2006.
 - *Small Business Incubator Program.* Proposes \$150,000 GF in the second year to continue state support for the Small Business Incubator program through competitive grants. In the past, the state provided operating support for the incubators for up to three years after they opened.
 - *Virginia-Israel Advisory Board.* Recommends \$148,700 in the second year to continue general fund support for the Virginia-Israel Advisory Board. Chapter 4, 2004 Acts of Assembly eliminated support for the Board in FY 2006.

- **Department of Forestry**
 - ***Dry Hydrant Program.*** Transfers \$100,000 NGF for Forestry’s dry hydrant program from the Department of Fire Programs in the second year.
 - ***Information Technology Purchases.*** Provides \$717,125 GF in the second year to replace computer systems at Forestry’s regional offices, to purchase broadband internet equipment, and to fund access to broadband services.

- **Department of Housing and Community Development**
 - ***Virginia Works Initiative.*** The Governor has announced a \$20.9 million initiative to improve economic development in the rural and distressed regions of the Commonwealth called “Virginia Works.” His proposed amendments to the budget include \$18.9 million GF in the Secretariat of Commerce and Trade to support programs administered both within and outside the Secretariat. The major components of the initiative are detailed below.
 - **Regional Workforce Training Grants.** Recommends \$4.0 million GF in the second year to support grants to two regional consortia comprised of the business community, local community colleges and economic development agencies. These funds would be used to develop regional workforce training plans to support existing industries.
 - **Trails Programs and Other Tourism Initiatives.** Proposes \$3.0 million to invest in a new 350 mile “rails to trails” network across Southside Virginia. Initial appropriation would fund 38 miles from the Halifax County line to Lawrenceville. Funding would be transferred to the Department of Conservation and Recreation. Also proposes appropriations of \$375,000 GF to the Virginia Tourism Authority for other trails programs, and \$397,550 to provide tourism technical assistance to local communities.
 - **Artisan Industry Development and Support.** Recommends a total of \$4.9 million GF to promote hand-made Virginia arts and crafts. The largest portion of the funding, \$4.0 million GF in the second year, would be used to establish two retail centers for the sale of local arts and crafts -- one near Staunton (\$1.0 million) and the other in Southwest

Virginia (\$3.0 million). Funding also would be provided to establish a marketing support network for artisans (\$195,000); establish community college programs for artisans (\$200,000); create a summer regional Governor's School in Carroll County with emphasis on regional crafts (\$75,000); establish a Virginia Artisan Trail (\$147,450); and develop an artisan production facility (\$250,000).

- **Support for Manufacturing and Specialty Agriculture Activities.** Provides just over \$1.0 million GF to support advanced manufacturing development across the Commonwealth, including funding for a program at Dabney S. Lancaster Community College (\$379,000); Virginia Tech (\$100,000); and a new program at the Philpott Manufacturing Extension Partnership (\$394,000) as well as expansion of the Virginia Economic Development Partnership's export assistance program to assist small manufacturers (\$215,000).
 - **Community Development Bank.** Recommends \$100,000 GF in the first year and \$500,000 GF in the second year to support the planning and start-up costs of a newly-created financial institution to provide capital to new and existing businesses unable to access traditional loans. To ensure it does not compete with private-sector banks, loan rates would be set at levels ½ to 1 percent higher than commercial rates. Language included in this item would authorize the transfer of an estimated \$15.0 million from existing funds (e.g. residuals from sale of the DHCD housing loan fund to VHDA and Virginia Small Business Partnership Funds) to capitalize the proposed community development bank.
 - **Brownfields and Industrial Site Redevelopment.** Proposes \$4.0 million GF in the second year to enhance funding for the Department of Environmental Quality's Brownfields program to support community grants. Language requires that \$2.0 million of this amount be reserved for the demolition and redevelopment of abandoned industrial properties. It is anticipated that this level of funding would support redevelopment of 2-3 abandoned industrial sites.
- *Housing Assistance for Disabled.* Provides \$1.5 million GF in the second year to provide housing supplements for people with

disabilities. Funding for this program will implement a recommendation of the Olmstead Advisory Committee.

- *Convert Positions from Wage to Full-Time.* Provides \$90,000 GF in the second year to cover the costs of converting four positions from wage to full-time classified status.
- **Department of Labor and Industry**
 - *Health and Safety Inspection Program.* Proposes \$132,717 GF in the second year to provide additional state matching funds for occupational safety and health program inspectors. This will provide for receipt of a like amount of federal funds (\$132,717 NGF), allowing the agency will be able to fill five currently unfunded positions.
- **Department of Professional and Occupational Regulation**
 - *Adjust NGF Appropriation.* Provides an additional \$1.2 million NGF in the second year to reflect additional revenues collected by the department.
 - *Authorize Additional Positions.* Provides \$434,224 NGF and seven positions in the second year to address expanded workload. Also includes \$55,920 NGF and one position to administer the contractor training program.
- **Virginia Employment Commission**
 - *College Grant Program.* Recommends \$50,000 GF in the first year for the Advantage Virginia Incentive Program which provides scholarships of up to \$6,000 each to students in college programs designed to train them for fields with high employment demand.
 - *Career Readiness Certificate Program Marketing.* Proposes an appropriation of \$100,000 GF in the second year to help market the VEC's Career Readiness Certificate Program, a community college certification program.
 - *VITA Position Transfer.* Reduces the authorized employment level for the Virginia Employment Commission by 26 NGF positions to reflect the transfer of these personnel to the Virginia Information Technologies Agency.