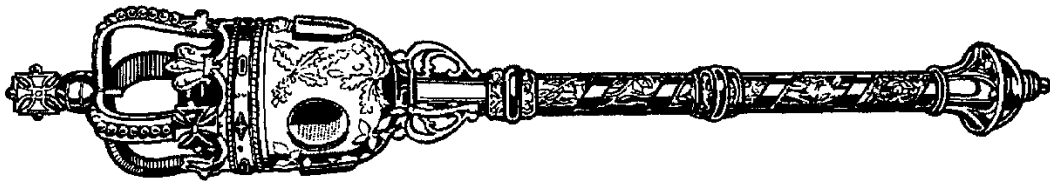


*Report of the
House Appropriations
Subcommittee*

on

*Commerce, Agriculture &
Technology*



House Bill 1500

February 6, 2005

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

Riley E. Ingram, Chairman

Clarke N. Hogan

Beverly J. Sherwood

Clarence E. Phillips

Allen W. Dudley

James M. Scott

R. Steven Landes

Watkins M. Abbitt, Jr.

REPORT OF THE SUBCOMMITTEE

on

Commerce, Agriculture 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 recognized that prior to starting new initiatives, we have a responsibility to examine programs that have a demonstrated track record of spurring economic growth and supporting existing industries. Although substantial new programs were proposed in the introduced budget, we quickly determined that our first priority had to be ensuring that the Commonwealth's core agency programs are adequately staffed and funded rather than directing funding to programs where no record of success has been measured.

In our deliberations we talked about the need to balance the important and competing needs facing our economic development, tourism, agriculture, forestry and technology efforts. As you know, economic development encompasses more than just attracting and growing businesses; it also involves making our Commonwealth a better place to live and work.

The subcommittee agreed to look at initiatives even outside of the Secretariats under its purview, and working with the Higher Education and Natural Resources Subcommittees agreed to provide funding to support programs in those areas. In particular, \$2.0 million was provided for agricultural extension agents through Virginia Tech, and \$2.0 million in additional operating support for our state parks.

The Subcommittee recommendations can be grouped into three broad areas: agriculture and forestry, tourism promotion, and business and community development.

Mr. Chairman, let me touch briefly on the Subcommittee's efforts in Agriculture and Forestry. For years, these programs have not received the attention they deserve. The role of agriculture and forestry in Virginia is profound. Not only do these industries provide jobs, they also play an integral role in maintaining our environment and our quality of life in rural Virginia.

We believe it is time to reaffirm our support of these industries and recommend a number of restorations for programs in these areas. With modest increases totaling \$2.7 million, we will be able to revitalize a number of programs, including the public-private reforestation program, the VDACS weights and measures program, the coyote control program, and the dam safety program. In addition, the subcommittee recommends providing funding for soybean rust detection, high value crops initiatives, the Virginia Horse Center, and the Sloan Forestry Center at Virginia Tech.

Second, the Subcommittee's review concluded that the state's tourism industry is a key component of the state's economy, on which we must place renewed focus. This industry provides many wonderful opportunities for Virginia's own residents to enjoy the many cultural, historical, and scenic sites across the Commonwealth and contributes more than \$15 billion to Virginia's economy each year. The budget for the Virginia Tourism Corporation proposed by this subcommittee includes \$4.1 million in additional funding, including the restoration of \$2.0 million in core tourism promotion funding for the Tourism Corporation. This will allow them to focus efforts on some of the growing segments of Virginia's tourism market, including history and wine-themed tours, as well as to effectively market the 2007 commemoration.

In the area of tourism we also recommend \$750,000 for grants to partner with local and regional tourism authorities, \$1.0 million to allow the Tourism Corporation to attract films focused on Virginia's history, and funding for both the "See Virginia Parks" and "See Virginia First" cooperative advertising programs.

The Subcommittee's third area of focus was community and business development. We continue to recognize that not all areas of the Commonwealth have shared equal levels of economic growth. As a result, we are committed to helping our distressed areas more fully participate in the current economic expansion. With this in mind, the Subcommittee recommends providing an additional \$3.0 million for business and community development activities that focus on distressed rural areas.

This is one area in which funding is directed to support both existing and new programs. In the area of restorations, over \$700,000 is provided to guarantee each planning district commission a minimum appropriation of at least \$100,000. In many rural communities, the planning districts are the "one-stop shop" for technical assistance and community and economic development. Also provided is an additional \$500,000 the second year for 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 and distressed areas development include \$500,000 in funding for creation of a community development bank. This exciting new initiative should ensure adequate access to sorely needed capital for small businesses and community development projects.

In closing, I would like to thank Chairman Callahan and the members of the Subcommittee for their hard work and support during the Session in putting the Subcommittee budget together. Committee staff will review the report and the attached listing of our recommendations at this time, and I hope it will be your pleasure to adopt our Subcommittee Report.

House Economic Development Initiative

	FY 2005	FY 2006	Biennial
Tourism			
VTA Tourism Promotion		2,000,000	2,000,000
Hampton Roads Initiative -- On the WaterFront		250,000	250,000
"See Virginia First" Cooperative Program		150,000	150,000
"See Virginia Parks" Cooperative Program		100,000	100,000
Regional Tourism Grants		500,000	500,000
History Film Incentive Funding		1,000,000	1,000,000
Travel Guide for Persons with Disabilities		100,000	100,000
Subtotal:		4,100,000	4,100,000
Agriculture and Forestry			
SWCD: Dam Safety		358,000	358,000
GF Support for Weights and Measures Program		500,000	500,000
VDACS: High Value Crops		300,000	300,000
Reforestation Fund		600,000	600,000
Sloan Forestry Center		100,000	100,000
Coyote Damage Control	50,000	50,000	100,000
Soybean Rust	50,000		50,000
Virginia Horse Center		720,349	720,349
Subtotal:	100,000	2,628,349	2,728,349
Economic and Community Development			
Dabney Lancaster Advanced Manufacturing Prog		379,000	379,000
VPMEP Small Manufacturing Assistance Program		394,000	394,000
Shipyards Apprenticeship Program		150,000	150,000
Minimum \$100,000 Funding for PDCs		709,418	709,418
CIT Broad Band Access		350,000	350,000
Community Development Bank Start-Up	100,000	400,000	500,000
Distressed Areas Job Performance Grant Program		500,000	500,000
Dickenson County Wireless Authority		50,000	50,000
Subtotal:	100,000	2,932,418	3,032,418
GRAND TOTAL:	200,000	9,660,767	9,860,767

Budget Amendment Recommendations

HB 1500	2004-06 BIENNIAL TOTAL		
<u>Amendment</u>	General	Nongeneral	
	<u>Fund</u>	<u>Fund</u>	<u>FTE</u>

COMMERCE & TRADE

Secretary Of Commerce And Trade

Governor's Use of Unappropriated Balance	Language
Study of VPMEP	Language

Department Of Agriculture And Consumer Services

Weights and Measures Program	Language
------------------------------	----------

Department Of Business Assistance

DBA and DMBE Financial and Admin Functions	Language
Eliminate Incubator Restoration	(150,000)

Department Of Housing And Community Development

Support for Homeless Shelters	Language
Eliminate Virginia Works	(18,858,000)
House Economic Development Initiative	9,980,767
(See Attached Tables for Detail)	

Virginia Employment Commission

Eliminate GF for New Initiative	(50,000)
---------------------------------	----------

Virginia Racing Commission

Virginia Racing Commission	Language
----------------------------	----------

Virginia Tourism Authority

Economic Development Funding to VTA	Language
-------------------------------------	----------

TECHNOLOGY

Innovative Technology Authority

Carry Forward of 2004 Balances	Language
--------------------------------	----------

Central Appropriations

Use of Economic Contingency	Language
Opportunity Fund Increase	(2,000,000)
VCU Engineering Semiconductor Funding	(2,000,000)
Biotechnology Funding	(1,600,000)
Technology Reversion Acct to Repay Treasury Loan	(6,100,000)

Total: HB 1500	(20,777,233)	-	-
-----------------------	---------------------	---	---