

## Commerce and Trade

The General Assembly approved amendments for Commerce and Trade agencies resulting in a net increase of \$30.2 million GF and a nongeneral fund increase of \$1.6 million for the biennium. This represents a 12.9 percent general fund increase and a negligible change in total nongeneral funds.

The majority of the general fund spending is concentrated in three agencies – the Departments of Agriculture and Consumer Services, Housing and Community Development, and the Virginia Tourism Authority. A total of \$11.2 million is appropriated to the Department of Housing and Community Development for a series of initiatives, including \$1.3 million for homeless programs, \$5.0 million for safe drinking water in Southwest Virginia, \$4.4 million for several economic development initiatives targeted to rural Virginia, and \$511,454 to support regional planning districts. For the Virginia Tourism Authority, just over \$3.0 million is provided to boost tourism marketing and advertising and to support local and regional tourism organizations and Virginia’s film industry. The Agriculture Department will receive \$1.2 million for research, product development, marketing, and promotion. Some \$500,000 of general fund dollars are also restored to the Agriculture Department’s Weights and Measures Program, and the Program’s authorization to impose a fee is repealed.

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 and \$148,700 GF to provide second year support for the Virginia-Israel Advisory Board. About \$1.4 million GF is provided in the second year to replace computer hardware and fund broadband access, increase support for reforestation efforts, and acquire firefighting equipment at the Department of Forestry.

In addition to the items funded within agencies of the Secretariat, a number of economic development expenditures are included in Central Appropriations and in the Education Secretariat. These include in the second year \$2.0 million GF for Virginia Commonwealth University’s School of Engineering for programs in support of the expansion by Infineon Technologies, Inc.; \$394,000 for the Philpott Manufacturing Extension Partnership for a new technical assistance program; \$379,000 for Dabney S. Lancaster Community College to implement a new advanced manufacturing program; and \$100,000 for Virginia Tech to support the Sloan Foundation Forestry Industries Center.

In the Reconvened Session, the General Assembly approved a gubernatorial amendment to provide \$5.1 million GF to support rural and

cultural economic development and tourism activities. These are appropriations in addition to those discussed above. The amendment also included budget language allowing the Governor to transfer the \$5.1 million from Central Appropriations to anywhere else in the budget and in such amounts he deems necessary.

- **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.
- *VA Philpott Manufacturing Extension Partnership.* Directs the Secretary of Commerce and Trade to report on the Partnership’s working relationship with Virginia Tech and whether it should be merged into one of the Commonwealth’s institutions of higher education.

- **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 \$120,000 GF in the second year for the coyote control program to match federal grants for this program.
- *Agricultural Research.* Includes \$100,000 GF the second year to be transferred to Virginia Tech and Virginia State University for additional research and field tests of specialty crops to determine which crops are best suited to Virginia conditions.
- *Value-added Agricultural Products.* Provides \$275,000 GF the second year to develop and market high-value specialty products. The program includes research, marketing, and financial assistance

to farmers or cooperatives for pilot projects for new specialty crop ventures.

- *Hydrilla Control.* Provides \$100,000 GF the second year to manage the infestation of the Potomac River and Lake Gaston by Hydrilla and other noxious weeds.
- *Weights and Measures Program.* Increases the program’s general fund appropriation in the second year by \$500,000 while reducing the nongeneral fund appropriation by \$427,111. Budget language authorizing a registration fee in FY 2006 is deleted.

- **Department of Business Assistance**

- *Expand Workforce Services Program.* Includes 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.
- *Joint Financial and Administrative Functions.* Directs the Department of Business Assistance to perform all accounting, financial reporting, procurement, purchasing, personnel, payroll, and other non-program administrative functions for the Department of Minority Business Enterprise. The two agencies are to enter into a memorandum of agreement by July 1, 2005. The amendment responds to findings made by the Auditor of Public Accounts regarding internal control shortcomings at the Department of Minority Business Enterprise.
- *Virginia-Israel Advisory Board.* Appropriates \$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.

- *Reforestation of Timberlands.* Increases state support for this activity by \$500,000 GF in the second year.
- *Firefighting Equipment.* Provides \$150,000 from the general fund in FY 2006 to acquire firefighting equipment.
- **Department of Housing and Community Development**
  - *Homeless Initiatives.* Provides \$1.3 million for efforts to address the needs of homeless Virginians, including \$140,000 to increase support for homeless children’s coordinators in emergency and transitional housing shelters, \$300,000 to fund predevelopment costs for constructing single room occupancy units (SROs), and \$850,000 to support the costs of operating homeless shelters across the state.
  - *Center for Rural Virginia.* Authorizes the Center to monitor the effectiveness of several budget initiatives approved by the 2005 Session in addressing rural economic development problems.
  - *Planning District Commissions.* Increases general fund support for planning district commissions by \$511,454 in FY 2006, raising the appropriation for all planning district commissions to a minimum level of \$90,000 per year.
  - *Safe Drinking Water.* Provides \$5.0 million GF in the first year to pay the capital costs for safe drinking water and wastewater treatment in the Lenowisco, Cumberland Plateau, and Mount Rogers planning districts.
  - *Enterprise Zone Program.* Provides \$11.5 million GF in FY 2006 to implement the provisions of the Enterprise Zone Act – Senate Bill 983 and House Bill 2570.
  - *Community Development Bank.* Includes \$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.

- *New Market Tax Credits.* Includes \$100,000 GF in the second year to increase access to New Market tax credits, a federal program designed to stimulate private investment in distressed communities. The Department will provide targeted assistance to organizations pursuing credit allocations.
  - *Derelict Structures Fund.* Provides \$1.0 million GF in FY 2006 to be deposited to the Virginia Removal or Rehabilitation of Derelict Structures Fund. The funds will be used for industrial site redevelopment in rural areas.
  - *Regional Workforce Training Grants.* Includes \$2.0 million from the general fund 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.
  - *Artisan Industry Development and Support.* Includes a total of \$1.2 million GF in FY 2006 to promote hand-made Virginia arts and crafts. The largest portion of the funding, \$1.0 million GF would be used to establish a retail center for the sale of local arts and crafts in the Shenandoah Valley region. Funding also would be provided to establish a marketing support network for artisans (\$195,000).
  - *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.* Provides \$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 Minority Business Enterprise**
    - *Joint Financial and Administrative Functions.* The General Assembly approved a gubernatorial amendment in the Reconvened Session that overrides budget language in another item of the budget. The overriding language allows the Governor to

determine if another entity should perform these administrative functions for DMBE and who the entity should be. The budget language approved in the Session assigned this task to the Department of Business Assistance.

- **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 \$545,474 NGF and nine positions in the second year to address expanded workload and new responsibilities approved by the General Assembly in the 2005 Session. Also includes \$55,920 NGF and one position to administer the contractor training program.
- **Virginia Economic Development Partnership**
  - *Export Assistance.* Includes \$215,000 GF in the second year to assist small manufacturers with the export of advanced manufacturing products.
  - *Attracting Major Manufacturers.* Directs the Partnership to work with state agencies and the Virginia Tobacco Indemnification and Community Revitalization Commission to evaluate Virginia's programs and tax and budget incentives in terms of attracting new investment and job creation from major automotive industries to areas of high unemployment.
- **Virginia Employment Commission**
  - *College Grant Program.* Provides \$100,000 GF in the first year for the Advantage Virginia Incentive Program which provides scholarships to students in college programs designed to train them for fields with high employment demand.
  - *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.
- **Virginia Tourism Authority**

- *“See Virginia First”*. Provides \$185,000 GF in FY 2006 for the “See Virginia First” cooperative advertising program. Of this amount, \$150,000 is allocated for the portion of the program done in conjunction with the Virginia Association of Broadcasters. The remaining \$35,000 is allocated for the portion involving the Outdoor Advertising Association of Virginia.
  
- *Tourism Initiative*. Provides \$2.9 million GF in the second year for a number of purposes, including:
  - \$850,000 for film promotion activities,
  - \$250,000 for grants to regional and local tourism authorities,
  - \$100,000 to update the Virginia Travel Guide for Persons with Disabilities, and
  - \$1.7 million to promote tourism industries such as history tours, wine and epicurean tours and other packaged travel itineraries.