

Commerce and Trade

The 2008-10 appropriation for Commerce and Trade includes \$261.0 million GF and \$1,415.7 million NGF. This is an increase of \$44.3 million GF and a reduction of \$72.7 million NGF compared to the adjusted base budget.

Of these amounts, approximately \$43.3 million GF is provided to the Secretary of Commerce and Trade for economic development activities that had been previously included in Central Appropriations. Included in this appropriation is \$24.2 million in semiconductor manufacturing incentive grants payments, \$15.1 million for the Governor's Development Opportunity Fund, as well as additional funding for the provisions of the Virginia Investment Partnership Act and the Governor's Motion Picture Opportunity Fund.

In addition to these efforts, the adopted budget includes \$14.7 million GF for two large economic development projects budgeted in Central Appropriations. This includes \$4.0 million in payments to SRI International for locating the Center for Advanced Drug Research in the Shenandoah Valley and \$10.7 million in payments towards a 20-year \$100 million incentive package for the location of a Rolls-Royce aerospace engineering and manufacturing center in Prince George County. Moreover, the adopted budget provides \$27.0 million to prevent the closure of military installations in Hampton Roads, Northern, and Central Virginia.

Another significant change included within the Act is the transfer of almost \$98.0 million in federal Workforce Investment Act (WIA) and Workforce Innovation in Regional Economic Development (WIRED) grant funds from the Virginia Employment Commission to the Virginia Community College System. The adopted budget for VEC also includes reductions of \$19.2 million and 134.5 FTE to reflect reductions in federal grant funding resulting from low unemployment rates.

- **Secretary of Commerce & Trade**

- *Incorporate Economic Development Activities into Secretary's Budget.* The adopted budget transfers existing economic development incentive performance grants from Central Appropriations to the Secretary's budget for a biennial increase of \$43.3 million. This shift is occurring in response to an audit finding.
 - *Governor's Opportunity Fund.* Appropriates \$7.6 million GF in the first year and \$7.5 million GF in the second year for economic development incentives equal to the appropriation made in the 2006-08 biennial budget. The fund provides either grants or loans to localities to assist in the creation of new jobs and investment in accordance with criteria established by legislation.
 - *Governor's Motion Picture Opportunity Fund.* Provides \$200,000 GF in each year for performance based incentive payments to attract film industry production activity to the Commonwealth.

- ***Virginia Investment Partnership Grants.*** Includes \$1.3 million GF in the first year and \$2.3 million GF in the second year for Virginia Investment Partnership grants. The payments are based on negotiated grants awarded to select projects that invest in Virginia and promote stable or growing employment opportunities. The selected companies have met the investment and job creation criteria required by the performance agreements prior to receiving payment.
- ***Semiconductor Performance Grants.*** Provides appropriations totaling \$24.2 million GF for the Semiconductor Manufacturing Performance Grant Fund programs. Included in these amounts are \$3.7 million in the first year to complete the Commonwealth's commitment to Phase 1 grants to Micron Technologies. Also included are payments of \$11.8 million in the first year and \$8.8 million in the second year to meet the Commonwealth's commitment to Qimonda (formerly Infineon) under Phases 1 and 2 of the program. These amounts reflect the Code-stipulated payment schedule. Language allows the Governor to provide accelerated payments of up to \$13.8 million in the biennium to Qimonda from amounts appropriated to the Governor's Opportunity Fund. This represents the acceleration of payments due to Qimonda in the FY 2010-2012 biennium.
- ***Broadband Feasibility Review.*** Directs the Secretary of Commerce and Trade to report to the General Assembly by December 1, 2008 on the uses of the funding previously appropriated to support broadband deployment from Hampton Roads to Virginia's Eastern Shore. In addition, the Secretary is directed to provide a feasibility assessment of future implementation of the broadband network on the Eastern Shore.
- ***Report of Agency Consolidation.*** Directs the Secretary of Commerce and Trade to examine the efficacy of consolidating the Department of Business Assistance into the Virginia Economic Development Partnership and the Department of Minority Business Enterprise by November 1, 2008.
- **Department of Housing and Community Development**
 - ***Water Quality Improvement in the Southern Rivers Watershed.*** Continues the transfer of \$7.0 million NGF each year from the Water Quality Improvement Fund administered by the Department of Environmental Quality (DEQ). The Department of Housing and Community Development uses these funds to provide grants to local governments for reducing the amount of untreated or under-treated household wastewater being directly discharged into streams and groundwater in non-Chesapeake Bay watershed areas. A companion amendment is included in DEQ.
 - ***Transfer State Fire Marshal's Office to the Virginia Department of Fire Programs.*** Reflects legislation enacted by the 2007 General Assembly transferring the State

Fire Marshal's Office to the Virginia Department of Fire Programs for a decrease of \$2.5 million GF, \$464,000 NGF, and 31.0 FTE each year. A companion amendment appropriates these funds and positions to the Department of Fire Programs.

- ***Fort Monroe Federal Area Development Authority.*** Provides \$922,000 GF and 4.0 FTE in the first year for the Fort Monroe Federal Area Development Authority (FMFADA). Legislation enacted by the 2007 General Assembly provides for the conveyance of Fort Monroe to the Authority, which was created by the City of Hampton. FMFADA is tasked with developing a reuse plan for Fort Monroe. The department will serve as fiscal agent for the Authority.
- ***Remote Area Medical.*** Dedicates up to \$500,000 NGF in the first year in Water Quality Improvement Funds to the Remote Area Medical program for a wastewater treatment facility in Wise County.
- ***Increase Funding for Planning Districts.*** Allocates \$525,000 GF in the first year and \$325,000 GF in the second year for five planning districts to offset savings included as part of the Governor's October 2007 budget reductions.
- ***Rural Center Matching Grants.*** Provides \$25,000 GF in the first year to the Rural Center to match nonprofit grants which are contingent upon the receipt of State funding. This funding is to be used to assist community foundations in the retention of wealth in rural communities, the development of strategic plans for rural communities, and to improve the operational capabilities of rural community foundations.
- ***Governor's October 2007 Budget Reductions.*** Continues the strategies announced in October 2007 for a savings of \$981,000 GF each year. Included within this amount are annual reductions for the Southeast Rural Community Assistance project of \$78,000 GF, and reductions for the Southwest Virginia Water Construction Program of \$191,000 GF.

- **Department of Mines, Minerals and Energy**

- ***Energy Conservation Projects.*** Allocates \$600,000 NGF in each year to reflect increases in federal energy grants based on historic funding levels.
- ***Virginia Energy Management Program.*** Provides \$340,000 GF in the first year and \$472,000 GF in the second year as well as 3.0 FTE to establish the Virginia Energy Management Program (VEMP). The program is to serve as the central coordinator for all statewide energy efficiency efforts and energy related initiatives. This is part of an executive branch initiative to reduce non-renewable energy purchases by at least 20 percent of 2006 expenditures by 2010.
- ***Fund Water Permitting Activities with Fee Collection.*** Provides \$604,000 NGF in each year assumed from the imposition of new fees authorized pursuant to

Chapter 275 of the 2008 Acts of Assembly (SB413) to support the administration and enforcement of water quality requirements under the federal Environmental Protection Agency's National Pollutant Discharge Elimination System program.

- **Department of Professional and Occupational Regulation**

- *Increased Enforcement Efforts.* Provides \$485,000 NGF in each year to annualize salary costs for 32.0 FTE positions added in 2008. Salary costs for 2008 were based on a plan to fill the positions throughout the year and were calculated based on the anticipated hire date for each position. For 2009 and 2010 all positions will be filled and salaries will need to be funded at the full level. The position increases are not expected to result in any fee increases.
- *Appropriate Funds and Positions for Common Interest Community Management Board.* Provides an initial appropriation of \$361,000 GF in the first year and \$354,000 in the second year as well as 4.0 FTE for the Common Interest Community Management Board. These amounts are generated from regulants pursuant to Chapters 851 and 871 of the 2008 Acts of Assembly (HB516 and SB301).

- **Virginia Economic Development Partnership**

- *Virginia Biotechnology Research Park.* Provides \$50,000 GF in the first year to support the physical and programmatic activities of the Virginia Biotechnology Research Partnership Authority directly benefiting the two state laboratories. This funding is being provided to match funds contributed by private sector tenants located within the footprint of the facility.

- **Virginia Employment Commission**

- *Transfer Workforce Development Programs to Virginia Community College System.* Reflects the transfer of the federal Workforce Investment Act (WIA) and Workforce Innovation in Regional Economic Development (WIRED) programs from VEC to VCCS. The total transfer is \$48.9 million NGF in each year and 38.0 FTE positions. A companion amendment reflects the transfer of these functions to the VCCS.
- *Reduce Federal Grant Funding.* Removes \$9.6 million NGF in each year and 134.5 FTE to reflect reductions in federal grant funding resulting from low unemployment and anticipated program efficiencies.

- **Virginia Tourism Authority**

- *“See Virginia First” Cooperative Advertising Program.* Provides \$325,000 GF in each year for the “See Virginia First” Cooperative Advertising Programs. From these amounts, \$225,000 GF in each year is provided for television and radio

advertising and \$100,000 GF in each year is provided for outdoor advertising. These funds are provided based on a 1:3 matching basis from the private sector.

- ***Provide Funding for Daniel Boone Visitor Center.*** Allocates \$100,000 GF in each year in pass-through funding for the Daniel Boone Visitor Center’s operating costs.
- ***Provide Funding for the Coalfield Regional Tourism Authority.*** Provides funding of \$50,000 GF in each year for the Coalfield Regional Tourism Authority.