

## Commerce and Trade

The Governor's proposed amendments for Commerce and Trade provide a net reduction of \$17.6 million GF and a net increase of \$ 378.9 million NGF when compared to Chapter 879. This represents a 6.7 percent reduction in general fund appropriations for the biennium. The largest spending reductions result from the elimination of economic incentive payments not required because the companies did not meet performance criteria. This includes \$8.8 million GF under the Semiconductor Memory or Logic Wafer manufacturing Performance Grant Fund and \$1.5 million under the Virginia Investment Partnership (VIP) program. In addition, targeted reductions announced in October, 2008 are continued including \$3.2 million GF for the biennium to both the Indoor Plumbing and Enterprise Zone grant programs within the Department of Housing and Community Development.

Offsetting these savings, the Governor's proposes an increase of \$5.0 million GF in the second year for the Governor's Opportunity Fund. An additional appropriation of \$1.6 million GF is included for the Fort Monroe Federal Area Development Authority and \$250,000 GF is proposed to continue a new mortgage counseling assistance program within the Department of Housing and Community Development.

- **Secretary of Commerce & Trade**

- *Semiconductor Performance Grants.* Eliminates payments of \$8.75 million GF in the second year for the Semiconductor Manufacturing Performance Grant Fund programs. Qimonda (formerly Infineon) has indicated it will not meet the required employment levels to receive the grant.
- *Virginia Investment Partnership Grants.* Proposes reductions of \$734,244 GF in the first year and \$718,210 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. These reductions reflect the elimination of payments to companies that have not met the investment and job creation criteria required by the performance agreements.
- *Governor's Opportunity Fund.* Proposes a \$5.0 million GF increase in the second year for economic development incentive payments. This would increase the biennial appropriation to \$20.1 million.
- *Pay Practices.* Eliminates the one-half percent incentive funding for pay practices provided to the Secretary's office for a savings of \$3,314 GF in the second year.

- **Department of Business Assistance**

- *Reduce Virginia Jobs Investment Grant Funding.* Includes savings of \$313,805 GF each year from the Virginia Jobs Investment Program (VJIP) incentives. This leaves more than \$8.0 million for the program each year.

- *Agency Administrative Efficiencies.* Proposes savings of \$347,994 GF in the first year and \$438,486 GF the second year from a number of internal actions including the elimination of two vacant positions, reducing the number of wage employees, and deferring moving costs.

- **Department of Housing and Community Development**

- *Enterprise Zone Grant Program.* Reduces the Enterprise Zone Grant Program for savings of \$1.1 million GF in the first year and \$2.25 million GF in the second year. The program is authorized by statute to provide grants to encourage job creation and private investment in economically distressed areas of the state. The impact of the reduction will be the further proration of grants to eligible recipients.
- *Indoor Plumbing Rehabilitation Grant Program.* Reduces state contributions of \$1.6 million GF in each year of the biennium for the rehabilitation of homes lacking indoor plumbing. The remaining amounts are sufficient to match all federal funds available for this activity.
- *Fort Monroe Federal Area Development Authority.* Provides \$1.6 million GF in the second 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. FMFADA is tasked with developing a reuse plan for Fort Monroe.
- *Mortgage Counseling Assistance.* Includes \$250,000 GF in the second year to provide training and assistance to counselors specializing in foreclosure prevention, loss mitigation and consumer rights under existing mortgage lending laws and regulations. These funds may be used for grants to nonprofit organizations to support new or expanded foreclosure prevention counseling services targeted to areas of the state and populations at greatest risk.
- *Relocation of DHCD Offices.* Provides \$56,410 GF in the first year and \$202,431 GF in the second year to address costs associated with additional employee parking charges resulting from the relocation of DHCD to Main Street Centre.
- *Community Development Services.* Increases federal Housing and Urban Development appropriations for Community Development Services by \$10.4 million NGF in the second year.
- *Homeless Programs Funding.* Reduces the amounts for support for single resident housing funding through DHCD by \$150,000 GF each year and for shelter improvement grants by \$100,000 GF in the second year.
- *Planning District Commission Funding.* Proportionally reduces grants to all planning district commissions by approximately 1.5 percent in the first year and approximately 9 percent in the second year for savings totaling \$43,000 GF in the first year and \$242,558 GF in the second year.

- *Water Projects Funding.* Reduces funding for water projects by a total of \$481,719 GF in the second year. These reductions are applied to grants to both state water planning and construction grants as well as to the pass-through amounts provided to the Southeast Rural Community Assistance Project.
- *Agency Administrative Efficiencies and Small Program Reductions.* Proposes a variety of small reductions totaling \$960,968 GF in the first year and \$1.0 million GF in the second year generated by supplanting general fund dollars with federal resources, reducing the number of wage employees, delaying filling vacant positions, reducing postage, and eliminating four positions. Also included in this total are reductions to the Main Street Program, the Seed Program, the Virginia Enterprise Initiative, Community Development Bank, and the Livable Home Tax Credit.

- **Department of Labor and Industry**

- *Merge Human Rights Council.* Proposes merger of the Human Rights Council from the Office of Administration into the Department with a corresponding increase of \$463,125 GF in the second year and six positions. No savings are generated from the merger.
- *Delay Salary Adjustments for Northern Virginia.* Postpones salary increases for occupational safety and health compliance officers in Northern Virginia until the second year for a reduction of \$255,000 GF in the first year. This differential was proposed to address high turnover and vacancy rates for those positions.
- *Agency Administrative Efficiencies.* Contains savings of \$210,000 GF in the first year and \$81,738 GF in the second year, largely by deferring recruitment of positions.

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

- *Clean Energy Manufacturing Incentive Grant.* Proposes \$2.0 million GF in the second year for a new incentive grant program. Language contained in Part 3 amends the existing Solar Photovoltaic Manufacturing Incentive Grant to allow for a broader program available to multiple types of alternative energy manufacturers.
- *Virginia Energy Management Program.* Proposes \$182,000 GF in the second year to replace reduced federal contributions for state energy management programs.
- *Operating Efficiencies, Fund Swaps and Position Restructuring.* Proposes a number of strategies to generate savings of \$809,000 GF in the first year and \$1.0 million GF in the second year. These savings largely result from staffing reductions and reassignments, including the elimination of nine positions within the division of Geology and Mineral Resources, and reassigning four positions to a

federal grant. Also included is the reversion of NGF balances from the energy revolving loan fund, the sub metering special fund and sales office funds.

- **Department of Professional and Occupational Regulation**

- *Increase Appropriation and Employment Level for Board of Asbestos, Lead, and Home Inspectors.* Proposes \$536,000 NGF in the second year and an increase of 6.0 FTE to enable the Board to assess fees to implement federal regulations requiring licenses to disturb painted surfaces in pre-1978 or child-occupied housing.
- *Increased Enforcement Efforts.* Provides \$754,000 NGF and 10.0 FTE in the second year for additional positions for various boards and licensing activities.

- **Virginia Economic Development Partnership**

- *Across-the-Board Reduction.* Includes a reduction of \$1.0 million GF each year, the majority of which is not specified by program and left for the Virginia Economic Development Partnership Board to identify and implement. Included within these amounts are 8 to 9 percent reductions to the designated state support for the Virginia Commercial Spaceflight Authority and the Virginia National Defense Industrial Authority.

- **Virginia Employment Commission**

- *Federal Grant Funding.* Increases the appropriation for federal unemployment insurance benefits by \$368.6 million NGF in the second year to reflect anticipated increases in federal grant funding resulting from the anticipated extension period of unemployment benefit coverage and increased unemployment filings.

- **Virginia Racing Commission**

- *Reduce Marketing Funding.* Reduces the marketing appropriation for the Pari-Mutuel Wagering Virginia Breeders Fund by \$700,000 NGF in the second year to reflect a reduced revenue forecast by the Commission.
- *Reduce Operating Expenses.* Reduces the appropriation for Commission operations by \$415,092 NGF in the first year and \$1.0 million in the second year to reflect a lower revenue forecast.

- **Virginia Tourism Authority**

- *Across-the-Board Reduction.* Includes an across-the-board reduction for tourism promotion programs of \$800,000 GF each year. No programmatic cuts are specified; application of the reduction will be determined by the Virginia Tourism Corporation Board.