

## Commerce and Trade

The amendments for Commerce and Trade provide a net reduction of \$21.0 million GF and a net increase of \$379.2 million NGF when compared to Chapter 879. 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 including \$3.2 million GF each for the biennium to both the Indoor Plumbing and Enterprise Zone grant programs within the Department of Housing and Community Development are continued.

To offset these savings, an increase of \$5.0 million GF in the second year is provided for the Governor's Opportunity Fund. Further, \$250,000 GF is included to continue mortgage counseling assistance programs within the Department of Housing and Community Development. In addition, the approved budget includes \$2.5 million for the Virginia Tourism Corporation to leverage private sector investments and advertise Virginia's numerous cultural, historical, and scenic attractions in key markets. These funds will allow focused efforts on some of the growing segments of the Virginia tourism market, including history and music-themed tours, as well as increase funding for film incentives.

In an effort to provide direct economic stimulus with funding available from the American Reinvestment and Recovery Act, several amendments within Commerce and Trade authorize the expenditure of flexible federal stimulus funding to support commitments to the Commonwealth's business partners including Rolls-Royce and SRI as well as commitments to address Base Realignment and Closure Commission actions and support the Fort Monroe Federal Area Development Authority.

- **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) will not meet the required employment levels to receive the grant.
- ***Virginia Investment Partnership Grants.*** Includes reductions of \$734,244 GF in the first year and \$718,210 GF in the second year for Virginia Investment Partnership grants to reflect the elimination of payments to companies that have not met the investment and job creation criteria required by the performance agreements. The payments are based on negotiated grants awarded to select projects that invest in Virginia and promote stable or growing employment opportunities. A second amendment replaces the remaining \$1.5 million GF for VIP grants with a like amount in flexible federal stimulus funding available under the American Recovery and Reinvestment Act of 2009.

- ***Governor’s Opportunity Fund.*** Provides \$4.4 million GF and \$0.6 million NGF increase in the second year for economic development incentive payments. This increases the biennial appropriation for the Governor’s Development Opportunity Fund to \$20.1 million.
- ***Automotive Part Manufacturing Training Grants.*** Authorizes the Governor to provide up to \$1.5 million from the Governor’s Development Opportunity Fund for supplemental training grants to Continental AG. The Governor announced that Continental AG will consolidate its diesel and gasoline fuel injector manufacturing operations at its Newport News facility. As part of the relocation of its diesel fuel injector manufacturing operations to Virginia, the company is expected to create 318 new jobs and invest \$194.0 million.
- ***Digital Media Fees for Film Promotion.*** Provides dedicated revenue of \$375,000 NGF to the Governor’s Motion Picture Opportunity Fund from the proceeds of the Digital Media Fee established through Chapter 531, 2009 Session of the General Assembly.
- ***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.*** Captures 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.
  - ***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.*** Includes 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.
- ***Fort Monroe Federal Area Development Authority.*** Replaces the proposed GF appropriation of \$1.6 million for the operations of the Fort Monroe Federal Area Development Authority (FMFADA) in the second year and authorizes a like amount from the flexible fund component of the American Recovery and Reinvestment Act of 2009. 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. A companion amendment authorizes the Fort Monroe federal Area Development Authority to meet via electronic means under the same requirements and provisions that are provided to other state government bodies.

- **Department of Labor and Industry**
  - *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 vacant positions.
  - *Reduce Appropriations to Reflect Revenues.* Makes second year reductions to the Department's operating budget totaling \$350,253. This increases the reduction from less than one percent to approximately three percent.
- **Department of Mines, Minerals and Energy**
  - *Virginia Energy Management Program.* Provides \$182,000 GF in the second year to replace reduced federal contributions for state energy management programs.
  - *Operating Efficiencies, Fund Swaps and Position Restructuring.* Includes 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**
  - *Eliminate Extraneous Language.* Eliminates outdated language referring to an expired Code section relating to payments to support the operating cost of the Virginia Advanced Shipbuilding and Carrier Integration Center. The legislation expired at the close of fiscal year 2008, but the language was continued in the budget.

- ***Across-the-Board Reduction.*** The Governor’s introduced budget included an across-the-board 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. The General Assembly amendments included a restoration of \$0.5 million within these amounts. This results in a net reduction of \$0.5 million.

- **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 extension of unemployment benefit coverage periods 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 the lower revenue forecast.

- **Virginia Tourism Authority**

- ***Tourism Promotion.*** Provides \$2.5 million in the second year from the general fund to support the targeted expansion of tourism promotion in the Commonwealth. From these amounts \$1.0 million is included for the expansion of radio and television advertising to promote tourism in the Commonwealth, of which \$400,000 shall be matched by the Virginia Association of Broadcasters for an in-state radio and television campaign, and \$600,000 of which shall be used to purchase media in the Washington, D.C. and Baltimore, Maryland markets. An additional \$800,000 is provided to expand electronic marketing of Virginia tourism and conduct major media events with travel industry partners and maintain Welcome Center operations, \$500,000 to support the micro-tourism leverage funds with Virginia tourism industry partners across the Commonwealth, and \$200,000 to support film incentives. This investment is expected to leverage more than \$12.0 million in private-sector expenditures and stimulate immediate economic activity across Virginia.
- ***Across-the-Board Reduction.*** Maintains 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.