



Report of the Subcommittee on
Economic Development and
Natural Resources

Senate Finance Committee
Virginia General Assembly

February 19, 2012



SENATE OF VIRGINIA

Senate Finance Committee

**2012 Report of the Economic Development and
Natural Resources Subcommittee
The Honorable John Watkins, Chairman
February 19, 2012**

Mr. Chairman and Members of the Committee:

Since last year, we have seen Virginia's economy continue to slowly but steadily improve. Virginia's statewide unemployment rate has decreased from 6.7 percent at this time last year to 6.2 percent as of January 2012, and remains well below the national average. Virginia's business-friendly environment, combined with our low tax rates and proactive economic development efforts will continue to contribute to our success.

We have embraced the recommendations of the Governor's introduced budget for Commerce and Trade and you will see in the amendments we recommend total net funding of \$125 million for economic development incentives. However, we have also identified opportunities to provide savings to help address more pressing priorities in other areas of state government.

As we all know, the entire nation is facing uncertainty due to the debate in Congress over reducing the federal budget deficit. The Governor has proposed capitalizing a Federal Action Contingency Trust Fund to help address the potential impact on the Commonwealth from proposed federal budget reductions. We agree with the Governor's recommendation to create the FACT Fund. However, we are recommending amendments to allow a portion of the fund to be used to address immediate needs related to federal facility closures. We are also recommending contingent appropriations from the fund for discretionary items if it is determined that federal budget cuts will not have a significant adverse impact on the Commonwealth.

Small businesses are the key to economic recovery and job creation. To that end, we are providing funding for legislation passed by the Senate to establish a Small Business Investment Grant Fund to assist businesses with less than 50 employees, as well as a Microenterprise Investment Grant Fund to assist businesses with fewer than ten employees.

Mr. Chairman, I would like to take this opportunity to remind the Committee that Article XI of the Constitution of Virginia requires us to ensure that our citizens enjoy clean air and pure water, and compels us to conserve public lands and historic sites. While we put substantial resources into economic development, it is even more important to ensure that we balance growth in the Commonwealth with protection of our vital natural resources.

Our budget includes a total of \$44.1 million for agricultural best management practices to reduce nutrient and sediment runoff from farms. As you know, the Senate has passed legislation to provide \$300 million in bonds to honor the Commonwealth's commitment to public wastewater treatment projects and \$78 million for combined sewer overflow projects. As we move forward with our Watershed Implementation Plan, now is the time to demonstrate our continued commitment to restore the Chesapeake Bay and reduce pollution in the Commonwealth's rivers, lakes, and streams.

In addition, we recommend funding to restore proposed cuts to Soil and Water Conservation Districts, State Parks, and the Virginia Land Conservation Fund. We are also providing funding for the Marine Resources Commission to restore the Saltwater Sport Fishing Tournament, to enhance oyster restoration efforts, and to continue the marine debris removal program.

In closing, we believe our recommendations provide a balance to continue moving our economy forward while also protecting our environment, and providing resources to fund services in other areas of the budget to ultimately benefit our citizens.

Mr. Chairman, this completes the report of your subcommittee.

Respectfully Submitted,

The Honorable John C. Watkins, Chairman

The Honorable Janet D. Howell

The Honorable Emmett W. Hanger, Jr.

The Honorable Henry L. Marsh, III

The Honorable L. Louise Lucas

The Honorable Frank M. Ruff, Jr.

The Honorable Frank W. Wagner

Report of the Subcommittee on Economic Development and Natural Resources

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>Biennium</u>
1	AGRICULTURE AND FORESTRY			
2	Department of Agriculture			
3	Coyote Control to Match USDA Funding	\$ 40,000	\$ 40,000	\$ 80,000
4	Partially Restore Charitable Gaming Cuts	\$ 289,206	\$ 350,324	\$ 639,530
5	Beehive Grant Fund (SB 354)	\$ 175,000	\$ 175,000	\$ 350,000
6	Department of Forestry			
7	Partially Restore Reforestation of Timberlands	\$ 500,000	\$ 500,000	\$ 1,000,000
8	Second Year Equipment Lease		\$ 250,000	\$ 250,000
9	Subtotal for Agriculture & Forestry	\$ 1,004,206	\$ 1,315,324	\$ 2,319,530
10	COMMERCE AND TRADE			
11	Economic Development Incentive Payments			
12	Governor's Opportunity Fund from Balances	\$ (6,000,000)		\$ (6,000,000)
13	Life Sciences New Initiative	\$ (5,000,000)	\$ (5,000,000)	\$ (10,000,000)
14	Advanced Manufacturing Contingent from FACT Fund	\$ (2,000,000)	\$ (2,000,000)	\$ (4,000,000)
15	VA Beach BRAC from FACT Fund	\$ (7,500,000)	\$ -	\$ (7,500,000)
16	CRCF-2nd year Contingent from FACT Fund		\$ (10,000,000)	\$ (10,000,000)
17	Machinery and Tool Grant Fund (SB 549)	\$ 3,000,000	\$ 3,000,000	\$ 6,000,000
18	Hampton BRAC from FACT Fund		Language	
19	Department of Business Assistance			
20	Small Business Investment Grant Fund (SB 344)	\$ 1,500,000	\$ 1,500,000	\$ 3,000,000
21	Microenterprise Investment Grant Fund (SB 262)	\$ 150,000	\$ 150,000	\$ 300,000
22	Department of Housing and Community Development			
23	Homeless Intervention Programs		\$ 1,500,000	\$ 1,500,000
24	Foreclosure Counseling (SB 644)	\$ 300,000	\$ 600,000	\$ 900,000
25	Heartwood Artisan Center	\$ (250,000)		\$ (250,000)
26	Virginia Employment Commission			
27	Federal Interest Payment from Penalty & Interest Fund	\$ (4,150,000)		\$ (4,150,000)
28	Virginia Economic Development Partnership			
29	Reduce Expansion of International Marketing	\$ (500,000)		\$ (500,000)
30	Reduce Expansion of Regional Economic Development	\$ (250,000)		\$ (250,000)
31	Virginia Tourism Authority			
32	Reduce Increase for Marketing	\$ (500,000)	\$ (500,000)	\$ (1,000,000)
33	Restore Coalfields Tourism Authority	\$ 22,500	\$ 45,000	\$ 67,500
34	Restore Daniel Boone Visitor Center	\$ 50,000	\$ 100,000	\$ 150,000

		<u>FY 2012</u>		<u>FY 2013</u>		<u>FY 2014</u>		<u>Biennium</u>
35	Special Olympics			\$ 50,000	\$	50,000	\$	100,000
36	Subtotal for Commerce and Trade			\$ (21,077,500)	\$	(10,555,000)	\$	(31,632,500)
37	NATURAL RESOURCES							
38	Secretary of Natural Resources							
39	Eliminate Council on Indians Support			\$ (70,836)	\$	(70,836)	\$	(141,672)
40	Department of Conservation and Recreation							
41	Move WQIF to Nonpoint Source			\$ 30,000,000	\$	-	\$	30,000,000
42	Restore Cuts to Soil & Water Conservation Districts			\$ 2,046,840	\$	2,046,840	\$	4,093,680
43	Restore Cut to VA Land Conservation Fund			\$ 1,000,000	\$	1,000,000	\$	2,000,000
44	Partially Restore Cuts to State Parks			\$ 800,000	\$	800,000	\$	1,600,000
45	Rappahannock River Basin Match for Federal Funds			\$ 37,500	\$	-	\$	37,500
46	Coastal VA Wildlife Observatory			\$ 7,500	\$	7,500	\$	15,000
47	Department of Environmental Quality							
48	Waste Tire Funds for Environmental Management			\$ (2,330,000)	\$	(2,330,000)	\$	(4,660,000)
49	Move WQIF to Nonpoint Source			\$ (30,000,000)	\$	-	\$	(30,000,000)
50	Title V Air Permits with NGF			\$ (625,000)			\$	(625,000)
51	Remove Funding for Legal Costs			\$ (240,000)	\$	(240,000)	\$	(480,000)
52	Restore Interstate Commission on Potomac River Basin	\$	151,000	\$ 151,000	\$	151,000	\$	302,000
53	Restore Litter Recycling Grants (Part 3 transfer)			NGF				
54	Restore Chesapeake Bay Education Funds			\$ 80,000	\$	80,000	\$	160,000
55	Department of Historic Resources							
56	Move Civil War Trust Funding to First Year			\$ 1,000,000	\$	(1,000,000)		
57	Remove Funding for Legal Costs			\$ (66,500)	\$	(66,500)	\$	(133,000)
58	Marine Resources Commission							
59	Restore Saltwater Fishing Tournament			\$ 200,000	\$	200,000	\$	400,000
60	Oyster Restoration			\$ 250,000	\$	250,000	\$	500,000
61	Marine Debris Removal Program			\$ 500,000	\$	500,000	\$	1,000,000
62	Subtotal for Natural Resources	\$	151,000	\$ 2,740,504	\$	1,328,004	\$	4,068,508
63							\$	-
64	Total for Economic Development and Natural Resources	\$	151,000	\$ (17,332,790)	\$	(7,911,672)	\$	(25,244,462)
65								
66	CENTRAL APPROPRIATIONS							
67	Restore Potomac River Fisheries Commission			\$ 148,750	\$	148,750	\$	297,500
68	Federal Action Contingency Trust (FACT) Fund			Language		Language		
69	TRANSFERS							
70	Restore Litter Recycling Grants (Part 3 transfer)	\$	(264,939)	\$ (201,189)	\$	(137,439)	\$	(338,628)

Economic Development - Natural Resources
Subcommittee

Item 111 #1s

Commerce And Trade

Department Of Mines, Minerals
And Energy

Language

Language:

Page 31, line 19, after “natural gas,” insert “, electricity,”.

Explanation:

(This amendment authorizes the agency to assess an administrative surcharge on state electric contracts in order to generate sufficient revenue to support an ongoing reduction strategy of \$95,978. This amount represents a position that was shifted from general fund support, to fee revenue. According to the agency, an administrative surcharge equal to 0.06 percent of the state’s entire electricity contract is sufficient to generate necessary revenue for this purpose.)

Economic Development - Natural Resources
Subcommittee

Item 470 #1s

Central Appropriations

Central Appropriations

Language

Language:

Page 160, strike lines 53 and 54 and insert:

“K.1. Out of the appropriation for this item, \$30,000,000 the second year from the general fund is provided to capitalize a reserve to be known as the Federal Action Contingency Trust (FACT) Fund. The Governor is authorized to distribute amounts from this reserve to mitigate or address a variety of negative impacts of federal fiscal actions on the Commonwealth. Although not specifically limited to the following, the Governor may use this reserve to address the replacement of losses of direct federal grant funding, to provide incentives to retain or consolidate federal facilities in Virginia, to address federal tax policy changes from conformity that are deemed undesirable, and to assist businesses impacted by the cutback of federal procurement or defense contracts in obtaining new alternative customers.

2. There is hereby created an advisory committee to provide advice to the Governor concerning the use of the Federal Action Contingency Trust (FACT) Fund. The committee shall consist of six legislative members appointed by the Joint Rules Committee one of which shall be from the Senate at large, and one of which shall be

from the House at large, and two members of the Senate Committee on Finance and two members from the House Appropriations Committee. The secretaries of Commerce and Trade and Finance shall also serve as members of the advisory committee.

3. Prior to the distribution of any funds from the Federal Action Contingency Trust (FACT) Fund, the Governor shall consult with the advisory committee regarding the purpose of any proposed distribution and seek the advisory committee's guidance. The advisory committee shall respond to the Governor within five days after receiving a proposal from the Governor indicating their guidance to him about the proposed distribution. The Governor shall also notify the chairmen of the Senate Finance Committee and the House Appropriations Committee in writing within ten days concerning his decision to distribute money from the FACT reserve having previously received guidance from the advisory committee.

4. If the U.S. Congress substantially delays or amends the automatic \$1.2 trillion in federal budget reductions scheduled to take effect in January 2013 pursuant to the Budget Control Act of 2011; and, the Governor and the advisory committee determines that the result of any such action will not significantly impact the Commonwealth's revenues, certain contingent appropriations as identified in Item 105 of Senate Bill 30 (2012) shall be provided from the Federal Action Contingency Trust (FACT) Fund."

Page 161, strike line 1.

Explanation:

(This amendment modifies language authorizing the Federal Action Contingency Trust (FACT) Fund in order to establish criteria for use of the funding as well as to establish an advisory committee.)

Economic Development - Natural Resources
Subcommittee

Item 105 #1s

Commerce And Trade

Economic Development Incentive
Payments

FY 12-13

\$3,000,000

FY 13-14

\$3,000,000 GF

Language:

Page 71, line 39, strike "\$69,861,384" and insert "\$72,861,384".

Page 71, line 39, strike "\$65,108,594" and insert "\$68,108,594".

Page 75, after line 16, insert:

"O. Included in this appropriation is \$3,000,000 the first year and \$3,000,000 the second year from the general fund to be deposited into the Machinery and Tools Investment Grant Fund established pursuant to Senate Bill 549 (2012). The guidelines developed by the Comptroller for implementation of the fund shall include a requirement that any person who receives a grant from the fund, as a condition of said grant, shall forfeit any right to appeal the assessment of local taxation imposed pursuant to § 58.1-3507, Code of Virginia for the machinery or tools for which the grant is received. The guidelines shall also require that for machinery and tools to be eligible for a grant from the fund, said machinery and tools must be purchased, owned and placed in service or use by the eligible person."

Explanation:

(This amendment provides funding to capitalize the Machinery and Tools Investment Grant Fund created pursuant to Senate Bill 549.)

Economic Development - Natural Resources
Subcommittee

Item 105 #4s

Commerce And Trade

Economic Development Incentive
Payments

Language

Language:

Page 75, after line 16, insert:

"O. Out of the appropriation for Item 470 K.1. of Senate Bill 29 (2012), \$1,000,000 the first year and \$1,000,000 the second year may be provided to assist any locality in which a U.S. Air Force Base is located to mitigate adverse impacts on military operations and employment levels caused by encroachment of incompatible land

uses, in advance of further actions by the federal Base Realignment and Closure Commission or any similar federal actions. This appropriation is contingent upon the conditions established in Item 470 K. 4. of Senate Bill 29 (2012). "

Explanation:

(This amendment provides contingent funding from the Federal Action Contingency Trust (FACT) Fund to assist in mitigating encroachment impacting operations at Langley Air Force Base. This is a recommendation of the 2011 Joint Land Use Study conducted by the cities of Hampton, Newport News, and Poquoson, York County and Langley Air Force Base.)

Economic Development - Natural Resources Item 105 #5s
Subcommittee

Commerce And Trade	FY 12-13	FY 13-14	
Economic Development Incentive Payments	(\$2,000,000)	(\$2,000,000)	GF

Language:

Page 71, line 39, strike "\$69,861,384" and insert "\$67,861,384".

Page 71, line 39, strike "\$65,108,594" and insert "\$63,108,594".

Page 74, line 22, strike "for this Item" and insert "for Item 470 K.1. of Senate Bill 29 (2012)."

Page 74, line 31, after "sharing." insert:

"This appropriation is contingent upon the conditions established in Item 470 K. 4. of Senate Bill 29 (2012)."

Page 74, line 32, "for this Item" and insert "for Item 470 K.1. of Senate Bill 29 (2012)."

Page 74, line 35, after "center." insert:

"This appropriation is contingent upon the conditions established in Item 470 K. 4. of Senate Bill 29 (2012)."

Explanation:

(This amendment provides contingent funding from the Federal Action Contingency Trust (FACT) Fund for a proposed advanced manufacturing initiative.)

Economic Development - Natural Resources Item 105 #6s
Subcommittee

Commerce And Trade	FY 12-13	FY 13-14	
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Economic Development Incentive (\$7,500,000) \$0 GF
Payments

Language:

Page 71, line 39, strike "\$69,861,384" and insert "\$62,361,384".

Page 73, line 41, strike "for this Item" and insert "for Item 470 K.1. of Senate Bill 29 (2012)".

Page 73, line 52, after "sources." insert:

"This appropriation is not subject to the conditions established in Item 470 K. 4. of Senate Bill 29 (2012)."

Explanation:

(This amendment provides \$7.5 million from the Federal Action Contingency Trust (FACT) Fund to the City of Virginia Beach to mitigate encroachment around Oceana Naval Air Station.)

Economic Development - Natural Resources
Subcommittee

Item 105 #7s

Commerce And Trade

FY 12-13

FY 13-14

Economic Development Incentive \$0 (\$10,000,000) GF
Payments

Language:

Page 71, line 39, strike "\$65,108,594" and insert "\$55,108,594".

Page 74, line 36, strike "second" and insert "first".

Page 74, line 36, after "fund" insert:

"and \$10,000,000 the second year from the funds provided in Item 470 K.1. of Senate Bill 29 (2012)"

Page 74, line 43, after "businesses." insert:

"The appropriation in the second year is contingent upon the conditions established in Item 470 K. 4. of Senate Bill 29 (2012)."

Explanation:

(This amendment provides a contingent appropriation of \$10,000,000 in the second year from the Federal Action Contingency Trust (FACT) Fund for the Commonwealth Commercialization and Research Fund.)

Economic Development - Natural Resources
Subcommittee

Item 116 #1s

Commerce And Trade

Department Of Labor And Industry

Language

Language:

Page 82, line 3, strike "365,350" insert "481,350".

Page 82, line 4, after "for" insert:

"voluntary protection and".

Explanation:

(This amendment corrects a technical error. The decision was made to allow the agency to retain an additional \$365,350 in civil penalties for use towards the Voluntary Protection Program. The \$365,350 was to be added to the \$116,000 the agency currently retains. The new total for the amount retained is \$481,350. The additional language concerning the voluntary protection program clarifies the purpose and use of the additional retained monies.)

Economic Development - Natural Resources
Subcommittee

Item 120 #1s

Commerce And Trade

Department Of Mines, Minerals
And Energy

Language

Language:

Page 83, line 23, after "natural gas" insert ", electricity,".

Explanation:

(This amendment authorizes the agency to assess an administrative surcharge on the state electric contracts in order to generate sufficient revenue to support an ongoing reduction strategy of \$95,978. This amount represents a position that was shifted from general fund support, to fee revenue. According to the agency, an administrative surcharge equal to 0.06 percent of the state's entire electricity contract is sufficient to generate necessary revenue for this purpose.)

Economic Development - Natural Resources
Subcommittee

Item 124 #1s

Commerce And Trade

Virginia Employment Commission

FY 12-13
(\$4,150,000)
\$6,700,000

FY 13-14
\$0 GF
\$0 NGF

Language:

Page 86, line 3, strike "\$717,323,520" and insert "\$719,873,520".

Page 86, line 32, strike "\$8,300,000" and insert "\$6,700,000".

Page 86, strike line 34 through line 41 and insert:

"authorized to make the required interest payment from available nongeneral fund balances in the Penalty and Interest Fund."

Explanation:

(This amendment adjusts the amount of the interest payment owed to the federal government as the result of borrowing from the Federal Unemployment Account to reflect a more recent estimate that the total payment is projected to be \$6.7 million. The amendment also eliminates a proposed employer surcharge and also eliminates the proposed general fund appropriation. The total interest payment will be made from the VEC Penalty and Interest Fund, which has adequate balances to cover the full amount.)

Economic Development - Natural Resources
Subcommittee

Item 360 #1s

Natural Resources

FY 12-13

FY 13-14

Department Of Conservation And
Recreation

\$307,662

\$0 NGF

Language:

Page 268, line 6, strike "\$65,814,280" and insert "\$66,121,942".

Page 269, after line 36, insert:

"L. Included in the amounts for this Item is \$307,662 the first year in special funds from the sale of "Friend of the Chesapeake" license plates to carry out the recommendations of the Chesapeake Bay Restoration Fund Advisory Committee."

Explanation:

(This amendment provides the appropriation for the distribution of revenues from the sale of special license plates to programs that help to restore the Chesapeake Bay.)

Economic Development - Natural Resources
Subcommittee

Item 360 #6s

Natural Resources

FY 12-13

FY 13-14

Department Of Conservation And

\$2,046,840

\$2,046,840 GF

Recreation

Language:

Page 268, line 6, strike "\$65,814,280" and insert "\$67,861,120".

Page 268, line 6, strike "\$54,368,590" and insert "\$56,415,430".

Page 268, strike line 18 through line 20 and insert:

"A. 1. Out of the amounts, \$4,487,091 the first year and \$4,487,091 the second year from the general fund shall be provided to Soil and Water Conservation Districts for administrative and operational support. These funds shall be distributed to the districts only in accordance with the program, financial and resource allocation policies and upon approval by the Soil and Water Conservation Board. These amounts shall be in addition to any other such funding provided to the districts for technical assistance pursuant to subsections H. and K. of this Item.

2. The Secretary of Natural Resources shall convene a stakeholder group consisting of representatives to include, but not limited to, the Secretary of Agriculture and Forestry, the Department of Agriculture and Consumer Services, the Department of Conservation and Recreation, the Soil and Water Conservation Districts, the Virginia Association of Soil and Water Conservation Districts, the Virginia Farm Bureau Federation, the Virginia Agribusiness Council, the Chesapeake Bay Commission and the Chesapeake Bay Foundation to examine funding needs for administration and operations of the Soil and Water Conservation Districts and the technical assistance they provide for implementation of agriculture best management practices needed to meet Virginia's Watershed Implementation Plan as well as the Southern Rivers Total Maximum Daily Load limits.

The stakeholder group is directed to conduct a review of the following and make recommendations to the Governor and the Chairmen of the Senate Finance Committee and the House Appropriations Committee no later than October 1, 2012:

a. The historical distribution of funding for administration and operations of all Soil and Water Conservation Districts and a projection of future funding needs and any recommended changes to the methodology for distribution of these funds;

b. The historical distribution of funding for technical assistance for agricultural best management practices and a projection of future funding and staffing needs for districts necessary to provide efficient and effective technical assistance to farmers.

c. Operational and technical assistance needs in relation to the amount of agricultural

best management practices cost-share dollars allocated to the districts; and,

d. The process, timing and methodology for distribution of agricultural best management practices cost-share funds to be provided to farmers by the Department of Conservation and Recreation through the districts."

Explanation:

(This amendment restores operational funding for the 47 Soil and Water Conservation Districts. The introduced budget proposed a 46 percent cut to SWCD operational funding. The SWCD support is critical to the implementation of Virginia's Watershed Improvement Plan for the Chesapeake Bay as well as the Southern Rivers TMDL. The districts provide the network to market and distribute the agricultural best management practices cost-share program with the agricultural community. It is the intent of the General Assembly that during enrolling of the budget separate service areas be created to clarify the amounts for SWCD operations and SWCD technical assistance.)

Economic Development - Natural Resources
Subcommittee

Item 365 #1s

Natural Resources	FY 12-13	FY 13-14
Department Of Environmental Quality	(\$625,000)	\$0 GF
	\$625,000	\$0 NGF

Language:

Page 272, strike line 22 through line 31 and insert:

“B. All of the permit program emissions fees collected by the State Air Pollution Control Board pursuant to §10.1-1322, Code of Virginia, shall be assessed and collected on an annual basis notwithstanding the provisions of that section. The State Air Pollution Control Board shall adopt regulations adjusting permit program emissions fees collected pursuant to §10.1-1322, Code of Virginia and establishing permit application processing fees and permit maintenance fees sufficient to ensure that the total revenues collected from fees cover the total direct and indirect costs of the program consistent with the requirements of Title V of the Clean Air Act, except that the initial adjustment to permit program emissions fees shall not be increased by more than 30 percent over current rates. Notwithstanding the provisions of §10.1-1322, Code of Virginia, the permit application fees collected pursuant to this paragraph shall not be credited towards the amount of annual fees owed pursuant to §10.1-1322. All of the fees adopted pursuant to this section shall be adjusted

annually by the Consumer Price Index.

3. The regulations adopted by the State Air Pollution Control Board to initially implement the provisions of this Item shall be exempt from Chapter 40 of Title 2.2, Code of Virginia, and shall become effective no later than July 1, 2012. Thereafter, any amendments to the fee schedule described by these acts shall not be exempted from Chapter 40 of Title 2.2, Code of Virginia.”

Explanation:

(This amendment authorizes the Department of Environmental Quality (DEQ) to enact regulations that assess charges related to the Title V program. The amendment requires DEQ to set fees necessary to eliminate the proposed use of general funds to cover a shortfall in fee revenue and provides an offsetting increase in the nongeneral fund appropriation.)

Economic Development - Natural Resources Item 366 #1s
Subcommittee

Natural Resources	FY 12-13	FY 13-14	
Department Of Environmental Quality	(\$30,000,000)	\$0	GF

Language:

Page 272, line 32, strike "\$101,723,153" and insert "\$71,723,153".

Page 273, line 5, strike "\$45,269,394" and insert "\$15,269,394".

Explanation:

(This amendment reduces the appropriation of the Water Quality Improvement Fund for point source projects by \$30.0 million the first year. A companion amendment to Item 360 provides these funds for nonpoint source projects instead.)

Economic Development - Natural Resources Item 372 #1s
Subcommittee

Natural Resources	FY 12-13	FY 13-14	
Department Of Historic Resources	\$1,000,000	(\$1,000,000)	GF

Language:

Page 275, line 5, strike "\$5,588,844" and insert "\$6,588,844".

Page 275, line 5, strike "\$5,588,844" and insert "\$4,588,844".

Page 276, after line 14, insert:

"I. Included in this appropriation is \$2,000,000 the first year from the general fund to be deposited into the Civil War Historic Site Preservation Fund for grants to be made in accordance with §10.1-2202.4, Code of Virginia. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund."

Explanation:

(This amendment provides that the entire \$2.0 million for Civil War battlefield preservation proposed in the introduced budget be available in the first year and clarifies that the funds are to be used in accordance with the provisions of the Code.)

Economic Development - Natural Resources
Subcommittee

Item 469 #1s

Central Appropriations

Central Appropriations

Language

Language:

Page 360, strike lines 9 through 11 and insert:

"J.1. Out of the appropriation for this item, \$20,000,000 the second year from the general fund is provided to further capitalize a reserve to be known as the Federal Action Contingency Trust (FACT) Fund. The Governor is authorized to distribute amounts from this reserve to mitigate or address a variety of negative impacts of federal fiscal actions on the Commonwealth. Although not specifically limited to the following, the Governor may use this reserve to address the replacement of losses of direct federal grant funding, to provide incentives to retain or consolidate federal facilities in Virginia, to address federal tax policy changes from conformity that are deemed undesirable, and to assist businesses impacted by the cutback of federal procurement or defense contracts obtain new alternative customers.

2. There is hereby created an advisory committee to provide advice to the Governor concerning the use of the Federal Action Contingency Trust (FACT) Fund. The committee shall consist of six legislative members appointed by the Joint Rules Committee one of which shall be from the Senate at large, and one of which shall be from the House at large, and two members of the Senate Committee on Finance and two members from the House Appropriations Committee. The secretaries of Commerce and Trade and Finance shall also serve as members of the advisory committee.

3. Prior to the distribution of any funds from the Federal Action Contingency Trust (FACT) Fund, the Governor shall consult with the advisory committee regarding the purpose of any proposed distribution and seek the advisory committee's guidance. The advisory committee shall respond to the Governor within five days after receiving a proposal from the Governor indicating their guidance to him about the proposed distribution. The Governor shall also notify the chairmen of the Senate Finance Committee and the House Appropriations Committee in writing within ten days concerning his decision to distribute money from the FACT reserve having previously received guidance from the advisory committee.

4. If the U.S. Congress substantially delays or amends the automatic \$1.2 trillion in federal budget reductions scheduled to take effect in January 2013 pursuant to the Budget Control Act of 2011; and, the Governor and the advisory committee determines that the result of any such action will not significantly impact the Commonwealth's revenues, certain contingent appropriations as identified in Item 105 shall be provided from the Federal Action Contingency Trust (FACT) Fund."

Explanation:

(This amendment modifies language authorizing the Federal Action Contingency Trust (FACT) Fund in order to establish criteria for use of the funding as well as to establish an advisory committee.)

Economic Development - Natural Resources
Subcommittee

Item 469 #2s

Central Appropriations

Central Appropriations

Language

Language:

Page 469, line 16, strike "\$2,000,000" and insert "\$5,000,000".

Explanation:

(This amendment increases the amount that the Governor is authorized to allocate from unappropriated balances for Special or Unanticipated Expenditures to support a potential economic development project.)
