

## Commerce and Trade

<b>Adopted Adjustments</b> (\$ in millions)				
	<b>FY 2013 Adopted</b>		<b>FY 2014 Adopted</b>	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2012-14 Base Budget, Ch. 890	\$173.4	\$963.4	\$173.4	\$963.4
\$ Net Change	(\$0.6)	(\$122.1)	\$2.1	(\$234.6)
<b>Chapter 3 (HB 1301, as Adopted)</b>	<b>\$172.8</b>	<b>\$841.3</b>	<b>\$175.5</b>	<b>\$728.8</b>
% Change	(0.3%)	(12.7%)	1.2%	(24.4%)
FTEs	364.44	1,294.56	364.44	1,294.56
# Change	(8.39)	10.39	(8.39)	10.39

- **Economic Development Incentive Payments**

- *Incentive Payments Holding Account.* Provides \$55.5 million GF and \$535,000 NGF in FY 2013, and \$58.3 million GF and \$375,000 NGF in FY 2014 for economic development programs administered by the Virginia Economic Development Partnership and the Virginia Tourism Authority. The following programs are included in this account:
  - *Governor's Development Opportunity Fund.* Provides \$11.8 million GF each year for grants or loans to localities to assist in the creation of new jobs and investment in accordance with criteria established by the *Code of Virginia*. This amount represents level funding of the program as compared to the FY 2010-12 biennium.
  - *Commonwealth Research Commercialization Fund.* Provides \$8.0 million GF each year for research and commercialization of emerging technologies. This action provides a continued appropriation for this new Fund created in the 2011 Session of the General Assembly.
  - *Major Eligible Employer Performance Grants.* Provides \$5.0 million GF each year for performance-based grants due to major employers who have met investment and job creation requirements.
  - *Semiconductor Manufacturing Performance Grants.* Provides \$5.4 million GF each year for payments due to Micron Technologies under the

Semiconductor Memory or Logic Wafer Manufacturing Grant Program. These amounts reflect the payment schedule stipulated in the *Code of Virginia*.

- ***Governor's Motion Picture Opportunity Fund.*** Includes \$3.0 million GF and \$375,000 NGF each year for performance-based incentive payments to attract film industry production activity to the Commonwealth. The source of the nongeneral funds is from the digital media fee, which is a surcharge established by the 2009 General Assembly on in-room video services at hotels and motels.
- ***Virginia Investment Partnership Grants.*** Provides \$3.0 million GF and \$160,000 NGF in FY 2013 and \$5.3 million GF in FY 2014 for the Virginia Investment Partnership Grant Program. 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 must meet the investment and job creation criteria required by the performance agreements and the level of funding is based on when agreed-upon payments are due.
- ***Aerospace Engine Facility Incentive Payments.*** Provides \$9.3 million GF in FY 2013 and \$10.4 million GF in FY 2014 to fund the anticipated payments required in the *Code of Virginia* for the Rolls-Royce aeroengine facility in Prince George County. The payments include funding for higher education and job creation grants.
- ***Advanced Shipbuilding Training Facility Grant.*** Provides \$5.0 million GF each year for the first installment of payments pursuant to a memorandum of understanding between the Commonwealth, Huntington Ingalls, Inc. and the Newport News Industrial Development Authority as provided for in the *Code of Virginia* for the construction of a new apprenticeship training school.
- ***SRI International Incentive Payment.*** Provides \$1.0 million GF in FY 2013 for the final payment required by the *Code of Virginia* to SRI International, an independent, nonprofit research institute, which established its Center for Advanced Drug Research in Harrisonburg.
- ***Virginia Economic Development Incentive Grant (VEDIG) Program.*** Provides \$800,000 GF the first year and \$1.3 million GF the second year for payments due to companies that have met investment and job creation criteria required by VEDIG performance agreements.
- ***Base Realignment and Closure.*** Eliminates a proposed \$7.5 million GF appropriation in FY 2013 for the City of Virginia Beach to match local funds for costs related to the base realignment and closure process in a continued effort to avoid the relocation of the U. S. Navy Master Jet Base to another

state. Instead, the full \$7.5 million is provided from the Federal Action Contingency Trust (FACT) Fund in Item 470 of Chapter 2 of the 2012 Special Session I Acts of Assembly (HB 1300). Also, up to \$1.0 million may be provided each year from the FACT Fund to the City of Hampton for mitigation of encroachment around Langley Air Force Base.

- ***Life Sciences Initiative.*** Provides \$2.5 million GF each year for a new initiative to provide funding for a research consortium to be comprised of UVA, VCU, VT, GMU and EVMS. Up to 10 percent of the funds can be used for administrative expenses of the consortium and each institution must also contribute at least \$50,000 per year to support the consortium.
- ***Implement Advanced Manufacturing Initiative.*** Eliminates a proposed \$2.0 million GF the first year for grants to localities for site development for prospective Major Employment and Investment Projects and \$2.0 million GF the second year to supplement efforts currently underway at the Commonwealth Center for Advanced Manufacturing. Instead, these funds may be provided, subject to certain contingencies, from the FACT fund in Item 470 of Chapter 2.
- ***Virginia-Israel Advisory Board.*** Transfers \$127,465 GF each year from the Department of Business Assistance and increases the annual funding for the Virginia-Israel Advisory Board by \$47,896 GF each year for a total of \$175,361 GF each year to increase trade opportunities with Israel. Transfers oversight of the board to the Secretary of Commerce and Trade. Language also requires a report to the Senate Finance and House Appropriations Committees on the Board's activities.

- **Department of Business Assistance**

- ***Small Business Investment Grant Fund.*** Includes \$1.5 million GF each year to establish the Small Business Investment Grant Fund pursuant to Chapter 669 of the 2012 Acts of Assembly (SB 344).
- ***Small Business Financing Authority.*** Provides \$380,588 NGF each year to support the salaries of six positions with the Authority. The source of the nongeneral funds is from fees and interest earnings from small business loan programs.
- ***Move Virginia-Israel Advisory Board to VEDP.*** Removes funding of \$127,465 GF each year for VIAB from DBA. A companion amendment to Item 105 transfers the funding to the Economic Development Incentive Payments account and transfers oversight responsibility to the Secretary of Commerce and Trade.
- ***Eliminate DBA Media Program.*** Provides a reduction of \$83,000 GF each year and 1 FTE by eliminating the agency's filming function.

- **Department of Housing and Community Development**

- ***Housing Trust Fund.*** Includes \$7.0 million GF in FY 2014 from the mortgage servicing settlement to capitalize the Virginia Housing Trust Fund. Out of this amount, at least 80 percent shall be used as a revolving loan fund to provide flexible financing for low-interest loans for affordable rental housing and down payment and closing cost assistance for low-income homebuyers.
- ***Fort Monroe Authority.*** Provides \$6.2 million GF in FY 2013 for the Fort Monroe Authority for operating funding as the Authority oversees the transition of the former Army base. The Authority is responsible for preservation, conservation, maintenance and reuse of the property, whose ownership officially transferred to the Commonwealth on September 30, 2011. A corresponding amendment in Capital Outlay provides \$2.0 million in the first year for maintenance reserve through the Department of General Services.
- ***Southwest Virginia Cultural Heritage Foundation.*** Removes \$250,000 GF in the first year proposed for operation of the Heartwood Artisan Center.
- ***General Fund Support to Programs for the Homeless.*** Provides \$1.5 million GF the first year for two new initiatives to reduce homelessness; including \$1.0 million GF for the creation of permanent supportive housing and \$500,000 GF for rapid re-housing assistance. These new initiatives support of the findings of the Governor’s Housing Policy Group which has recommended refocusing housing efforts from short-term homeless shelters to long-term solutions.
- ***Reduce Funding for Enterprise Zone Grants.*** Provides a reduction of \$1.5 million GF each year for the Enterprise Zone Grant Program. Due to a combination of program revisions adopted by the 2010 General Assembly and slowed economic conditions, the number of eligible claims has been reduced and no pro-ration was required this past year. This will leave \$14.1 million GF available for grants each year.
- ***Derelict Structures Fund.*** Reduces funding for the Derelict Structures Program by \$2.0 million GF the first year and \$1.0 million GF the second year. The program will have a net of \$1.0 million GF the first year and \$2.0 million GF the second year for grants to help remove blighted structures.
- ***Eliminate Funding for Research and Development Grant Program.*** Reduces funding by \$137,500 GF the first year (a 50 percent reduction) and by \$275,000 GF in the second year, which will eliminate state support for the program located in the Lynchburg area to support the nuclear industry. The purpose of the program was to provide seed funding to strengthen significant industry clusters through product and process design innovations using applied research.

- **Department of Labor and Industry**
  - *Expand Virginia Voluntary Protection Program.* Provides \$730,700 NGF each year and 8 FTE positions to expand the program, which is designed to assist businesses and government agencies in improving occupational safety and health protections through voluntary and cooperative efforts.
  - *Eliminate Wage Section of the Labor and Employment Law Division.* Includes a reduction of \$220,206 GF the first year and \$308,206 GF the second year and the elimination of 6 FTE positions in the wage employment section. Assistance with wage employment disputes would be provided either through the court system or from the U.S. Department of Labor.
  - *Turnover and Vacancy Savings and Discretionary Expenses.* Includes a reduction of \$154,103 GF each year to be achieved by not filling vacant positions and a reduction of \$88,000 GF the first year from reducing discretionary expenditures.
- **Department of Mines, Minerals and Energy**
  - *Offshore Wind Research.* Provides \$500,000 GF the first year for offshore wind research and development to accelerate and assist private development of wind energy projects, continuing the funding levels authorized for this activity in FY 2012.
  - *Gas and Oil Worker Safety.* Provides \$300,000 GF each year to offset a decline in nongeneral fund revenue for oversight of gas and oil worker safety programs.
  - *Shift Costs to Nongeneral Fund Sources.* Provides a reduction of \$367,848 GF each year to be replaced with the same amount of NGF from federal grants, indirect cost recoveries and permit fee revenues.
- **Department of Professional and Occupational Regulation**
  - *Increase Staff Support for Real Estate Board.* Includes \$103,578 NGF in FY 2013 and \$115,522 NGF in FY 2014 and 1 FTE position to address increased workloads. The nongeneral funds come from existing fees paid by real estate agents.
- **Virginia Economic Development Partnership**
  - *Expand International Marketing.* Provides an additional \$500,000 GF each year to expand international marketing efforts in Europe, Japan, China and India.
  - *Center for Manufacturing in Shenandoah Valley.* Provides \$195,000 GF in the second year to establish the Center for Manufacturing in the Shenandoah Valley region of Virginia.
  - *Eliminate Regional Marketing Initiative.* Removes a proposal to provide \$500,000 GF the first year to expand a pilot program in which VEDP staff work

with regional economic development organizations to develop region-specific economic development strategies.

- ***Eliminate Funding for Brownfields Restoration.*** Eliminates \$628,634 GF each year proposed for the Brownfields Restoration and Economic Development Fund. The 2011 General Assembly provided \$1.0 million for this purpose in FY 2012. Because demand has not been met yet, the caboose bill also includes the reversion of \$371,366 in FY 2012.
- ***Reduce Discretionary Expenditures.*** Reduces funding by \$218,848 GF each year to reflect agency savings generated by reducing discretionary expenditures.
- ***Eliminate Virginia National Defense Industrial Authority.*** Included in Central Appropriations is the reversion of funding for the VNDIA pursuant to legislation adopted by the 2012 Session of the General Assembly. This action results in savings of \$342,851 GF the first year and \$395,251 GF the second year.

- **Virginia Employment Commission**

- ***Unemployment Insurance Benefits.*** Recommends reducing the appropriation for unemployment insurance benefits by \$110.6 million NGF in FY 2013 and \$196.9 million NGF in FY 2014 based on projected unemployment rates.
- ***Funding for Interest Payment.*** Provides a savings of \$4.1 GF in the first year that was proposed for the interest payment owed on federal loans for unemployment insurance benefits. Also eliminates a proposed administrative surcharge on the employer tax of \$1.36 for each employee for calendar year 2013 to generate an additional \$4.1 million NGF for the projected interest payment. Instead provides that the full payment, now projected at \$6.7 million, shall be provided from nongeneral funds from the agencies Penalty and Interest Fund.
- ***Reduction in Federal Funds.*** Reduces the appropriation by \$13.5 million NGF in the second year to reflect expiration of federal funding under the American Recovery and Reinvestment Act (ARRA) of 2009 and a reduction in workload.

- **Virginia Tourism Authority**

- ***Increase Advertising and Marketing Funds.*** Provides an increase of \$500,000 GF each year to expand electronic marketing and invest in research and tourism development. Amends language directing where advertising funds are to be spent so that part of the funding will be awarded on a competitive basis. However, language is restored directing that a portion of the funding be dedicated to the “See Virginia First” cooperative advertising program with the Virginia Association of Broadcasters. Also restores language directing that \$100,000 each year shall be provided for promotion of Virginia wines, \$100,000 each year for promotion of Virginia State Parks and \$75,000 each year for outdoor advertising.

- *Increase Marketing Grants.* Provides an increase of \$275,000 GF each year to increase matching grant funds provided to local and regional tourism entities, increasing total funding available for these grants to \$1.7 million GF each year.
- *Virginia Sports Hall of Fame.* Removes \$500,000 GF the first year that was proposed for the City of Portsmouth to support the Virginia Sports Hall of Fame and instead provides language directing that these funds shall be given priority out of existing regional grant funds.
- *Eliminate Funding for Daniel Boone Visitor Center.* Reduces funding by \$50,000 GF the first year and \$100,000 GF the second year to phase out support for the Visitor Center. However, language is included that gives priority consideration for additional funding from existing regional grant funds.
- *Eliminate Funding for Coalfield Regional Tourism Authority.* Reduces funding by \$22,500 GF the first year and \$45,000 GF the second year to phase out support for the Authority. However, language is included that gives priority consideration for additional funding from existing regional grant funds.
- *Special Olympics.* Language provides that priority consideration from existing regional grant funds shall be given for funding a tourism related event sponsored by the Special Olympics.

- **Virginia Racing Commission**

- *Increase Funding for Breeders' Fund.* Provides an increase of \$100,000 NGF each year for the Virginia Breeders' Fund from advanced deposit account wagering resulting from implementation of Chapter 142 of the 2009 Acts of Assembly.