



Report of the Subcommittee on  
Economic Development and  
Natural Resources

Senate Finance Committee  
Virginia General Assembly

February 3, 2013



SENATE OF VIRGINIA

## Senate Finance Committee

**2013 Report of the Economic Development and  
Natural Resources Subcommittee  
The Honorable John C. Watkins, Chairman  
February 3, 2013**

Mr. Chairman and Members of the Committee:

The main focus of your Economic Development and Natural Resources Subcommittee this session has been addressing the significant needs we face in meeting our obligations to improve the quality of waters in the Chesapeake Bay and the Southern Rivers. We applaud the recommendations contained in the Governor's introduced budget to provide substantial funding towards this effort.

Building on the Governor's plan, we are recommending a package of \$219 million in bonds. This amount includes \$101 million to fund grant agreements for upgrades to publicly-owned wastewater treatment plants to meet the Commonwealth's obligations through FY 2016. We are proposing a total of \$78 million for the Cities of Richmond and Lynchburg Combined Sewer Overflow projects to move us closer to the day where raw sewerage will no longer be dumped into the James River. We endorse the Governor's proposal for \$35 million to create the Stormwater Local Assistance Fund to help our local governments move forward with the daunting challenge of meeting stormwater management requirements, and \$5 million for the City of Hopewell to meet their unique wastewater challenges.

We also agree with the Governor's proposal to utilize the entire \$16.9 million statutory deposit to the Water Quality Improvement Fund for nonpoint source strategies; \$14.7 million will be dedicated for agricultural best management practices, while \$2.3 million will be available for grants to local governments to enhance local stormwater program planning efforts. An additional \$9.1 million each year in

nongeneral funds will continue to be available for agricultural best management practices from the \$1.00 recordation fee established several years ago.

In addition, we have focused on restoration of budget reductions and addressing other needs in the areas of Agriculture, Forestry, and Natural Resources. Included in our recommendations are: increased funding for dam safety; restoring funds for farmland preservation; providing additional funds for Civil War battlefield protection and reforestation of timberlands; and, funding to open the recently constructed Powhatan State Park for day use activities.

Over the past several years, we have provided significant additional funding for Economic Development. As evidenced by the recent JLARC report, these efforts are proving to be effective. The introduced budget did not include any substantial new funding, and neither do our recommendations to you.

There are a couple of important items we have addressed in the Commerce and Trade secretariat. First, we are proposing an additional \$1.5 million to maximize available federal funding to continue to develop offshore wind energy. Second, we are providing \$1.5 million for rapid rehousing and permanent support housing efforts to level fund these programs in the second year. We are also recommending \$500,000 to capitalize the Building Revitalization Grant Fund created by legislation that passed the Senate.

In closing, we believe our recommendations provide a balanced approach to move our economy forward while meeting our constitutional obligation to protect our vital natural resources.

Mr. Chairman, this completes the report of your subcommittee and we hope it will be the pleasure of the committee to adopt our amendments.

Respectfully Submitted,

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The Honorable John C. Watkins, Chairman

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The Honorable Janet D. Howell

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The Honorable Emmett W. Hanger, Jr.

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The Honorable Henry L. Marsh, III

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The Honorable L. Louise Lucas

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The Honorable Frank M. Ruff, Jr.

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The Honorable Frank W. Wagner

**Subcommittee on Economic Development and Natural Resources**

**FY 2013 GF**

**FY 2014 GF**

**Biennial GF**

<b>1</b>	<b>Agriculture and Forestry</b>		
<b>2</b>	<b>Department of Agriculture and Consumer Services</b>		
<b>3</b>	92 #1s: Restore Farmland Preservation Funds		<b>\$400,000</b>
<b>4</b>	92 #2s: Restore Grain Inspector Positions		<b>\$132,000</b>
<b>5</b>	94 #1s: Beehive Grant Fund	\$125,000	<b>\$125,000</b>
<b>6</b>	94 #2s: Pesticide Control		<b>Language</b>
<b>7</b>	100 #1s: Restore Charitable Gaming Positions		<b>\$300,000</b>
<b>8</b>	<b>Department of Forestry</b>		
<b>9</b>	102 #1s: Forestry Lands for Mitigation		<b>Language</b>
<b>10</b>	102 #2s: Accounts Receivable Fiscal System		<b>Language</b>
<b>11</b>	102 #3s: Reforestation of Timberlands		<b>\$250,000</b>
<b>12</b>	<b>Total for Agriculture and Forestry</b>	<b>\$125,000</b>	<b>\$1,082,000</b>
<b>13</b>	<b>Commerce and Trade</b>		
<b>14</b>	<b>Economic Development Incentive Payments</b>		
<b>15</b>	105 #1s: Eminent Researcher Recruitment		<b>Language</b>
<b>16</b>	<b>Department of Housing and Community Development</b>		
<b>17</b>	108 #1s: Communities of Opportunity Tax Credit		<b>\$200,000</b>
<b>18</b>	108 #2s: Housing Assistance Services		<b>\$1,500,000</b>
<b>19</b>	109 #1s: Regional Planning District Commissions		<b>\$210,408</b>
<b>20</b>	110 #1s: Building Revitalization Grant Fund		<b>\$500,000</b>
<b>21</b>	113 #1s: Local Fiscal Impact Analysis		<b>Language</b>
<b>22</b>	<b>Department of Labor and Industry</b>		
<b>23</b>	116 #1s: Restore Wage Investigators	\$100,000	<b>\$308,206</b>
<b>24</b>	<b>Department of Mines, Minerals and Energy</b>		
<b>25</b>	120 #1s: Offshore Wind Energy		<b>\$1,500,000</b>
<b>26</b>	<b>Virginia Employment Commission</b>		
<b>27</b>	124 #1s: Eliminate Proposed Pilot Program		<b>(\$500,000)</b>

**Subcommittee on Economic Development and Natural Resources**

**FY 2013 GF**

**FY 2014 GF**

**Biennial GF**

<b>28</b>	<b>Virginia Tourism Authority</b>			
<b>29</b>	129 #1s: Virginia Sports Hall of Fame			<b>Language</b>
<b>30</b>	129 #2s: Restore Funding for Outdoor Advertising		\$75,000	<b>\$75,000</b>
<b>31</b>	<b>Total for Commerce and Trade</b>	<b>\$100,000</b>	<b>\$3,793,614</b>	<b>\$3,893,614</b>
<b>32</b>	<b>Natural Resources</b>			
<b>33</b>	<b>Department of Conservation and Recreation</b>			
<b>34</b>	360 #1s: Chesapeake Bay Restoration Fund			<b>NGF</b>
<b>35</b>	360 #2s: Dam Safety Funding		\$1,000,000	<b>\$1,000,000</b>
<b>36</b>	360 #3s: Soil and Water Conservation District Operations			<b>Language</b>
<b>37</b>	360 #4s: Continue Stakeholder Group			<b>Language</b>
<b>38</b>	360 #5g: Water Quality Improvement Fund			<b>Language</b>
<b>39</b>	360 #6s: Natural Area Access Funding		\$50,000	<b>\$50,000</b>
<b>40</b>	361 #1s: Powhatan State Park	\$200,000	\$400,000	<b>\$600,000</b>
<b>41</b>	<b>Department of Environmental Quality</b>			
<b>42</b>	364 #1s: Interstate Commission on the Potomac River Basin		\$100,000	<b>\$100,000</b>
<b>43</b>	364 #2s: Environmental Education		\$80,000	<b>\$80,000</b>
<b>44</b>	366 #1s: Increase CSO Funding			<b>Language</b>
<b>45</b>	367 #1s: Continue Waste Tire Fee			<b>Language</b>
<b>46</b>	<b>Department of Game and Inland Fisheries</b>			
<b>47</b>	370 #1s: Provide Appropriation for Soft Costs			<b>NGF</b>
<b>48</b>	<b>Department of Historic Resources</b>			
<b>49</b>	372 #1s: Jamestowne Church Tower		\$100,000	<b>\$100,000</b>
<b>50</b>	372 #2s: Civil War Battlefield Preservation		\$500,000	<b>\$500,000</b>
<b>51</b>	<b>Total for Natural Resources</b>	<b>\$200,000</b>	<b>\$2,230,000</b>	<b>\$2,430,000</b>
<b>52</b>	<b>Central Capital Outlay</b>			
<b>53</b>	C-39.40 #2s: Water Quality Bonds			<b>Language</b>
<b>54</b>	<b>Part 3. Miscellaneous</b>			
<b>55</b>	3-1.01 #2s: GOF Balances			<b>Language</b>

Economic Development - Natural Resources  
Subcommittee

Item 94 #2s

**Agriculture And Forestry**

Department Of Agriculture And  
Consumer Services

Language

**Language:**

Page 77, after line 25, insert:

"B. The Office of Pesticide Services will provide a plan for administering the Pesticide Control Act Fund to the Board of Agriculture and Consumer Services by October 15, 2013. Annually, the Office of Pesticide Services will publish a report on the activities, educational programs, research, and grants administered through the Pesticide Control Act Fund to the Board of Agriculture and Consumer Services by October 15 of each year."

**Explanation:**

(This amendment requires the Office of Pesticide Services to publish an annual report of its activities to create a greater public awareness of programs and services available.)

Economic Development - Natural Resources  
Subcommittee

Item 102 #1s

**Agriculture And Forestry**

Department Of Forestry

**FY 12-13**

\$9,840,690

**FY 13-14**

\$0 NGF

**Language:**

Page 79, line 47, strike "\$27,241,266" and insert "\$37,081,956".

Page 81, after line 3, insert:

"K.1.a. There is hereby created in the state treasury a special nonreverting fund to be known as the Virginia State Forest Mitigation and Acquisition Fund, which shall be administered by the Department of Forestry. The fund shall be established on the books of the Comptroller. All amounts appropriated and such other funds as may be made available to the fund from any other source, public or private, shall be paid into the state treasury and credited to the fund. Interest earned on moneys in the fund shall remain in the fund and be credited to it. 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. Moneys in the fund shall be used solely for the i) long term management and stewardship of any mitigation plan, and ii) acquisition of

additional state forest lands or conservation easements to be administered by the Department of Forestry.

b. There is hereby created in the state treasury a special nonreverting fund to be known as the Long Term Mitigation Fund, a subfund of the Virginia State Forest Mitigation and Acquisition Fund which shall be administered by the Department of Forestry. The subfund shall be established on the books of the Comptroller. All amounts appropriated and such other funds as may be made available to the subfund from any other source, public or private, shall be paid into the state treasury and credited to the subfund. Interest earned on moneys in the subfund shall remain in the subfund and be credited to it. Any moneys remaining in the subfund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the subfund. Moneys in the subfund shall be used solely for the long term management and stewardship of any mitigation plan administered by the Department of Forestry.

2.a. Included in this appropriation is an amount estimated at \$9,840,690 in the first year from dedicated special revenue, to be deposited into the Virginia State Forest Mitigation Acquisition Fund, contingent upon ratification of a stream mitigation purchase and sale agreement between the Department of Forestry and Henrico County. This amount represents the proceeds from the stream mitigation transaction, which is based upon the Cumberland State Forest Stream Buffer Preservation Stewardship Plan. Such agreement shall be limited to fulfill no more than 75 percent of the required stream credits for the Cobbs Creek Reservoir project. All additional required credits shall be acquired from other sources. With the exception of the amounts prescribed in paragraph K.2.b of this item, these funds shall be used solely for forest land or conservation easement acquisition.

b. Out of these amounts, a minimum of 7 percent, or such amount as agreed to by the parties in the purchase and sale agreement shall be deposited into the Long Term Mitigation Fund, and shall be used only for long term management in accordance with the terms of the final mitigation plan, as approved by the U.S. Army Corps of Engineers, the State Water Control Board, and any other applicable authorities.

3. For any such future mitigation projects, no state forest land shall be used to provide compensatory mitigation for wetland or stream impacts of any public or private project until such time as due consideration has been given to the availability of mitigation credits available from private sources. State forest land means all sites, roadways, game food patches, ponds, lakes, streams, rivers, beaches, and lakes to



which the Department of Forestry holds title for use, development, and administration."

**Explanation:**

(This amendment establishes a special fund for the deposit of dedicated special revenue received as part of the mitigation of the Cobbs Creek Reservoir project and puts certain restrictions on the amount of credits for this and similar future projects.)

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Economic Development - Natural Resources  
Subcommittee

Item 102 #2s

**Agriculture And Forestry**

Department Of Forestry

Language

**Language:**

Page 80, line 38, strike "Included in the amounts for this item,".

Page 80, strike lines 39 and 40 and insert:

"Out of this appropriation, up to \$240,000 over the biennium from the general fund may be used for replacement of the Department of Forestry's accounts receivable fiscal system."

**Explanation:**

(This amendment authorizes the use of up to \$240,000 of the amounts appropriated for the Reforestation of Timberland Program over the 2012-2014 biennium toward the replacement of the Department of Forestry's accounts receivable system. Language in the introduced budget bill allows the use of up to \$120,000 in each year toward the project. The timeline for the development of the system has shifted. The amendment adjusts the language authorizing the use of these funds to give the agency greater flexibility between fiscal years. The amendment does not change the total amount of funding available for replacement of the system.)

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Economic Development - Natural Resources  
Subcommittee

Item 105 #1s

**Commerce And Trade**

Economic Development Incentive  
Payments

Language

**Language:**

Page 85, line 32, strike "no funding provided for the Fund shall be used to fund an" and insert:

"unused funding from the Fund shall be awarded as originally intended by the Research and Technology Investment Advisory Committee and only reallocated if sufficient demand does not exist for the original allocation."

Page 85, line 33, strike "eminent researcher recruitment program."

**Explanation:**

(This amendment removes the restriction so that funding from the Commonwealth Research and Commercialization Fund can be used for an eminent researcher recruitment program.)

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Economic Development - Natural Resources  
Subcommittee

Item 113 #1s

**Commerce And Trade**

Department Of Housing And  
Community Development

Language

**Language:**

Page 93, after line 39, insert:

"The Commission on Local Government shall convene a task force to determine a process for the preparation of fiscal estimates for bills and budget items anticipated to require a net additional expenditure, or a net reduction of revenue, by a county, city, or town as a result of implementation of such bill or budget item. As part of this effort, the task force shall examine how bills and budget items will be identified and referred for analysis, and determine the feasibility of using outside consultant or policy analysis experts to prepare the fiscal impact estimates. The task force shall include representatives from the Virginia Association of Counties, the Virginia Municipal League, the Virginia Association of School Business Officials, city managers and county administrators, local government and school finance directors, and local commissioners of revenue and treasurers. The Commission shall provide a report on the task force's work to the Chairmen of the House Appropriations and Senate Finance Committees by December 1, 2013."

**Explanation:**

(This amendment requires the Commission on Local Governments to assemble a task force to examine the process for analysis of local fiscal impact on bills and budget items.)

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Economic Development - Natural Resources  
Subcommittee

Item 360 #3s

## **Natural Resources**

Department Of Conservation And  
Recreation

Language

### **Language:**

Page 318, line 45, after "(TMDLs)." insert:

"No funds from these amounts shall be used by the department for administrative or information technology expenditures. All such funds shall be provided to districts as approved by the Soil and Water Conservation Board."

### **Explanation:**

(This amendment requires that all funds included in the Service Area 50320 shall be used only for support of local soil and water conservation districts and shall be provided to the districts as approved by the board.)

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Economic Development - Natural Resources  
Subcommittee

Item 360 #4s

## **Natural Resources**

Department Of Conservation And  
Recreation

Language

### **Language:**

Page 318, line 46, after "a" insert "continuing".

Page 319, line 2, strike "make" and insert "publish a report making".

Page 319, line 4, strike ", 2012" and insert "of each year".

Page 319, after line 19, insert:

"4. The Department shall provide a quarterly report to the Secretary of Natural Resources and the Chairmen of the House Appropriations and Senate Finance Committees of the amount of funds dispersed during the preceding quarter and the amount planned to be expended for the upcoming quarter to each soil and water conservation district for each of the following programs:

- a. Conservation Reserve Enhancement Program (CREP);
- b. Agricultural Best Management Practices for TMDL Expenditures;
- c. Agricultural Best Management Practices Cost Share Program; and
- d. Technical Assistance to districts."

### **Explanation:**

(This amendment continues the stakeholder group established by the 2012 General Assembly to continue the evaluation of funding needs for soil and water conservation

districts and implementation of agricultural best management practices and establishes the requirement for a quarterly report of related expenditures.)

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Economic Development - Natural Resources  
Subcommittee

Item 366 #1s

**Natural Resources**

Department Of Environmental  
Quality

Language

**Language:**

Page 326, line 30, strike "\$165,000,000" and insert "\$184,000,000".

Page 326, line 44, strike "\$59,000,000" and insert "\$78,000,000".

Page 326, line 51, strike "\$19,000,000" and insert "36 percent".

Page 326, line 52, strike "\$40,000,000" and insert "64 percent".

**Explanation:**

(This amendment increases funding for the Combined Sewer Overflow Projects from \$59.0 million to \$78.0 million. Out of this amount, 36 percent is for the City of Lynchburg and 64 percent is for the City of Richmond, consistent with levels of funding in SB 1095, which passed the Senate.)

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Economic Development - Natural Resources  
Subcommittee

Item 367 #1s

**Natural Resources**

Department Of Environmental  
Quality

Language

**Language:**

Page 327, line 34, strike "It is".

Page 327, strike lines 35 and 36.

**Explanation:**

(This amendment strikes language requesting the 2013 General Assembly to consider legislation eliminating the waste tire fee. The most recent report from the Department of Environmental Quality indicates that there is still a substantial need for funding to continue to address the problem of disposal of waste tires and the elimination of illegal waste tire dump sites. There was no legislation introduced to eliminate the fee.)

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<b>Central Appropriations</b>	<b>FY 12-13</b>	<b>FY 13-14</b>
Central Capital Outlay	\$0	\$219,000,000 NGF

**Language:**

Page 473, after line 3, insert:

"C-39.40. Comprehensive Capital Outlay \$0 \$219,000,000

Program

Fund Sources: Bond Proceeds \$0". \$219,000,000".

"A. 1. The capital projects in paragraph B. of this item are hereby authorized and may be financed in whole or in part through bonds of the Virginia Public Building Authority pursuant to § 2.2-2263, Code of Virginia. The aggregate principle amounts will not exceed \$219,000,000 plus amounts to fund related issuance costs, and other financing expenses, in accordance with § 2.2-2263 of the Code of Virginia.

2. The appropriations for said capital projects are contained in this item and are subject to the conditions in § 2-0 F of this act.

3. Agencies and institutions shall submit cash flows requirements for each project to the Director, Department of Planning and Budget and the Director, Department of General Services. The cash flows shall indicate quarterly cash needs to the projects completion.

4. Beginning July 1, 2013, the Director, Department of Planning and Budget and the Director, Department of General Services shall provide a quarterly progress report to the Chairman of the House Appropriations and Senate Finance Committees on the projects in this item.

B.

<b>Agency</b>	<b>Project Title</b>
Department of Conservation and Recreation	Stormwater Local Assistance Fund
Department of Environmental Quality	Combined Sewer Overflow Matching Fund
Department of Environmental Quality	Nutrient Removal Grants

."

**Explanation:**

(This is a technical amendment that authorizes the bonds associated with projects authorized in the Secretary of Natural Resources in Item 360 and Item 366.)

**Transfers**

Interfund Transfers

Language

**Language:**

Page 483, after line 4, insert:

"PP. On or before June 30 of each year, the State Comptroller shall transfer \$5,000,000 the first year and \$5,000,000 the second year to the general fund from accumulated balances in the Governor's Opportunity Development Fund."

**Explanation:**

(This amendment transfers projected balances from the Governor's Opportunity Development Fund to the general fund at the end of each year. The fund has ended the past several fiscal years with balances far exceeding commitments.)

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